



ATENEIO DE MANILA UNIVERSITY



ATENEIO FAMILY BUSINESS DEVELOPMENT CENTER

# INTRODUCTION ON MANAGING A FAMILY BUSINESS

PILAR UNIDAD – TOLENTINO  
ATENEIO FAMILY BUSINESS DEVELOPMENT CENTER

# Lieben und Arbeiten -Love and Work-



Love – a feeling of affinity  
and connectedness



Work – a sense of being  
capable and productive

According to Sigmund Freud, love and work,  
are the cornerstones of our humanness,  
main source of our self-esteem and pleasure in life

# Lieben und Arbeiten

## Love and Work



Love – a feeling of affinity  
and connectedness



Work – a sense of being  
capable and productive

**A person finds fulfillment when  
he/she is satisfied in either love or work  
or both**

# Lieben und Arbeiten

## Love and Work



Love – a feeling of affinity  
and connectedness



Work – a sense of being  
capable and productive

For an individual employed in an organization,  
it is easy to separate fulfillment at work and in love

Fulfillment in one does not depend on the other

# Lieben und Arbeiten

## Love and Work

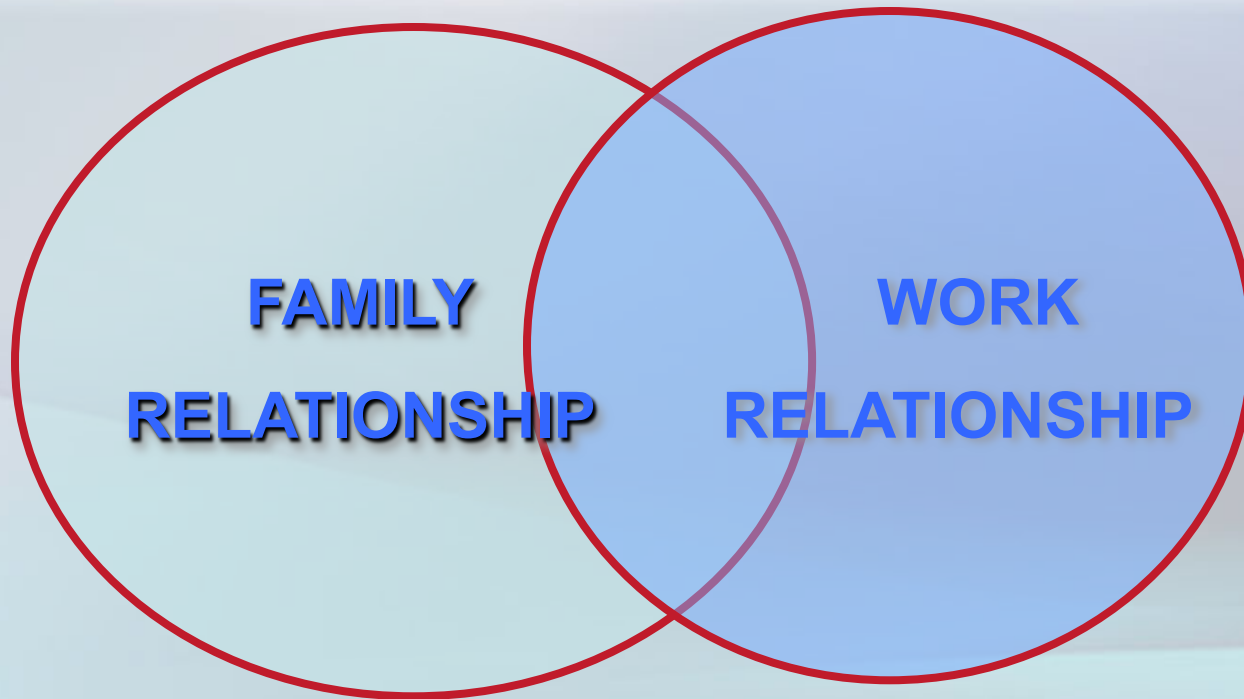


Love – a feeling of affinity  
and connectedness



Work – a sense of being  
capable and productive

For an individual employed by his/her own family,  
the distinction is often blurred.

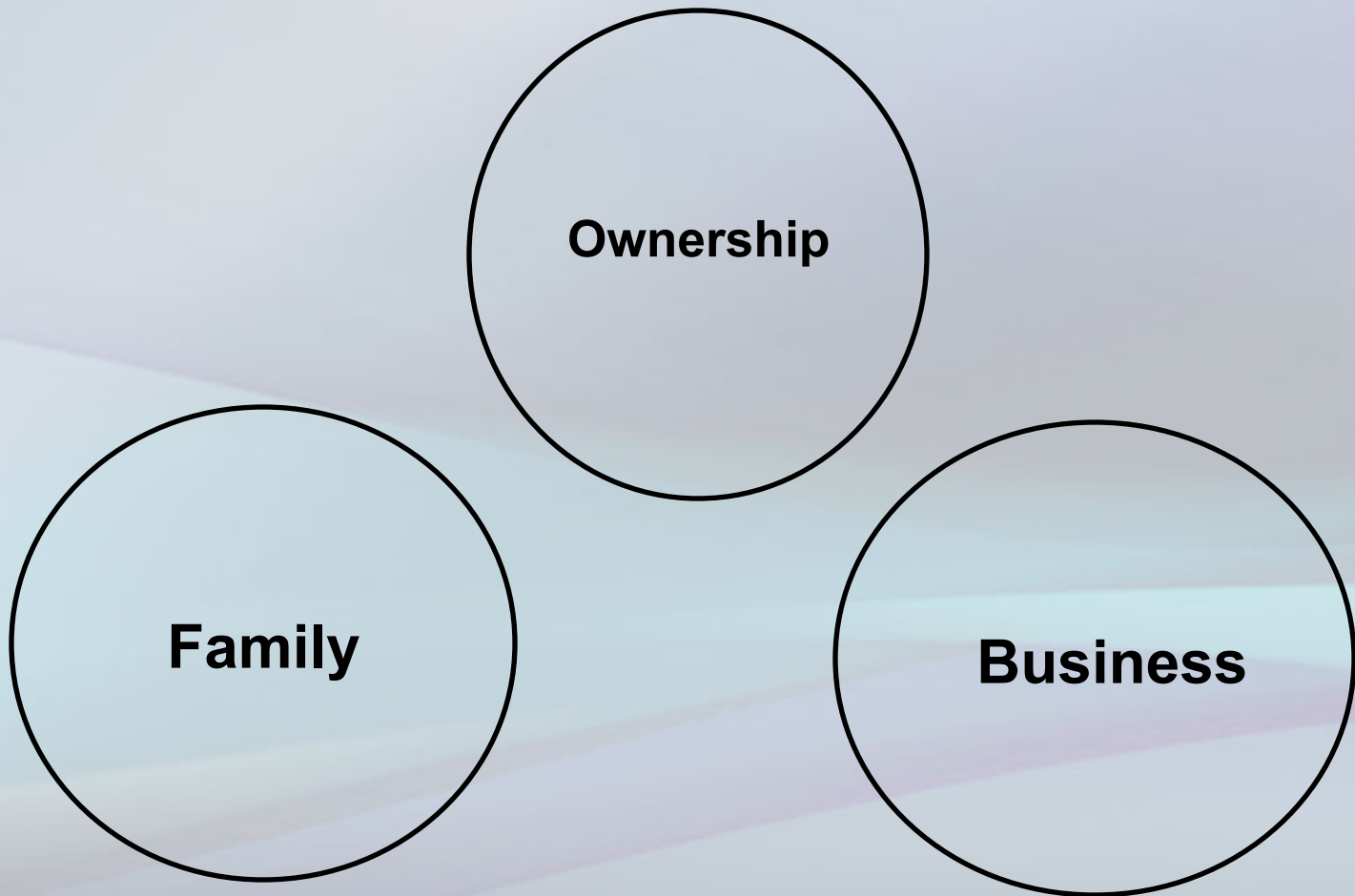


**FAMILY  
RELATIONSHIP**

**WORK  
RELATIONSHIP**

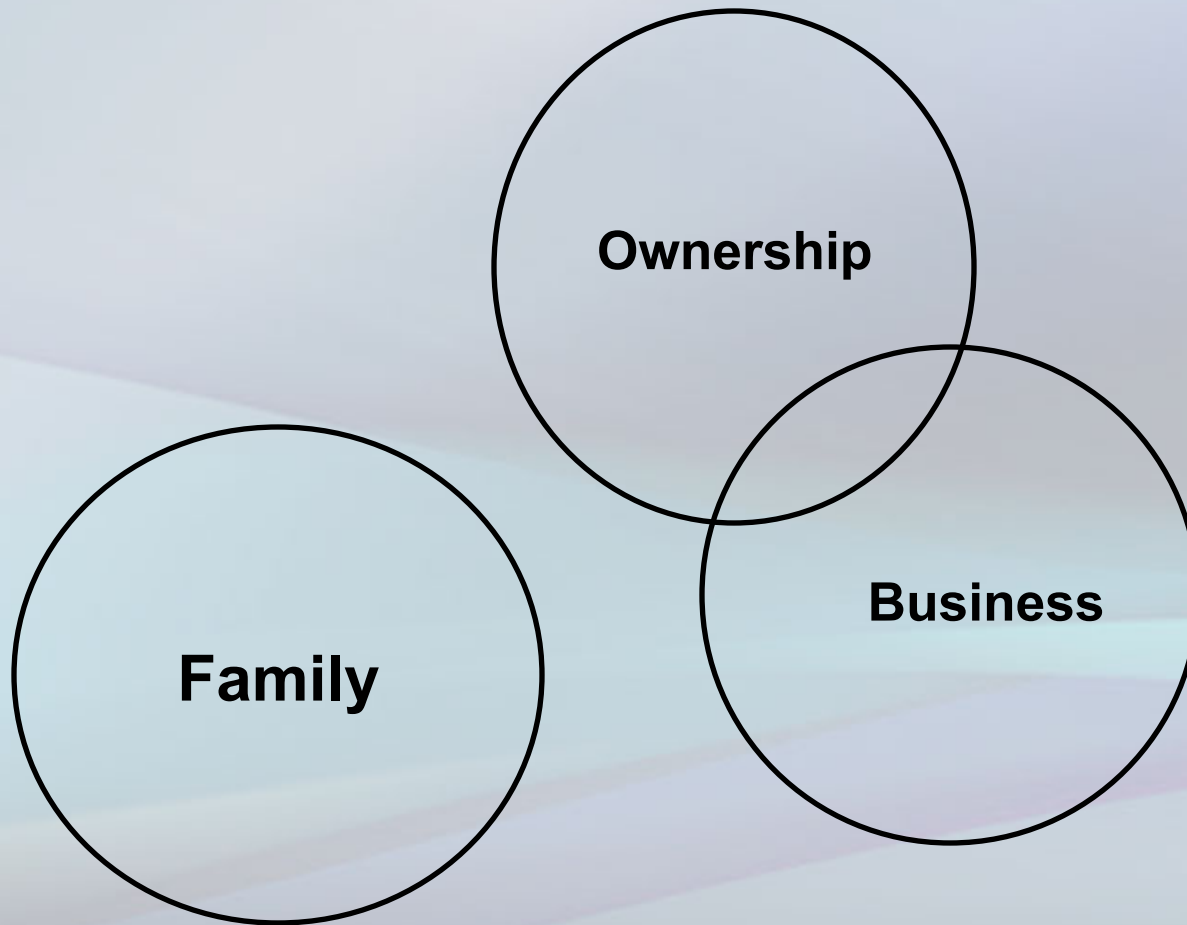
# **THE FAMILY ENTERPRISE SYSTEM**

# The family enterprise system

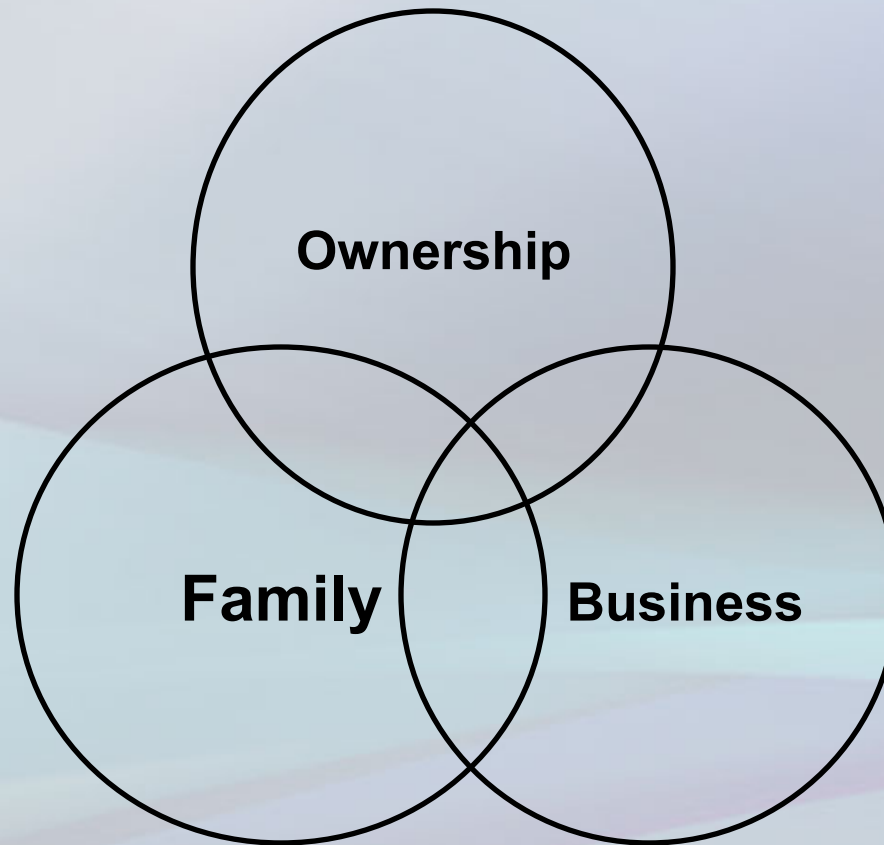




# The family enterprise system



# The family enterprise system



Adapted from Tagiuri and Davis (1992)

# BALANCING FAMILY AND BUSINESS

Healthy and  
Fulfilling  
Family  
Relationships

Effective and  
Professional Business  
Practices and  
Structures



# BALANCING FAMILY AND BUSINESS



**Turning two seemingly  
opposing sides into a mutually  
supportive entities.**

**COMMON  
CHALLENGES  
FACED BY  
FAMILIES IN  
BUSINESS**

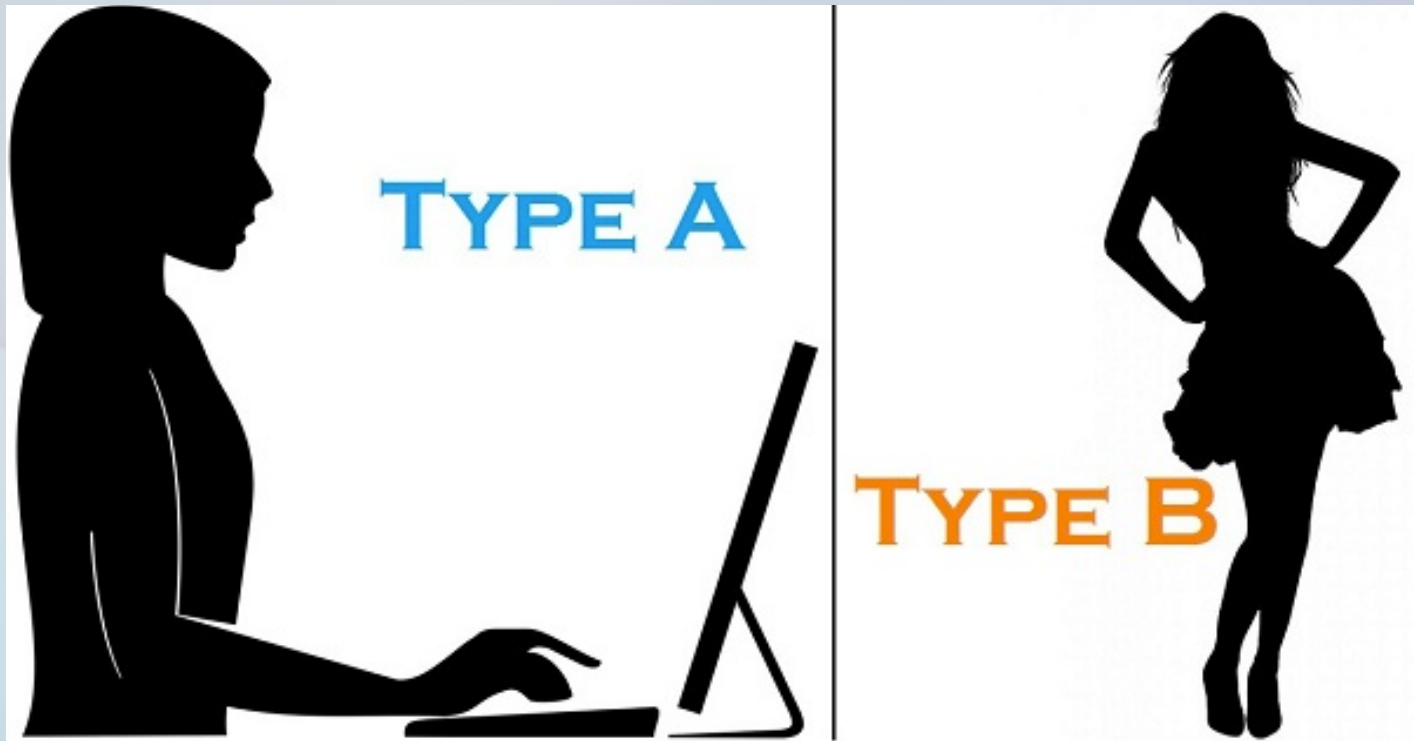
# **RELATIONSHIP CHALLENGES**

# COMMON FAMILY RELATIONSHIP CHALLENGES



GENERATION  
GAP

# COMMON FAMILY RELATIONSHIP CHALLENGES



PERSONALITY DIFFERENCES



# COMMON FAMILY RELATIONSHIP CHALLENGES

RESPECTING  
BOUNDARIES



# COMMON FAMILY RELATIONSHIP CHALLENGES

## FAVORITISM



# COMMON FAMILY RELATIONSHIP CHALLENGES



**SIBLING RIVALRY**

# COMMON FAMILY RELATIONSHIP CHALLENGES

## MARITAL PROBLEMS



# COMMON FAMILY RELATIONSHIP CHALLENGES

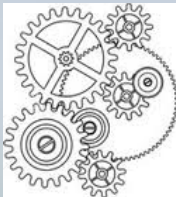


**PARENT-CHILD  
PROBLEM**

# COMMON FAMILY RELATIONSHIP CHALLENGES

- This are all common relationship problems in a family
- For business families, these patterns of relationship are carried over to the work place, thus affecting their work relationship

# **DISTINGUISHING FAMILY NEEDS FROM BUSINESS REQUIREMENTS**



# DISTINGUISHING FAMILY NEEDS FROM BUSINESS REQUIREMENTS

## CONFLICTING FAMILY AND BUSINESS GOALS

These institutional differences between family and business stem primarily from the fact that each exists in society for fundamentally different reasons.

Family's social function, on the one hand, is to assure the care and nurturance of its members...to satisfy family members' various developmental needs.

The fundamental purpose of business, on the other hand, is the generation of goods and services through organized task behavior



# DISTINGUISHING FAMILY NEEDS FROM BUSINESS REQUIREMENTS

A HEALTHY FAMILY IS A SOURCE OF :  
Emotional and Psychological bond

Love

Security

Affirmation

Support

Encouragement

Inspiration



# DISTINGUISHING FAMILY NEEDS FROM BUSINESS REQUIREMENTS

## Business' Goals :

productivity, efficiency,  
profit, growth,  
performance, competence,  
liquidity, stable capitalization,  
market leadership, competitiveness,  
customer satisfaction,  
quality control



# **DISTINGUISHING FAMILY NEEDS FROM BUSINESS REQUIREMENTS**

**How do we ensure quality performance  
from family members working in the  
business?**

**How should we handle family members  
working in the business but are not  
performing as expected**

# **DISTINGUISHING FAMILY NEEDS FROM BUSINESS**

**What minimum criteria should be imposed on family members who want to join the family business?**

**What should be the criteria for selecting the next leader?**

# **ADJUSTING THROUGH BUSINESS TRANSITIONS**

# ADJUSTING THROUGH BUSINESS TRANSITIONS

## ENTREPRENEURSHIP

### Founder(s)

- rely mainly on entrepreneur's intuitions and skills
- one-man band
- learn through experience



# ADJUSTING THROUGH BUSINESS TRANSITIONS

## OWNER – MANAGER

### FOUNDER/s (possibly):

- becomes more organized
- starts to hire people
- develops management style
- still makes decisions for the business
- Business need : growth, people management



# ADJUSTING THROUGH BUSINESS TRANSITIONS

## FAMILY TEAM



**FOUNDER/s (possibly):**

- **still center of decision-making**
- **management style might be challenged**
- **training the next generation**



# ADJUSTING THROUGH BUSINESS TRANSITIONS

## FAMILY TEAM



### BUSINESS NEEDS :

- growth,
- professionalization,
- clearer boundary between ownership, business, and family
- constitution and governance
- succession policy and procedure

# ADJUSTING THROUGH BUSINESS TRANSITIONS

## FAMILY TEAM

### CHALLENGE TO THE FAMILY:

- Distinguishing roles in the family with roles in the business
- Aligning the needs of the business and needs of the individuals
- Sharing of power and authority
- Clarifying roles and expectations from family members working in the business
- Clarifying benefits of family members working in the business
- Practicing professionalism



# ADJUSTING THROUGH BUSINESS TRANSITIONS

## SIBLING PARTNERSHIP



### FOUNDER(S) :

- passing on the baton
- redefining their role in the business and family

### NEXT GENERATION

- taking on more responsibilities
- working together
- managing the demands of founder(s), and other stakeholders in the business

# ADJUSTING THROUGH BUSINESS TRANSITIONS

## SIBLING PARTNERSHIP

**NEEDS OF THE BUSINESS :**

**CONTINUITY,  
GROWTH**

**DEFINED ROLES, RESPONSIBILITIES, AND  
BENEFITS OF FAMILY, BUSINESS AND  
OWNERSHIP**

**FUNCTIONING COUNCILS**



# ADJUSTING THROUGH BUSINESS TRANSITIONS

## SIBLING PARTNERSHIP

### CHALLENGE TO THE FAMILY

- balancing tradition with innovations
- sibling rivalry
- resolving conflicts and managing differences
- alignment of assigned roles in the business with personal interests
- working effectively together
- preparing the next generation (transmitting values)
- fulfillment in founder(s)'s new roles



# ADJUSTING THROUGH BUSINESS TRANSITIONS

## COUSIN CONSORTIUM



**-members coming  
from different branches of the family  
start to join the business**

# ADJUSTING THROUGH BUSINESS TRANSITIONS

## COUSIN CONSORTIUM



### NEED OF THE BUSINESS:

- **Continuity and growth**
- **Functioning governance systems**
  - **councils**
  - **board**
- **Defined ownership structure and rules**

# ADJUSTING THROUGH BUSINESS TRANSITIONS

## COUSIN CONSORTIUM

### CHALLENGE TO THE FAMILY



- Continuing commitment
- Supporting resource needs of the business
- Communication, connection among generations and different branches of the family
- Continuing family values



# **BUILDING A FAMILY-TEAM**

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## **GROUP vs TEAM**

Group – collection of individuals who interact with one another in such a way that each person can influence and is influenced by the others

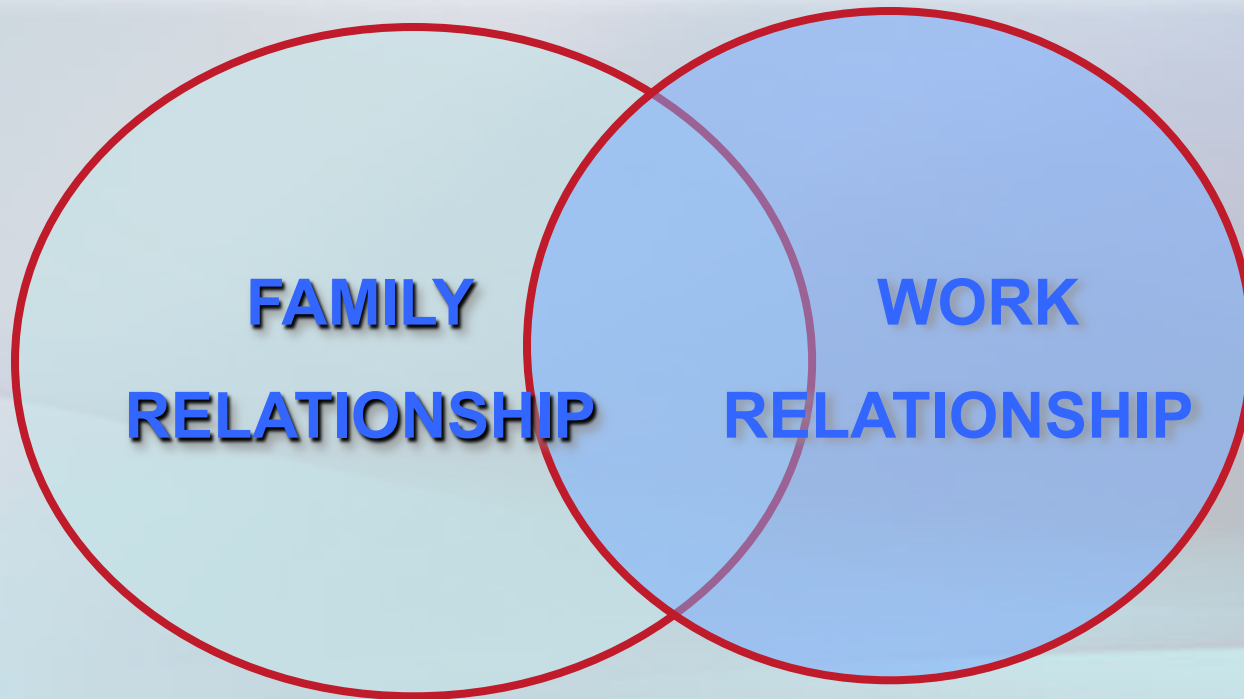
# BUILDING A FAMILY-TEAM

## GROUP vs TEAM

TEAM – collection of individuals who interact with one another in such a way that each person can influence and is influenced by the others

- *with common vision, purpose and goals*
- *perform interdependent tasks*
- *share responsibility  
for outcomes*





**FAMILY  
RELATIONSHIP**

**WORK  
RELATIONSHIP**

# BALANCING FAMILY AND BUSINESS



**Turning two seemingly  
opposing sides into a mutually  
supportive entities.**

## Contact information

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*THANK YOU*