

Women emerging as active management partners in family business
Written constitution must for a family business to minimize conflicts

NEW DELHI, May 9, 2013. Family business is born when a family decides to start a business. Family business involves the coming together of a family and a business, essentially having three aspects – family, ownership and management. A **FICCI Ladies Organisation (FLO)** interactive discussion on **‘Family Business Management - Making a Difference to My Family & Business’** today focused on how best a family business can be run in view of the challenges that emerge at every step and generation.

It was agreed by the panelists that for a successful family business, a written constitution approved by all members running the business must be in place clearly defining the roles, duties, responsibilities, accountability and rewards of all the members to reduce the scope of conflicts. The constitution must be reviewed from time to time keeping in mind the changing dynamics of both the family and business.

The interactive session was enriching, wherein the speakers highlighted the various ways to leverage the strengths of family business management and effectively implement practices that promote optimum performance, growing businesses and simultaneously maintaining healthy family relationships.

Mr. Vishesh Chandhiok, Partner Head of India, Grant Thornton, who moderated the session, said that conflicts are an inherent part of any family business and all family businesses irrespective of their size and nature have to deal with it. The conflicts arise because family and business follow completely different fundamentals. A family runs on a socialist model whereas business purely works on a capitalist structure. The clash of the two leads to disagreements.

He also pointed out that today the business structure is fast evolving and women in the family – mother, daughter, daughter-in-law, sister-in-law – are having a greater role in a family business. They are now becoming active partners and are a part of management and are not just mere shareholders.

The family members who are a part of the business should focus on meeting the challenges head-on, suggested **Mr. Anil Sainani, Business Adviser and Consultant CEO Coach**. Differences in a business can be dealt in two ways. One is to ignore and deny the situation, leading to disagreement and conflict eventually resulting in a split. The other is to accept the disagreement and align the members to reach an agreeable solution, leading to the growth of business.

Mr. Sainani remarked that human emotions run very high in a family business. Hence, family governance is important which involves both hard work and conflicts. He added, CSR has become an integral part of every business and women can play a key role in managing and governing it if they cannot contribute much in the core business functions.

Mr. Ashish Bharat Ram, Managing Director, SRF Group, emphasized that only merit and capability should be the criteria for everyone in the family to become a part of the business. If the daughter is more capable than the son then the reins should be in the hands of the daughter. It must be considered whether the person concerned will be able to add value to the larger vision of the organization.

He is of the view that ownership should be equally divided among the members but when it comes to management, only competent members should run the business. Mr. Ashish Bharat Ram also felt that husband and wife must discuss and communicate freely about business challenges and day-to-day work with their spouse who is not involved in the business. This keeps the non-active partner updated, who can give valuable advice and can be of help in times of emergency.

Ms. Malvika Rai, President, FLO, said, “The role of women in family business has considerably changed in the proverbial 21st century for women. With relevant education, progressing socio-economic condition and growing self-assurance, women are playing an impressive and inspirational role in the business arena. Though the process is not uniform and much more needs to be done, we are on the right track.”

She added, “True to its core objectives of entrepreneurship development and professional excellence in women, FLO organized this session with the aim to equip its members with a better perspective on the management concepts and techniques which would help them to meet the challenges of running a successful family business.”

Ms. Vasvi Bharat Ram, Governing Body Member, FLO and Day Chair and Ms. Neeta Boochra, Senior Vice President, FLO, also addressed the session.
