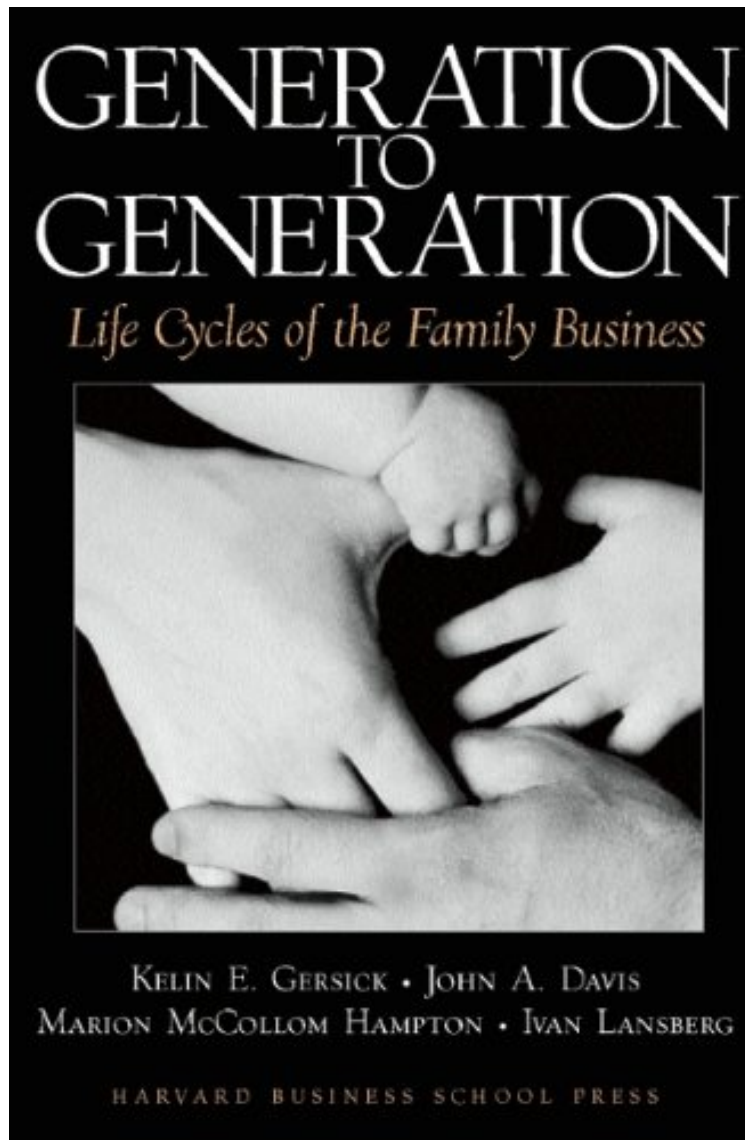


## Generation to Generation: Life Cycles of the Family Business

*John A. Davis, Marion McCollom Hampton, Ivan Lansberg, Gersick Kelin E.*

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**John A. Davis, Marion McCollom Hampton, Ivan Lansberg, Gersick Kelin E. : Generation to Generation: Life Cycles of the Family Business** before purchasing it in order to gage whether or not it would be worth my time, and all praised Generation to Generation: Life Cycles of the Family Business:

0 of 0 people found the following review helpful. A Holistic Model of our most basic economic unitBy Barry BaintonBook Review: Generation to GenerationGeneration to Generation: Life Cycles of the Family Business is, in my opinion, a major contribution to the study and understanding of the complex nature of this most basic of human occupations - the family business.As a business anthropologist, I found the life-cycle model applied to the study of the

family business eye opening from both an academic and practical perspective. There is a saying among family business owners and consultants that expresses the folk wisdom of about the family business as an institution and enterprise. It goes something like this, "The first generation creates, the second builds, and the third consumes the family business." A business is an institution and organization created to perform the function of making money, i.e. producing an income, for the owner(s) by producing a good or service to meet a public need. The business can be as simple as the one person/owner/operator start-up shoe shine stand at the airport to the \$7.5 billion a year 5th generation conglomerate, S.C. Johnson Sons. Although each is uniquely different, yet each will face, now face or has faced, the same challenges and crisis to its survival outlined in this model. Gersick, Davis, Hampton and Lansberg develop a life cycle model for the family business that explains in clear, objective and sound social science terms why there is so much truth to this folk wisdom. The authors define the three key domains in which the family business exists and in which it must survive. Each of these domains has its own dynamic and its own life cycle. Each responds to different and sometimes conflicting demands from its environment. These domains are the business enterprise, the ownership, and the family. In order to understand and effectively manage a family business, the founder and his/her successors must understand how these three domains are operating at any particular time to create opportunities and threats for the business. The life cycle model draws upon the principles of business ownership models as established in corporate law, the dynamic theory of organizational life cycles and management structures, and the theories of human and family development found in psychology, sociology and anthropology. This comprehensive, integrated model focuses on the business enterprise as a institution and is explained using examples from real family businesses and corporations. It addresses the basic survival problem all family businesses face -- succession. But more than that the authors clearly outline the issues and alternatives at each phase of the life-cycle for the enterprise and the key actors in the family and the enterprise. As a consultant/business coach to family businesses, I find the insights here validating of the observations I have made and experienced in my practice with clients. I also find it reassuring to see how the holistic approach, which takes all three domains into account, can produce an outcome that will satisfy the personal and business objectives of all the interests involved -- the business, the owners and the family. I strongly recommend this book to anyone who owns, operates, is part of, or interested in family business.

0 of 1 people found the following review helpful. The most AUTHORITATIVE work on family firms By Hubert Shea This book is the most authoritative work on family firms. Part I of the book applies the three-circle model to the characterization of different predictable development stages of family firms in different dimensions. For instance, the family dimension consists of four development stages including young business family, entering the business, working together, and passing the baton.. The ownership dimension consists of three development stages including controlling ownership, sibling partnership, and cousin consortium. Besides, the business dimension covers three development stages, ranging from start-up, expansion/formalization, to maturity. Part II covers four cases of classic family business types and each family business type has unique organizational characteristics and different mounting challenges. The founder-run family firm has a paucity of talents and the competencies of the founder can influence whether family firms can be successful or not. The organizational structure is in a hub and spokes format because the family firm founder tends to involve himself with every business aspect. In the growing and evolving family business type, there are more family members who are connected to the family firm and common challenges in this stage of family firm development include consolidation of ownership control in the sibling generation, ownership distribution planning for family members in the next generation, business and organizational restructuring to initiate and sustain growth. The complex family firm is a multigenerational and cousin-owned family firm. According to Gersick, Davis, Hampton, and Lansberg, not more than 5% of family firms in the US reach this development stage and comparing with the founder-run and the growing and evolving family business types, family firm in this development stage has considerable complexity in terms of ownership, family, and business. The key to effective management of family shareholder issues is to establish a well-designed board of directors and family council. Since emotion residue of cousin-owned family firm is died down, there are more and more internal struggles over recognition, power, and money among family members. As the cousin-run family firm has reached its maturity in business development, it has to be more responsive, innovative, and disciplined in leadership and business development. In the fourth classic business type of family firms, succession becomes an important journey and the tradition of primogeniture and equal distribution of assets among family members is still a common succession form. The formulation of a shared dream among family members can provide key foundation for the survival and growth of family firms after post-succession. Part III of the book covers two key topics pertinent to best practices of family firms and family firm consultation. Gersick, Davis, Hampton, and Lansberg suggest that a well-designed board of directors, shareholders meeting and family council become effective information-sharing routines and governance structures when more and more family members are connected to ownership and business development of the firm. Skilled consultants in general management, financial planning, law, insurance, estate planning, and family therapy can be hired when family firm owners are need of professional advice. The last chapter also provides basic principles for family firm consultants to undertake consulting work with family firms. This book helps readers to have a full understanding of the salient features of family firms. Like other non-family firms, family firms have heterogeneous cultural types, ownership forms, governance structures, business development

strategies in different development stages. The three-circle development model is a very useful analytic tool to shed light on why some family firms can survive and grow whereas others cannot last for years. This book is highly recommended to family entrepreneurs who intend to sail along their family businesses from generation to generation and to business executives from non-family firms and professional consultants who have to undertake business with family firms. 0 of 0 people found the following review helpful. Unique BookBy M. Nzia BatongaGreat book if you are looking for some theoretical work on family businesses. It addresses the family aspect (how the evolution of the business impacts the family and vice-versa), the business aspect (start up stage, maturity stage, etc.) and the ownership (one owner, several generations working together, extended family involvement). Most importantly it addresses the interaction between the different areas of the family owned-business.

Generation to Generation presents one of the first comprehensive overviews of family business as a specific organizational form. Focusing on the inevitable maturing of families and their firms over time, the authors reveal the dynamics and challenges family businesses face as they move through their life cycles. The book asks questions, such as: what is the difference between an entrepreneurial start-up and a family business, and how does one become the other? How does the meaning of the business to the family change as adults and children age? How do families move through generational changes in leadership, from anticipation to transfer, and then separation and retirement? This book is divided into three sections that present a multidimensional model of a family business. The authors use the model to explore the various stages in the family business life span and extract generalizable lessons about how family businesses should be organized.

From BooklistThe authors claim that between 65 to 80 percent of all businesses worldwide are family owned or managed, including up to 40 percent of the Fortune 500. Yet most of what we read about family businesses are sensational accounts of blood feuds and internecine battles over money and control. This study takes a more analytical look at what makes family firms different from other corporations; it grew out of the authors' collaboration at the Owner Managed Business Institute, where they worked on an ongoing project for Caterpillar, Inc., that began more than a dozen years ago. Now a multinational conglomerate, Caterpillar began as a family firm, and many of its products are distributed through family-operated dealerships. From that work, the authors developed a model that looked at these businesses from three different aspects: ownership, family, and business. They also identified four classic family-business types and here address the management issues that arise as firms evolve from one type to the next. David Rouse Generation to Generation is not only a Rand McNally for family businesses, it is a Fodorrsquo;s as well. Participants in family businesses, no matter what their ages, will find this book an invaluable road map and guide.rdquo; Frank Perdue, Poultry ExecutiveA seminal book about a topic usually neglected if not ignoredthe family owned businesswhich is what makes Generation to Generation so important and vital. Bringing their rich experiences to bear, along with powerful analytic heft, the authors have written what will be, in a very short time, a classic.rdquo; Warren Bennis, University Professor and Distinguished Professor of Business Administration, University of Southern California, and author of Organizing Genius and On Becoming a LeaderA family controlled business can be a blessing or a curse. For those of us fated to cope with these issues, Generation to Generation is a long overdue must read.rsquo;rdquo; William K. Coors, Chairman of the Board President, Adolph Coors CompanyAnyone interested in the survival of the family business should read this book carefully. In a very sensible and sensitive way the authors provide a wealth of insight into the generational vicissitudes of this kind of enterprise.rdquo; Manfred F. R. Kets de Vries, Clinical Professor of Management and Leadership, INSEADThe authors have zeroed in on the distinctive culture, the unique strengths, and the complexities and challenges of the family controlled business. In practice, this model will help those who run, consult with, or work for family businesses.rdquo; Ralph J. Roberts, Chairman, Comcast Corporation