

**Jagan Institute of Management Studies**  
**End-Term Examination, December, 2016 – January, 2017**  
**Trimester V – PGDM (RM) 2015-17**

***Family Business Dynamics***  
***ET\_RM\_FBD\_2812***

Time: 3 Hrs.

M. Marks: 70

***INSTRUCTIONS: Attempt all questions. All questions are compulsory.***

- Q 1** a) Most businesses do not survive beyond the second generation. Contemplate on reasons for this. **7**
- b) Professionalize or perish - this is the only option for a family business. As a young entrepreneur, why should you even make an effort to retain the family business? **7**
- Q 2** Family businesses are constantly changing, dynamic entity. What role does entrepreneurship play in the family business? **10**
- Q 3** Succession planning should also involve retirement planning. Comment and elaborate. **15**
- Q 4** Family businesses need to look at their business as an institution. Only then the decisions will be correct in the long run. Comment & describe both pros and cons of the statement. **15**
- Q 5** Read the case and answer the questions given at the end.  
NEW DELHI: Some fights simply teach you how not to fight. Way back in the 1990s, it seemed a pity when the members of the Shriram family, who had led the family business for four generations, found themselves dealing with a four-way split. Twenty years later, relations may have normalised between members but Ajay, Vikram and Ajit Shriram of the Shridhar Shriram family -part of erstwhile DCM Shriram group, feel that rift played a critical role in teaching them the value of being together. No wonder they spend hours and hours together, not just at work but also in structuring a set of guidelines for their future generations.  
According to some experts, the urgency to create systems and strategies had come from the fact that many first generation entrepreneurs or patriarchs are now coming to terms with the fact they cannot be around forever to keep trouble at bay. So while issue of either creating a

succession plan had traditionally been deferred indefinitely or left to third or subsequent generations, a first generation entrepreneur like GM Rao, Chairman of the GMR group, which developed the new Hyderabad and Delhi airports, chose to bring in advisors to help him create a family constitution in the year 2000.

**Questions:**

- a) Families are now going for family constitutions. While the intent may be right, these may also turn out to be just gimmicks and not much. Comment.
- b) What are the absolute commandments, which a family must follow to save its businesses?

**16**

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