PEPPERDINE UNIVERSITY
THE GEORGE L. GRAZIADIO
SCHOOL OF BUSINESS AND MANAGEMENT

DR. OTIS W. BASKIN

MBAM 698.11

FAMILY BUSINESS

SPRING 2004 - SESSION B

MONDAY

1:00 - 5:00 P.M.

MALIBU

SYLLABUS
Family Business  
MBAM 698.11  
Spring 2004 – Session B

Day/Time: Mondays, 1:00 pm – 5:00 pm  
Location: Malibu  
Professor: Otis W. Baskin, Ph.D.  
Office Hours: Room 320, 11:00 am Mondays and by appointment  
Telephone: 310-435-4001  
Fax: 310-506-7323  
E-mail: Otis.Baskin@pepperdine.edu

Introduction

Family businesses are the most prevalent form of organization in the world today. In the United States, they account for approximately half the GDP. As many as 90% of all businesses are family owned or controlled and more than 130 Fortune 500 companies fall into this category. About 40% of the largest publicly traded family businesses are still being directed by their founding families. Given the dominance of the family business model in today’s global economy it is important that all managers understand the unique culture, values and perspective that family ownership brings to business relationships, partnerships and strategic alliances.

For the purpose of this course, family business will be defined as businesses owned or significantly influenced by a single family or lineage. Family businesses have many unique characteristics and challenges. These issues are technical and psychological. High on this list is that both family and business needs must be carefully balanced. Leadership roles and ownership models often must be adjusted to meet the needs of succeeding generations. In addition, there are multiple legal, tax and regulatory issues that must be faced. Many argue that it is because of such issues that fewer than 30% survive into the second generation and less than 10% survive into the third generation of family control.

Purposes of the Course

- To help students improve their understanding and effectiveness as managers in family firms.
- To help students improve their awareness of opportunities in family owned businesses as future owners, family members, managers or non-family executives.
- To help students explore the unique challenges and strengths of family owned businesses.
- To help students learn to analyze managerial/ownership problems and implement solutions in family and business relationships.
Methodology

Class participation will be the primary method of instruction incorporating individual and group presentations and class discussions. While some material will be presented in lectures, the primary focus will be on material prepared by students for class discussion. Emphasis will be placed upon learning ways to think about family business issues and developing a portfolio of approaches to family business policies and procedures. Students who are members of business owning families will develop a project related to their business and family. Other students will develop (in consultation with the instructor) a project around a family business that is available for them to study.

Text and Course Materials


Bibliographies and other materials will be provided during class sessions for assignments as they are due.

Grading

The major components of the final course grade will be class participation (1/3), class presentation (1/3), and a final project report (1/3). Class participation is the center of the instructional methodology for this class and therefore, attendance at each class is important. Both the quality and quantity of comments in class will be considered in grading. Therefore, it is expected that students will come to each class meeting prepared and ready to employ the concepts and content of readings and other assignments. Class presentations and a written case project will be required for each student.

Attendance Policy

Class attendance is critical to the learning process of this course. Missing one entire class could adversely impact the final grade. Anyone who must miss any part of a class should notify the instructor in advance.

University and School Policies

Students will be expected to abide by all policies of The Graziadio School and Pepperdine University including rules of conduct as listed in the catalog.
Session 1 – Course Introduction

**Topic:** Understanding Family Business Planning – The Roles of Family, Owners, and Managers

**Readings:** AAW Chapters 1, 15, 16

Session 2

**Topic:** The Parallel Planning Process – Family and Business

**Readings:** AAW Chapters 2, 3, 4

Session 3

**Topic:** Securing Family Commitment

**Readings:** AAW Chapter 11

E. H. Schein, “The Role of the Founder in Creating Organizational Culture”, *Organizational Dynamics*, (Summer, 1983).


Session 4

**Topic:** Family Dynamics and Business Decisions

**Readings:** AAW Chapters 9, 10

Session 5

Topic: Preparing the Next Generation of Family Managers and Leaders

Readings: AAW Chapters 12, 13, 16

Session 6

Topic: Readings: Planning for the Business

Readings: AAW Chapters 6, 7, 8

I. S. Lansburg, “Managing Human Resources in Family Firms: Problem of Institutional Overlap”, Organizational Dynamics, (Summer, 1983).


Session 7

Final Project Presentations