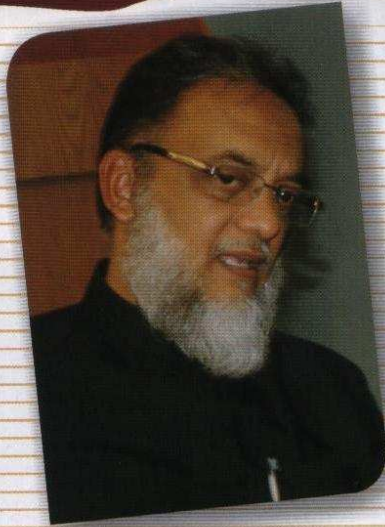


INTERVIEW WITH MIRZA YAWAR BAIG ON HIS NEW BOOK: THE BUSINESS OF FAMILY BUSINESS



1) Your book has quite an interesting cover. Why did you choose the "caterpillar spiralling up towards the butterfly" for your cover?

The symbolic position of the book is captured in the sentence in the preface: "When the caterpillar looks in the mirror it does not see a butterfly." The allusion is towards the fact that the biggest challenge for family businesses is to take the leap of faith to create transformational change to become process driven without the comfort of seeing the guarantee of success. But then this is the excitement of doing business, isn't it?

2) What inspired you to write your new book?

More than twenty years of seeing family business struggling to break the growth barrier: Keeping the family together while growing the business. Some succeed, many others fail. After working with many family businesses in several capacities I thought that if I could conceptualise my learnings then a lot of people would benefit. In terms of the current state of the economy, it is even more necessary and critical for family business to proliferate and grow, so that society in general can benefit. The future of the world economy lies in lots of small to medium enterprises contributing to society rather than a few humungous multinationals playing more political games than doing business.



Vereeniging Trust

THE PROPERTY PEOPLE

016 421 1304

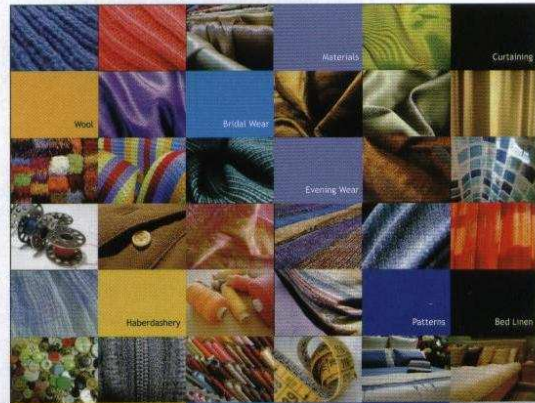
**DON'T
FORGET**

for

- Letting - Commercial, Industrial & Residential
- Sales - Commercial, Industrial & Residential
- Property Administration
- Property Development &
- Turnkey Developments

The property people with over 50 years experience.

31 Leslie Street, P.O. Box 89, Vereeniging 1939



Habby & Lace

BMC Centre
56 Voortrekker Street
Vereeniging
Tel : 016 422 5400
Fax : 016 422 2075

3) *Aside for those who own or are part of a family business, is your book directed towards any other particular audience who may find the content beneficial as well?*

The book is clearly also directed at all those who work in family businesses which is a huge chunk of the population. It is directed also at those who are not in business yet but who aspire to be business owners one day. The book also has information which I hope will be useful insights for those who teach in Business Schools and for Business Consultants. I present this to them in the spirit of collegiate sharing of knowledge and understanding. Finally, there are parts in the book, for example on upbringing of children to instil leadership qualities, personal excellence as a way of life and the importance of changing one's focus from consumption to contribution which I believe is of benefit to us all.

4) *What are the key issues/unique problems that family businesses face as compared to large corporations?*

The 'problem' of the family business is the 'family'. It is also its biggest asset. This problem of the family has three aspects: Entry, exit and succession criteria for family members into the business. The problem is that more often than not, these are not defined and therein lies the trap. Family love and business don't go well together and if you try to combine them both self destruct. Large corporations are more objective and impersonal and so don't have to deal with the hugely complex issues of emotion, tradition and family culture which often are the key drivers behind business decisions in families.

5) *What are the factors that have enabled certain family businesses to succeed longer than others?*

In one line: The ability to transform from 'being person-driven to becoming process-led'. The challenge is to retain the personal touch of being a family business which is its charm in many ways, while instituting business processes to drive all decision making. Families that have successfully made this transition have outlived others.

6) *Is there a trend in family businesses increasing/decreasing or remaining more or less constant around the globe?*

Family businesses have increased around the globe. Easy credit, especially venture capital and technology (particularly the internet) have proved to be huge boosters for budding entrepreneurs. Paradoxically, it is my assessment that the current recession will actually be the catalyst for many more family business to start. As I said, the future is for the small to medium business rooted firmly in its parent society, helping to build it and spread economic wellbeing all around.

**Let us
get you there!**

- Stock market investment
- Investment advice
- Portfolio planning and management
- Unit trust investment
- Buying and selling shares
- Property Syndication



TopShare

Trading the tops

37 Kruger Avenue, Vereeniging, 1939,
Tel: (016) 455-1436/7, Tel: (011) 837-9663/4

**TECHNOLOGY
DRIVEN SOLUTIONS**

Technology has perfected
the art of printing.
At Neon Printers we believe
quality service delivers
quality service.



**Neon
PRINTERS**

Lightening the corporate print process

JHB: 79 Mimetes Road, Cnr Watkins Street, Denver 2094, Johannesburg
P.O. Box 280426, Excom 2023
Tel: (011) 615-7858/9, Fax: (011) 615-7843, E-mail: neon@neonprint.co.za
Cape Town: Unit 18, Gateway Park, Berkley Road, Ndabeni, Western Cape

6.2 Are there more family businesses clustered in certain parts of the world than others?

America is the leader, followed by Europe, the Middle East, India and Africa, particularly South Africa. China probably has a huge number of family businesses if Chinese business acumen in Hong Kong and America is any indicator but I have no figures to prove my hunch.

7) Are there certain parts of the world where local culture can help or hinder a family business? And to what degree do family businesses influence society?

Cultures definitely help or hinder family businesses. The countries named above have supportive cultures that encourage businesses. India had a very difficult culture to begin with immediately post independence but later it eased up. That combined with Indian ingenuity was enough to spawn a huge number of businesses. I believe family businesses influence society enormously. Family businesses emerge from their parent societies and have roots in them. The business owners draw significance from their parent societies and confirm to and influence their norms. They contribute to social structures, initiatives and processes. They support education, economic development and growth. Sometimes directly sometimes indirectly as in creating jobs which influence the kind of education that people will opt for. Family business leaders tend to enter politics and so become influencers in that way as well. That is all the more reason to have good family businesses which are run on principles of integrity, social contribution, non-discrimination and people development.

8.1) If you would like your child to consider being a part of the family business in the future, at what age should you start talking to your kids about the family business?

As soon as the child can understand you! The sooner you instil in the child a sense of responsibility and mission, the better.

8.2) Should you involve them in small chores for the business in order to become familiar with the business?

Absolutely. In traditional family Mom & Pop shop business the kids used to work in the shop after school. That is an excellent practice. The only way to learn how to do business is to do business and to see others doing business. So the sooner your kids start the better.

8.3) And how do you gauge his/her interest in being a part of the family business in the future?

I think it is more an issue of training rather than interest. Business is not a hobby. It is a career. It is not purely interest alone. After all, your child must do something with themselves.

9) Did you find any part of the research for your new book particularly interesting? Were there any surprising discoveries?

The 'biggest' and most surprising discovery was about the way decision making happens in family businesses when it comes to family members. Strange as it seems, people treat money and business as very different things. People wouldn't dream of handing over large sums of money to inexperienced children to handle or invest but they do this regularly with predictable results with businesses worth much more. The other discovery was about the sense of honour and loyalty that business founders regularly display towards those who have helped them in the start-up phase.

10) What is your advice for family businesses to survive the economic meltdown and prevailing economic conditions?

Focus on quality, good governance, especially financial planning and spending. The meltdown is a very good thing. Like a hot summer it kills all the weeds. But those whose roots are deep and are immersed in the springs of the earth will not survive. There is still a tendency in some to look for shortcuts. I guess some people never learn. In the end it is integrity, quality and compassion for others that count. Businesses that are not struggling to meet interest payments (the price of being 'leveraged'), who have a strong history of meeting commitments; businesses that demonstrate social responsibility and concern will not only survive but grow. Business that understand that the surest guarantee for their own survival, is to help create strong, educated and financially viable societies, will live long after others have gone into the ground. ■

