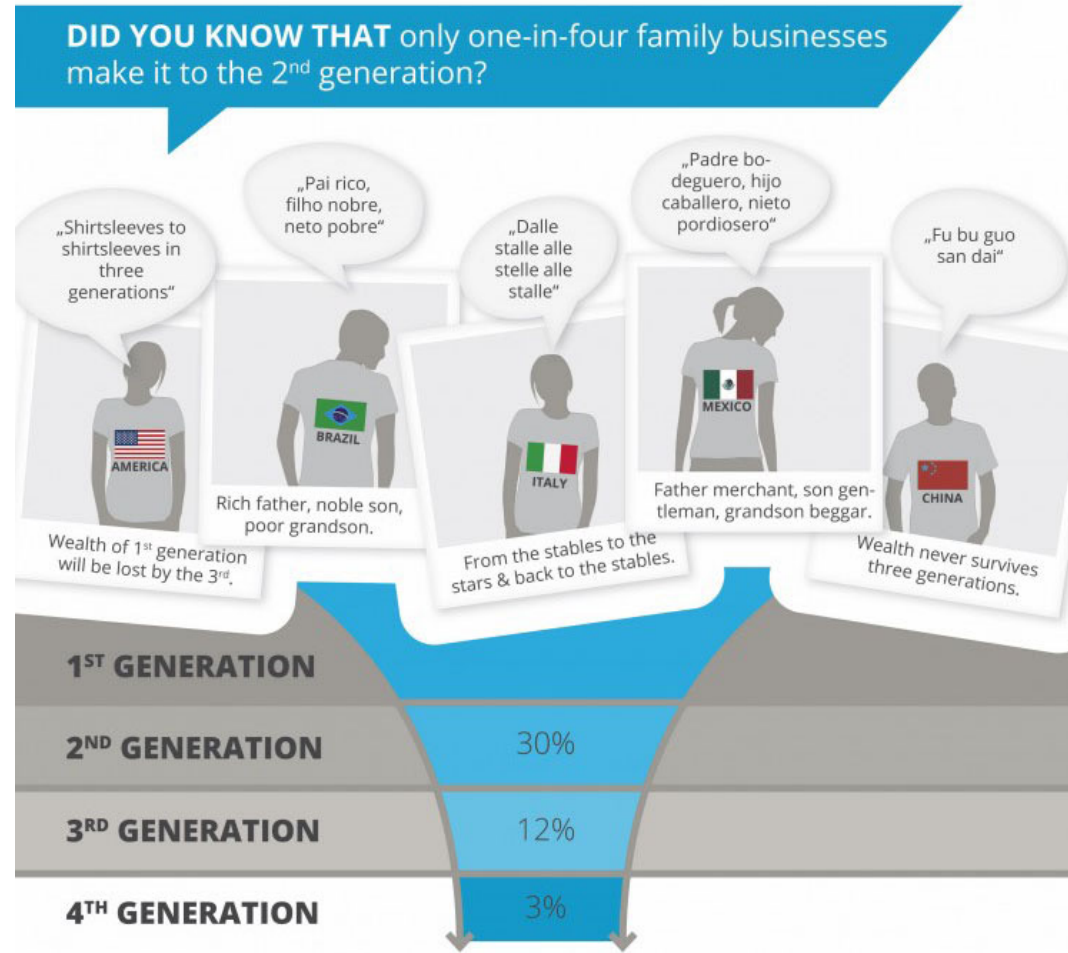


La successione nelle imprese familiari multigenerazionali e l'importanza della trasmissione dei valori

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The family business «curse»



THOSE that beat the odds

But there are companies that managed to beat the odds.

KONGO GUMI

Construction
Osaka, JAPAN
40th generation
Founded: 578



FABER-CASTELL

Writing Instruments
Stein, GERMANY
18th generation
Founded: 1761



RIEDEL GLAS

Glassmaking
Kufstein, AUSTRIA
11th generation
Founded: 1756



JOSE CUERVO

Tequila
Tequila, MEXICO
21st generation
Founded: 1758



Family business goals and Socio-Emotional Wealth

Family firms are motivated by:

- The family's desire to exercise authority
- Enjoyment of family influence
- Maintenance of clan membership within the firm
- The appointment of trusted family member to important posts
- Retention of a favorable family and firm reputation
- The continuation of family dynasty

SOCIOEMOTIONAL WEALTH is an umbrella term that accommodates all socioemotional elements of a family's utility function that directly relate to the family's involvement in the firm.

Defined as “**the stock of [social- and] affect-related value that the family has invested in the firm.**”

(Berrone et al., 2010)

Values

- Values are “enduring beliefs that a specific mode of conduct or end-state is personally or socially preferable to an opposite or converse mode of conduct or end-state” (Rokeach, 1973, p. 5) and in organizational settings values are considered to be the preferences that individuals have for behaviors and outcomes in work settings (Glew, 2009).
 1. **Identification:** the sense of belonging, the personal attribution of the firm’s success, and the pride of participating in the firm. The value of identification clearly also underlies the personal meaning of the family firm for family members, and the fact that being a family member can help define who they are.

Values

2. Altruism is the ground of binding social ties associated with promoting social activities at the community level and building strong relationships outside the family firm with other institutions and suppliers, based on trust and reciprocity.

- Negative side: leads to agency type of decisions that benefit family members at the expense of the firm
- Positive side: encouraging stewards to place the firm's objectives ahead of their own

Family Council: Role and goals

Family Values

- Build and maintain understanding of family values
- Celebrate the family
- Cultivate family history
- Create opportunities for sharing

Family strategy

- Establish the family's overall direction
- Develop a long-term strategy for family assets
- Establish benchmarks and measures of accountability for performance
- Coordinate parallel strategic planning process for the family

Communication

- Speak for the family
- Serve as a communications link between the family and the businesses
- Communicate decisions of the family council to family members and the family businesses

Succession

- Establish and maintain an effective succession plan for key family governance positions
- Address the transition of family leadership across generations

Family development

- Build and maintain personal and professional development programs for family members
- Foster opportunities for all family members to contribute to overall family welfare

Problem solving

- Address family grievances
- Deal with one another
- Make decisions on family matters
- Address common problems

Governance

- Appoint family council committees and committee chairs
- Adopt policies governing council conduct.
- Nominate qualified family members to be directors of the family council, the family business and family foundations.

Tradition and innovation

How do firms search for innovation across time?



“Temporal search process is defined as the process through which firms search for knowledge that has been developed in the past”

Conventional assumptions in innovation management

- **Old knowledge and values are obsolete** for current environmental needs and expectations
- The past is a **source of resistance**
- The past generates **inertia, core rigidity, path-dependency**

Family Businesses: a case in point

- The values and beliefs of the founding family are handed down across generations for decades, sometimes centuries



- Family history pervades business practices, producing a **close link between the present and the past**
- Long-lasting family firms have a privileged access to past knowledge
- Innovative family firms have special **capabilities to leverage tradition to develop successful new products**

The relevance of tradition

Tradition refers to the stock of knowledge, competencies, materials, manufacturing processes, signs, values and beliefs pertaining to the past:

- Know-how
- Symbolic and cultural content
- Micro-institutions of practice handed down across generations

Tradition shapes the identity of individuals, organizations, and territories.

Tradition and competitive advantage

Value creation

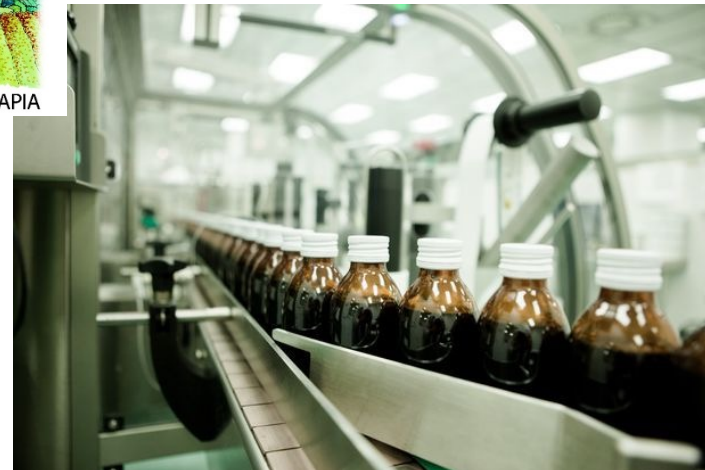
- Tradition elicits strong and positive feelings
- Increased legitimacy
- Increased reliability



Value capture

- Tradition cannot be easily replicated by others
- Uniqueness enables appropriating innovation rents

Aboca: Historical phytotherapy meets bio-tech



Innovation through tradition: The building blocks

