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SME SPOTLIGHT

Family businesses not for all: professor

FAMILY businesses are like pets and not everybody should own one because of the follow through that is involved, according to a professor of entrepreneurship and family enterprise with renowned business school Insead.

This basically means that the owners have to make sure that the competitive edge of family businesses over publicly-listed companies is maintained. And this edge is their entrepreneurial spirit, said Randel Carlock. 'Every family business is started by an entrepreneur - that is a given. The values of entrepreneurship are transmitted and are part of the long-term value of a family business.'

But what usually happens is that 'true entrepreneurial companies typically go public and when the lawyers and accountants and regulators come in, they lose that entrepreneurial flair, they lose that central ability to react nimbly to markets and customers', said Dr Carlock. He was speaking last week at a forum organised by Insead for entrepreneurs and family business owners. He contends that owning a family business is not for everyone. 'Not everybody should own one, because if you own one, you got to make sure you take care of it.'

Dr Carlock is the Berghmans Lhoist Chaired Professor of Entrepreneurial Leadership and the director of Insead's Wendel International Centre for Family Enterprise. He has also spent 25 years in the industry serving as chief executive and chairman of a Nasdaq-listed corporation. And he admits that he is 'not an advocate of family business per se'. 'Continuity (of a family business) does not come cheaply; it's a lot of hard work.'

Dr Carlock urged the audience to plan for more entrepreneurship in their family enterprise by focusing on areas such as: the decision-making processes, accountability and performance, longer term horizons, values and vision, social networks and the next generation.

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