INSTITUTO DE LA EMPRESA FAMILIAR

EUROPEAN JOURNAL OF FAMILY BUSINESS

http://www.revistas.uma.es/index.php/ejfb

Ownership Control Eats Strategy and Culture for Lunch[1]: The Case for Future Ownership Development Prior to Ownership Transition

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Received 2021-02-24; accepted 2021-05-24

JEL CLASSIFICATION
G32

KEYWORDS
Family firm,
Ownership control

Abstract A review of the academic research and practitioner best practices literature highlights how little we still know about the role that ownership control plays in the continuity of founder-controlled and family-controlled firms. Founder-controlled firms have been shown to financially outperform other firms. Allowing for more nuanced findings given the heterogeneity of family businesses, a similar advantage has been found in family-controlled firms around the world when their performance is contrasted with that of management-controlled firms. Research points to generational and family participation effects that may contribute to a gradual decline in this advantage over the generations. Still, controlling families of family firms face the prospect of leading a family-controlled firm across generations that continues to derive the financial and noneconomic benefits of such control or to squander that opportunity by not having ownership control be a fundamental consideration in their owners' strategy when facing a generational transition. Statutory ownership control, psychological ownership and family unity approaches are all considered in an exploration of a future ownership development perspective and approaches that controlling families can take to preserve ownership control and the resulting comparative advantage evidenced in higher financial and noneconomic returns over generations.

CÓDIGOS JEL
G32

PALABRAS CLAVE
Empresa familiar,
control de la
Propiedad

El control de la propiedad deteriora la estrategia y la cultura. La importancia del desarrollo de la propiedad antes de su transmisión

Resumen Una revisión de la investigación académica y la literatura sobre las mejores prácticas de los profesionales destaca lo poco que sabemos todavía sobre el papel que juega el control de propiedad en la continuidad tanto de las empresas controladas por el fundador como de aquellas controladas por la familia. Se ha demostrado que las empresas controladas por los fundadores superan financieramente a otras empresas. Estudios más detallados, considerando la heterogeneidad de las empresas familiares, han encontrado una ventaja similar en las empresas controladas por la familia en todo el mundo cuando su desempeño se contrasta con el de las empresas controladas por la dirección. La investigación apunta a que la participación generacional y familiar pueden contribuir a una disminución gradual de esta ventaja a lo largo de las generaciones. A pesar de ello, las familias que controlan empresas familiares se enfrentan a la perspectiva de liderar una empresa controlada por la familia a lo largo de generaciones para continuar obteniendo los beneficios, tanto financieros como no económicos, de dicho control o de desperdiciar esa oportunidad al no tener que considerar el control de la propiedad como un elemento clave en la estrategia de sus propietarios cuando se enfrentan a una transición generacional. Los enfoques de control de propiedad legal, propiedad psicológica y unidad familiar son considerados en una exploración de una perspectiva de desarrollo de propiedad futura y los enfoques que las familias controladoras pueden adoptar para preservar el control de propiedad y la consiguiente ventaja comparativa, que se refleja en mayores retornos económicos y no económicos a lo largo de generaciones.

1. Author's note: "Culture eats strategy for lunch" suggests the relative importance of these two managerial concepts and is attributed to Peter Drucker in some of his early management articles. The title of this article suggests that ownership control is a more potent concept than either culture or strategy in explaining the strategic behavior and financial performance of family-owned companies.

https://doi.org/10.24310/ejfbejfb.v11i1.12026

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1. Introduction

Research on family enterprise has demonstrated the potential for financial outperformance of family-controlled firms when compared to management-controlled companies (Anderson & Reeb, 2003). But whether it really constitutes outperformance is highly debated by academics and ranges widely given the heterogeneous and idiosyncratic nature of family businesses, and the industries and institutional contexts they operate in (Gómez-Mejía et al., 2007; Madison, Kellermanns, & Munyon, 2017; Villalonga & Amit, 2006). More importantly, the reason for family business outperformance has not achieved consensus in academia nor is it apparent among practitioners from best practices acknowledged in the literature (Cruz & Jiménez, 2017; Poza & Daugherty, 2017).

In this paper, we build a case for an ownership control advantage resulting in the financial outperformance of family-owned firms. A hypothesis that from the author's perspective as a practitioner scholar with more than thirty years of experience in the academic and practice arenas of family business, deserves more attention and research than it has received over the past two decades.

The corporate control literature suggests a measurable financial impact from control transactions. In the public company arena, substitution of management for a different set of managers, for instance, often results in financial gains because assets increase in value and multiples on equity increase under better management. In both the public and private market arenas, the literature suggests that changes brought about by pruning or squeezing out shareholders or managers reduces the agency costs of principal-agent goal divergence and lowers financial control, administrative and other managerial costs (Easterbrook & Fischel, 1981-1982). Realignment of ownership control may also result in more effective pursuit and exploitation of growth opportunities available to the corporation (Easterbrook & Fischel, 1981-1982).

The importance of the ownership control advantage argument in founder-owned and family enterprises is particularly significant since family-controlled firms constitute the single greatest contributor to economic activity worldwide. But the majority of both research and practice into these firms has been dedicated to entrepreneurial exits, family dynamics, family conflict, generational transition or succession and governance of the family and its corporate entities. As a result, research and best practices addressed in the literature have focused on the work of boards of directors, family councils, and the use of financial planners, organization development consultants, legal and wealth advisors, and family/individual psychologists (Easterbrook & Fischel, 1981-1982).

Practitioners in all of these specialty areas wrestle with ownership and its consequences in their work, but none target nor comprehensively address ownership control itself as the focus of analysis, understanding and intervention in the pursuit of continuity.[2] In responding to this challenge, this paper proposes an ownership development perspective and set of practices to enhance responsible ownership control through the cycles and generations implicit in the founder-owned to family-owned business form. The absence of this perspective and accompanying practices may very well contribute to both the scarcity of firms that in the past continued to successfully grow and operate past the twenty-five-year mark and the observed drop-off in financial outperformance of founder-owned and family-owned firms over the generations. (A drop-off in the compounded annual growth rate of share price of 3.3% - from 7.4% to 4.1% for example, has been reported between founder-owned firms and fifth generation family-owned firms. Although even in their fifth generation of ownership, these firms outperformed the MSCI All Countries World Index that registers a compounded annual share price increase of only 2.1%) (Credit Suisse Research Institute, 2016).

We begin by exploring the source of the financial outperformance of founder and family-controlled enterprises and the absence of research and best practices in the literature on the ownership control advantage. We proceed to propose a set of experiments and approaches that are aligned to the concept of ownership development as fundamental to the capacity to preserve the ownership control advantage and to have the family enterprise financially outperform across multiple generations of owners.

2. The Financial Outperformance Potential of Founder-Controlled and Family-Controlled Businesses

In the United States, family firms account for 49 percent of the gross domestic product (GDP), or approximately $7.5 trillion, 85 percent of private-sector employment, and about 86 percent of all jobs created between 1999 and 2009. In Germany, they represent 79 percent of all businesses and employ 44 percent of the working pop-

2. While very limited, some research on the impact of ownership control in family firms has been published. See, for example, Leitterstorf, M., & Wachter, M. (2016). Takeover premiums and family blockholders. *Family Business Review,* 29(2), 214-230.

ulation. Family businesses are also ubiquitous in the economies of Spain and France, where they are estimated to represent 85 percent of all companies and account for 42 and 49 percent of the employment, respectively. In Italy, India, and Latin American countries, the estimates skyrocket, with 90 to 98 percent of all companies being family firms, accounting for approximately 80 percent of all employment. In Asia and the Middle East, they are estimated to comprise 95 percent of all businesses. And in some sectors, such as construction, retail, services, and wholesaling, the proportion is estimated to be as high as 99 percent worldwide (Poza & Daugherty, 2017).

A U.S. study noted that 35 percent of the S&P 500 firms are family-controlled (with the families owning nearly 18 percent of their firms' outstanding equity), and these family-controlled firms outperformed management-controlled firms by 6.65 percent in return on assets (using either earnings before interest, tax, depreciation, and amortization [EBITDA] or net income) in the 10-year period between 1992 and 2001. Family firms were also responsible for creating an additional 10 percent in market value between 1992 and 1999, as compared with the 65 percent of the S&P firms that are management-controlled (Anderson & Reeb, 2003)

Heterogeneity among family firms and differing definitions of what constitutes a family business, its generational stage, ownership levels of control, and management/governance effects (e.g., whether the CEO is a family member, whether the family is still active in management and/or the board) has resulted in some inconsistent findings (Villalonga & Amit, 2006). But there is compelling evidence that U.S. firms with founding-family ownership can perform better, on average, than nonfamily-owned firms. This strongly suggests that the benefits of family ownership influence often outweigh its costs. Costs which some argue are unique to the family business form as a result of principal-principal misalignment due to majority-minority ownership, altruism towards family members, etc. (Schulze, Lubatkin, Dino, & Buchholtz, 2001).

In Europe as a whole, family-controlled firms (with a minimum family stake of 50 percent) outperformed the Morgan Stanley Capital International Europe index by 16 percent annually "from 2001 to 2006 (Maury, 2006). (The study controlled for size and sector effects, and neither of these was an important driver underlying the solid outperformance of family-controlled businesses.) Another study of European family-controlled firms (this one with a minimum family stake of 10 percent and $1 billion in market capitalization) found that family companies outperformed the pan-European Dow Jones Stoxx 600 Index by 8 percent annually from the end of 1996 to the end of 2006 (Poza & Daugherty, 2017). A more recent study based on a 900 company index of founder and family-controlled but publicly traded firms found that between 2006 and 2015, a ten year period that included the 2008 financial crisis, these firms had an excess return of 4.5% CAGR and generated twice the economic profit – earnings in excess of the opportunity cost of utilizing assets or capital - compared to the benchmark, the MSCI All Countries World Index (Credit Suisse Research Institute, 2016).

Another study in the US found family companies outperforming the management-controlled universe even after teasing out all companies that had not made a generational transition and were still founder-owned from their sample. These companies produced considerably higher stock returns than their non-family counterparts. Interestingly it attributed much of the outperformance to the ownership control. It argued that a family that both owns and controls a company avoids the classic agency problem; the natural tendency of professional managers to pursue some private interests at the expense of their shareholders that confronts most publicly traded companies. And that the family's concentrated, long-term investment in the company and knowledge of the business made them an effective and highly motivated monitor of the business (McVey & Draho, 2005). Some of this outpeformance has been observed only when in combination with best governance practices in these later generation firms (Miller & LeBreton-Miller, 2006).

Notice that most of the data comes from family-controlled but publicly traded firms (Lin, 2015). Research comparing the performance of the privately held universe has produced mixed results, that is, it has failed to conclusively point to founder-owned and family-owned firms outperforming management-controlled firms, or vice versa[3]. This is hardly surprising given the heterogeneity of family firms and the different definitions being used by scholars in determining what constitutes a family business in the samples studied. Additionally, privately held firms are notoriously reluctant to report reliable financial information to outsiders.

3. Ownership Control as Strategy

Ownership control in the world of family business is often considered by researchers and academics

3. An exception to this is the study *La Empresa Familiar en España*, where privately-held firms in Spain were found to outperform management-controlled firms during the 2006-2013 period that included the great financial recession (*Instituto de la Empresa Familiar, 2016)*.

as an anachronism; a vestige of a dynastic and robber baron past or a misplaced obsession with the high locus of control exhibited by so many entrepreneurs.

While it may be true that the intent to control ownership can be traced back to the entrepreneurial roots of many families in business, this strategic intention by an owning family can hardly be considered a useless quirk, or antiquated tradition. Consider Larry Page and Sergei Brin, former chairman & CEO of Google, who as of this writing held 54% of the voting stock in Alphabet. Or Mark Zuckerberg, founder and chairman, Facebook, with control of 57% of the voting stock.

Facebook competitor Snapchat, went public with 2 classes of stock. In that IPO, 100% of the shares had NO voting rights; but the founders (Spiegel & Murphy) retained 90% voting control. Dropbox went public in 2018 with founder Drew Houston getting 10X super-voting shares and 35% of the stock with his co-founder, thus retaining control. In fact, between 2005 and 2015, IPOs that have consisted of different classes of stock (super-voting, voting and nonvoting) increased from 1% to 14% of all offerings[4]. And in 2017, 67% of venture-backed tech companies that staged IPOs had super-voting shares for insiders, up from 13% in 2010. Spotify shareholders issued special "beneficiary certificates" to its founders in February 2018, in part because co-founder and CEO Daniel Ek wanted to maintain control of the music streaming service post-IPO. The certificates boosted the co-founders' voting control to a combined 80.5%, or double their economic ownership[5]. Lyft's IPO in 2019 granted founders John Zimmer and Logan Green super-voting shares that allowed them to retain shareholder control[6]. And an old-fashioned family business, Levi-Strauss returned to the public markets in 2019 in search of growth financing. But this time 2 classes of stock were used, giving the founding family ownership control and the long-term investment horizon they sought when first going private 30 years ago.[7]

And it is not just about control and the long-term investment horizon, family business owners routinely disclose that it is about staying true to the founder's vision, tapping the unique resource which is the founder's mentality (Zook & Allen, 2016) and sufficiently valuing the financial independence and wealth-creating opportunities that ownership control provide for the founding generation and potentially for later generations too. In other words, today's founders/owners believe that their controlling ownership is a fundamental contributor to the sustainability of their successful business model and its resulting financial performance.

4. Ownership Transition from a Financial and Tax Planning Perspective

As we have discussed above, ownership control represents a North Star for many business owners. Still the family business research literature on this subject is almost non-existent and the practitioner literature on the topic is dominated by financial and tax planning considerations for the business entity and the family of wealth when it comes to generational transitions of ownership.

Financial and tax planning has as its primary objective, an efficient ownership transition; one that reduces the total tax liability resulting from a change in owning and controlling generation. Its chief proponents work for financial institutions and wealth management firms and their best practices receive ample coverage not just in professional and business journals but also in the mainstream media. Some of this literature is more legal in nature, and quite diverse given the very different institutional and statutory regimes in different countries and even different states or provinces within those countries. (The exclusively legal perspective will be discussed in the next section as it is both very influential and widely used).

More rigorous academic research exists, some previously mentioned here, but neither the practitioner nor the academic literature has adequately tied the very visible impact of tax savings during a transition to the continuity, future financial performance or continued success of founder-owned or family-owned businesses in transition. So, while the immediate impact of tax policy and regulations on wealth and wealth preservation is well documented in the literature, only by extension is its long-term impact on operating businesses owned by families addressed. (And it is certainly hard to argue that a reduction in total taxes owed upon generational transition is not beneficial to the long-term viability of a family business. After all, their impact on flows of capital when compared to not deploying tax liability approaches in planning for an ownership transition is significant).

What the financial planning perspective most ignores is that families have non-economic ob-

4. Dealogic. May 2018. www.dealogic.com
5. *Wall Street Journal*, May 29, 2018.
6. *Wall Street Journal*, February 13, 2019.
7. *Wall Street Journal*, February 14, 2019.

jectives which may very well be constrained or negatively impacted by tax planning and tax minimization strategies and approaches. Dr. Leon Danco, a pioneer in the family business field, often proclaimed in his articles and seminars that "business owners that let tax strategies dominate their succession planning get what they deserve; a lower tax bill and a business that will not survive across generations of owners"[8].

5. Ownership Transition from a Legal Perspective

Corporate law is quite clear, well-developed and with a long history of precedents establishing the rights and responsibilities of ownership and ownership control. It brilliantly distinguishes between economic interests and benefits (as in shareholder value and dividends) from control (as in voting and determining the outcome of a corporate decision). Trusts and trust law also represent a well-developed body of powers and rules to guide decision-making and determine issues of tax liability and ownership control.

While in the United States and many other developed countries, minority rights are well recognized and protected in the eyes of the law, ownership stake still establishes the hierarchy of corporate control; not seniority or birth order as in a family, nor title, as in a managerial structure. This makes a recognition of ownership structure of paramount importance in any work being done with a family-owned company. The legal practitioner literature acknowledges the importance of ownership control and generational transition of this ownership control. And while the legal profession also acknowledges the complicated and onerous tax consequences of succession, it often fails to recognize the competing interests of family dynamics, family culture and identity, owner intentions and other non-economic goals of a family in business. This oversight often leads to a myriad of unintended consequences for individual family members and the family unit as a whole from a generational transition process; from disengagement to cut-offs from other family members to a sense of betrayal or a feeling of profound injustice that reverberates over several generations.

6. The Ownership Development Perspective: Recognizing the Fundamental Contribution of Ownership Control to the Strategy and Financial Performance of Family Enterprises

Much progress has been made in the past decade in differentiating between management and family and therefore promoting professional management of the family enterprise whether the CEO is a family member or not. Much less progress is evident in the literature, or in practice, on differentiating family from ownership. While this is understandable given the very high correlation between family and ownership group in the family enterprise, this oversight poses significant challenges to the responsible ownership of the firm.

There needs to be more systemic and holistic analysis and analysis-driven interventions on ownership that promote the continued idiosyncratic advantage of the family-controlled form of enterprise across generations of owners.

Much like the socio-emotional wealth (SEW) literature broadened the scope on the non-economic drivers of family-in-business behaviors and strategies (Gómez-Mejía et al., 2007), the family business literature and practice of the next decade needs to reflect a more thorough grappling with the unique dynamics of ownership control and its implications for transgenerational family enterprise. Owner-operators think and act differently than owners only. Family owners are significantly different vis-à-vis the family enterprise than family members with no ownership stake. Minority and majority shareholders, the literature has documented, are also significantly different in their relationship to the firm (Schulze, Lubatkin, & Dino, 2003). More importantly, what all these differences represent to our understanding of the impact of ownership control on the enduring comparative advantage of family-owned and family-controlled firms is far from clear and actionable.

But in the spirit of experimentation that leads to learning, and with the conviction that in the family business field practice often leads research and therefore both the practitioner and academic literature, let me propose a series of possible interventions rooted in both the literature and practice that as a whole aim to increase the proactive management of ownership control in the search of the potential advantages it poses for the continued success of family enterprises.

7. Approaches that Focus on Ownership Control During Generational Transitions

Traditionally, legal and estate planning practice and literature have advocated for "pruning the family tree" as the first order of business in succession planning. The idea is to simplify ownership control by whatever means available; birth order, gender, employment in the firm, wills and

8. Personal conversations with Dr. Léon Danco by the author.

inheritance, buy-sell agreements, trusts and estates. Many examples of these are evident in sixth and seventh generation firms in the food, wine and agricultural industries, especially in Europe and Asia.

These traditionally successful approaches have long historical precedent and have generally met the goal of preserving ownership control in the transition between a current and a next generation. But as societal expectations have changed worldwide, they often present unintended consequences to family unity and therefore set-in motion dynamics that going forward conspire against future generational transitions that preserve the ownership control advantage.

More recently, the development of more sophisticated governance structures, including independent or professional boards, private trust companies and owner councils aim to accommodate family group ownership and more collaborative approaches to ownership control. These provide for decision-making and control capabilities that the earlier statutory control approaches did not require.

Innovation in governance structures and social processes may go a long way in ensuring agility in decision-making while allowing for more collaborative, familial, approaches to ownership control. This innovation is urgently needed given the increased cultural diversity and geographic dispersion of multigenerational enterprise families and the significance of the ownership control resource. The future ownership development perspective is a first step in that direction. What follows are a few approaches to consider with the same experimental discipline that today's scale fast ventures are being pursued; develop an in-situ hypothesis for a particular case, test and expand or pivot based on the preliminary results.

8. Approaches that Promote Continued Ownership Control by Building Bridges Across Generations of Owners

"Even though you try to put people under control, it is impossible. The best way to control people is to encourage them to be mischievous. They will be in control in the wider sense. To give your sheep or cow a large spacious meadow is the way to control him" (Suzuki, 1970)

Perhaps the most predictable conflict between the generations is the conflict between incumbent generation and next generation members concerning the strategy of the firm. Technological and societal changes that impact the fabric of next generation member's lives serve up disagreements on doing business online, respecting traditional relationships and supply chains, the appropriateness of the current business model, the traditional organizational culture, leadership behaviors and practices. New ventures, funded by a family fund acting as family bank or seed capital fund and structured under market rules that are captured in contractual agreements represent an opportunity to channel the energy behind that predictable disagreement into risk-managed opportunities. After all, most firms could benefit from the agility and innovation that may result from the natural talent and motivation of opportunity seekers and opportunity creators in the next generation. Their propensity for "mischievous" behavior may very well promote exploration and exploitation by harkening back to an entrepreneurial past and a future of renewed wealth creation.

At the board level, board service in companies or subsidiaries controlled by the owning family that represent an easier challenge and therefore a lower-risk developmental opportunity for next generation members may be a good option. Cultivating next generation ownership talent in prestigious, less-complex and non-stigmatizing appointments to boards has shown promise in strategically preserving the family ownership advantage (Jeong, Kim, & Kim, 2021). Guest membership rotations by next generation family members on the company's (or companies') boards is current best practice in many centennial family companies (Poza & Daugherty, 2017). Board service internships in non-profits and other family firms in the owning family's network also represent opportunities for the development of responsible ownership.

A family council, a family assembly, or regular family meetings are effective tools for engaging the family in dialogue about important matters, such as values and overall direction, and the relationship of shareholders to the board. Indeed, one of the most important responsibilities of a family council is to serve as an effective communications link between the family and board of directors. The family council must make sure directors understand family objectives and that the family remains informed of the extent to which family objectives are achieved.

The writing of a family constitution is a family council initiative and its dissemination and consistent use as a reference for family member behavior, is a great contribution to a sense of win-win and fairness among family members.

Participation in the family council and family assembly also represent an opportunity to beneficially engage next generation members in ways other than board membership. It is not unusual, in the absence of this opportunity, to have next generation members grow up with the expectation of one day serving on the board of directors of their family company, regardless of what may

be ill-suited talents and self-serving motivations (Poza & Daugherty, 2017).
Special projects like the development of a social media strategy for the firm or research into how artificial intelligence or AI could be a strategic contributor to inventory control, supply chain management or pricing strategy by the firm, could be undertaken by next generation members (who are in or recently graduated from universities) wanting to make a positive difference in how "their" family company leverages its business model going forward. These projects would be tasked by the family council and could parallel board committee work or resemble a junior advisory board to family leadership of the company.

9. Approaches that Promote Continued Ownership Control by Aligning Family Owners and Owner-Operators as Well as Wealth-Creators and Stewards of the Family's Wealth

Paradoxically, nonfamily management with its capacity to set a higher standard for professional management of the firm can improve the alignment of owners and owner-operators. Nonfamily CEOs often play this role quite effectively as can nonfamily CFOs and other key management. They motivate family members to professionally exercise their management responsibilities and enable owners who are not employees to hold their owner-operator relatives accountable in traditional managerial terms; goals met or unmet, variances from budget, etc.
A family office can also prove helpful in aligning owners and owner-operators in the same owning family group. While too much reliance on family office administrators can reduce the appropriate interdependence of owners, the interdependence that forces them to make decisions as a team and enriches their decision-making by the very diversity of their viewpoints, delegating a myriad of tasks and operational details to family office personnel does reduce the possibility of the owner's diversity of thought progressively becoming a significant source of conflict.
Special projects by family members of any generation, on company-related subjects as discussed in the previous section, as well as on community-related or philanthropic projects can also help align family owners and family owner-operators by reducing the "us and them" mentality that can emerge from the distinct experience and mindset of employed-in-the-firm family members and nonemployee family members. These would be tasked by a family council or family assembly and report progress periodically back to that governance body.

An owners' council could complement the governance work of the company board and the family council by focusing its work specifically on the ownership and ownership control of the family enterprise. It can be a vehicle for ensuring that the firm is managed in the interests of all family shareholders. It can help foster the founder's mentality that family shareholders be patient capitalists with a long-term investment horizon and that they remain committed to business continuity under the responsible ownership and control of family members.
Typical responsibilities of these owners' councils include:

1. Create and oversee the functioning of family governance bodies deemed essential to governing the family-business relationship. Ensure that their processes are well coordinated and that they all support the priorities of shareholders and the board of directors.
2. Initiate the process of identifying candidates for independent director positions and family director positions on the board of directors and collaborate with other board members, or the nominating committee of the board, in the selection and onboarding of these directors.
3. Write and publish an Owner's Manual (Buffet, 1996) where members of the family are informed and educated on what it means to be and what is expected of a shareholder of the family-controlled company. The rights and responsibilities of ownership and the ways in which the management of the firm can be evaluated to ensure that management (both family and nonfamily) remain accountable to shareholder priorities.

Think about it. A consumer purchases an auto, a computer, even a toaster, and receives an owner's manual with it. A family member becomes a shareholder, a much greater opportunity and responsibility, and receives little guidance or education on how to operate and care for the enterprise now owned.
Finally, annual partnership agreements represent another opportunity to align the interests of owners and owner-operators and therefore enhance the potential derived from ownership control. One such agreement was entered into every year by four sibling partners, where two were owner-operators and two were owning family members. The four shareholders met every December to ask themselves whether their work and relationship over the past year met the standard and whether that meant that they wanted to continue as partners in the new year. This review sometimes meant a commitment to changes that needed to

be made. After agreeing to any changes and new principles, they drafted their new partnership agreement and recommitted to their partnership for the coming year.

10. Approaches that Promote Continued Ownership Control by Aligning Family Wealth and Family Unity in Future Generation Owners

Here too, an owners' manual with a "Quick Start Guide" and orientation to business vision and mission, a family constitution, financial metrics, and trouble-shooting guide, as to what to do in the face of conflict often proves useful.

Family shareholder initiatives in philanthropy are another great unifier and therefore a consolidator of family control via family unity. Next generation members that participate in gifts and grant decisions or perform a donor-advisor role for family philanthropy effectively join the controlling team and through teamwork experience developmental opportunities in the family shareholder role. A shareholder group of a large retailer in America has the next generation members participating in the annual family assembly meeting do due diligence on philanthropic initiatives they would like to individually support. During the family assembly, the shareholder group hosts a meeting that resembles an episode of "Shark Tank" where next generation members submit the proposals to careful scrutiny before deciding to put all of their funds behind the single initiative they agree as a generational team to be the best. Even young family members who appear least interested in the family's business come together around an initiative that all know is, even if indirectly so, funded out of the family business' wealth creating capacity.

Psychological ownership may not trump statutory ownership and control of an asset but can certainly assist in a coordinated fashion to amplify the family's unity and resulting control of its assets.

An owners' council, as previously discussed can also make a contribution to aligning family wealth and the benefits and opportunities they represent to family unity and ownership control. So too can the publication and dissemination among family shareholders of an owners' manual and owners' plan. Family business consultants often hear independent directors on a family business board ask, "What does the family want?" A written document such as an owners' plan provides a forum for the family to answer this question. The owners' plan is intended to communicate to the board both the family's general values and interests for the company and the more specific financial requirements expected by the owners. Dividend/distribution and reinvestment policies may be included as well as nonfinancial goals of the enterprise family (Daugherty, 2017).

Education in responsible ownership behaviors as part of annual family assembly meetings can also make a steady contribution to aligning family wealth and family unity. Short sessions can educate and inform on financial metrics, business operations and provide opportunities for first-hand customer experience of product/service. Conceptual or experiential learning modules can help develop psychological ownership and family-firm identity formation. e.g., "ambassadors of the brand" and bring renewed appreciation for the family's history in the business(es). Digital media conversations that renew the founder's vision can also renew the sense of opportunities and the spirit of entrepreneurship in the context of the annual family assembly meeting.

11. Conclusions, Limitations and Suggested Future Research

Ownership control eats business strategy and organizational culture for lunch. A strategic focus on preserving ownership control as a tangible resource or strategic endowment offers founder-controlled and family-controlled enterprises the potential of preserving the comparative advantage responsible for the superior financial returns they enjoy relative to management-controlled firms. Traditional and innovative equity and trust ownership structures can make significant contributions to this effect, but so can innovative governance, familial and ownership development approaches that build bridges over the increasing diversity of later generation families in business.

A clear limitation of this work is that while we have acknowledged the traditional and innovative legal and financial approaches to ownership control here, our focus has been instead on the developmental edge leading to ownership control in future generations; that is on approaches that build on the legal foundation but provide greater requisite variety befitting owning families planning for a future where the ownership control will be in the hands of a larger and more diverse family than during the founder stage. And while not the focus of this work, it is fair to say that innovation in legal and statutory regimes impacting ownership control worldwide will continue whether in response to legal challenges or changes in the overall social, political and economic climate and may very well better accommodate some of the generational transition challenges we have discussed.

As with any work on family business, there is a possibility that the heterogeneity of the family business form itself limits the generalizability of

this work. Another limitation is the absence of a robust literature on the chosen subject. Future empirical research into the direct impact of ownership control on the financial performance of family-owned firms, perhaps like Villalonga and Amit (2006) with more extensive use of panel data sets from large samples, is suggested. Further research on owner strategies aimed at preserving the family control advantage over generations is also encouraged. Future work could apply quantitative and qualitative methodologies to shed light on causal relationships or embark on historical analysis or the use of cases in search of patterns or critical factors. Longitudinal studies, notwithstanding their difficulty, could be particularly enlightening on this subject.

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