

**THE CHALLENGES AND SUCCESS A CONTINUING
FAMILY BUSINESS**

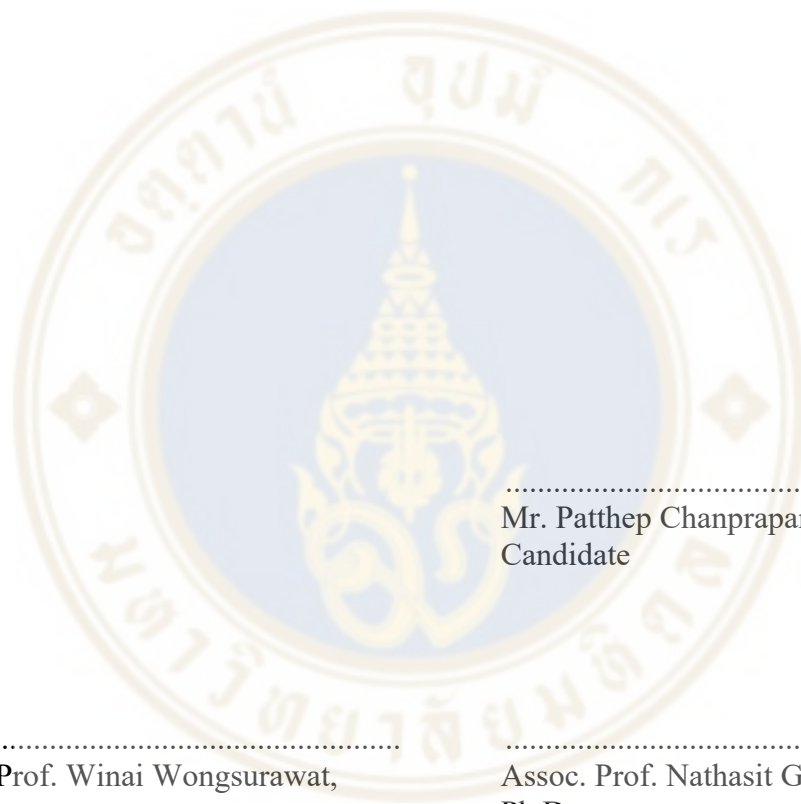


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THE CHALLENGES AND SUCCESS CONTINUING FAMILY BUSINESS

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ABSTRACT

The purpose of this study is to find out the hypothesis of what are the factors that obstruct the challenges and success in continuing family business. The information gathers from the experience young entrepreneurial from different business industry.

KEY WORDS: Continuing family business/ Challenges and success in continuing family business/ Different business industry

26 pages

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CHAPTER I

MOTIVATION BEHIND THIS ESSAY

I wanted to write this essay because I want to give a lesson to those people who are planning to continue the family business and to share my own experience and challenges that I faced as a young entrepreneur working in a family business. I believe it would be best to learn from the people who experienced similar situation as they could best reflect the existing pain points, potential obstacles and recommend way forward based on what they have faced during those difficult times. This can be shared with the younger generation as a case study on how to continue running the business and become a successful successor in a family business.

There are a few motivations that drive me to write this paper as followed: One motivation is to better understand the way to deal with difficulties. Based on my experience, the difficulties in continuing the family business comes from both external and internal issues. External factors are both from the local competitors in the same industry, and from the new players overseas as a result of globalization. This is similar to those non-family owned companies. While on the other hand, internal challenges are strong family values, trust from family business owner, hierarchical reporting line due to cultural norms and ensuring the bottom-line number from financial statements. Dealing with these difficulties require different strategy and technique so I hope I can get a clearer picture to overcome these difficulties through this research paper.

My next motivation is that I am not the only person who grow up in a family with a family business. In Thailand, majority of the businesses is a family-owned. According to a survey by Price Waterhouse Coopers (PwC), family businesses in Thailand is accounted for over 80% of the country's GDP and over one third of the firms listed in the Stock Exchange of Thailand (SET). (PricewaterhouseCoopers, 2019) No doubt, family business plays a very significant role in driving the Thai economy forward and contributing to the society talent pool. PwC survey also shows that majority of the family businesses are doing well with prospect to grow over the next two years. With

the fact that over 76% of these businesses have the next generation member actively participating in the business, there is no surprise that over 86% of the business plan to pass the baton to the next generation. Hence, this research will be useful for a big group of people in Thailand.

Another motivation is that this understanding will be useful to the new family-business owners. In soon future, I expect many more people in Thailand to start a new business. The good thing about a family business is the flexibility to start and run the organization. This plays a big role in leading to the success of the company. In Thailand, it is very common for people to start a family business. Once the Thais see opportunities, the process to start is easy both in terms of laws and regulations, availability of workforce and capital requirement. For example, if you walk down the street, you would see the local noodle stall or a small giftshop. Oftentimes, you will see family members helping each other's to run the business. According to the research paper, the family-owned businesses globally are growing every year, most of the businesses are mostly in South-East Asia. Also, the businesses are mostly managing by the family members. (Asa Bjornberg, Heinz-Peter Elstrodt, and Vivek Pandit, 2014). The family business generates more than 50 percent of the global GDP and also hiring half of the workforce globally. (Annie Koh, 2014). With such growth, this research will be useful now and also in the future.

Last but not least, my biggest motivation is that being a successful successor has been my long-term goal and it is of my personal interest to research about this topic so that I can use my knowledge to drive my family business. In my childhood memory, when I was in school, most of my friends talk about their family business. We shared comments and exchanged opinions since we were young. Every day on the way to school, my dad would talk to me about the challenges and problems he is facing, and he usually taught me on how to deal with problems. Sometimes I agreed with him but sometimes I don't. Sometimes a kid, we do not really understand what do our parent talk about. But one of the things I am certain of is that my dad always told me and my siblings that he wanted us to continue the business. It is part of a given task that when we get older, we have to continue the business and to make them successful. I personally see the love and hope in his eyes and I do want to make him proud. Also, as I get older, I feel more attached to my family business. My family business is a logistic company,

so as I travel on the road, I sometimes see my company's truck everywhere. It makes me feel that these assets belong to me. Moreover, when my friends saw our trucks, they usually call to tell me. It is a very good feeling that I always remember as a child. Another reason why this business means so much to our family is because of the employees. They are like my second family. As we all know that businesses all over the world go through ups and downs. Sometimes positively support the business, but often not as great. During the bad situation, the employees in the company are very supportive and are energetic to help the company survive in such difficult times. This is the reason why my dad always teaches me to look after the employee as a family. The warmth from the employees is why I want to carry on the family business.

I have a strong believe that I can make my business successful because the logistic industry is doing very well. According to the research, Thailand's logistics contribution to GDP is 13.9% in the year 2016 which is higher than the world's average rate at 10.9%. Furthermore, logistic demand is a necessity. Most of the companies require transportation to deliver their goods. Based on the research, majority of the company spend 54% of their costs on transportation logistic. (Virachanang, The Logistics and Supply Chain, 5 November). Due to high demand level in Thailand, I believe my business has a strong possibility to be successful in the future.

It is important to understand what are the key challenges, barriers and enablers that will make everyone success as a successor. As a successor myself, I can foresee that this is not an easy task. I hope this research paper will help me to achieve my dream.

CHAPTER II

LITERATURE REVIEW

This chapter will cover the difference in management style between family-control and the non-family control businesses. The family business is defined as a firm that is started by a pool of people of the same or related families and that eventually combined to be a large private sector. Majority of the management team of such private entities tend to come from the family member. Today, the family business is about 65% to 80% of the world enterprises. Small-and-medium enterprises (SME) are one of a large contribution to such percentage. Given the complication beyond just coming up with great strategies, family business tends to have many interesting issues such as success factors and the challenges for the entrepreneur (Paulino Silva, 2014).

The importance of the family business is that they create big impact on the economy in every country around the world. Many country's economy depends on the family business. Many big corporates nowadays all started from the family business structure. A few well-known company examples are Samsung in Korea, Louis Vuitton Moët Hennessy (LVMH) in France, BMW in Germany, H&M in Sweden and Central Group in Thailand. Some of the non-family companies can learn from the family company as a case study to make use of their structure, culture of the organization, ways of working and power control (Aleksandra Stoilkovska, 2011).

2.1 Definition of family business

The Family business is the organization that passes down from generation to generation and can only be owned by a family member. According to Cambridge Enterprise Group, "*A family company is one whose ownership is controlled by a single family and where two or more family members significantly influence the direction and policies of the business, through their management positions, ownership rights, or family roles*". (John A Davis, 2018) The size of the business can vary and the business

structure, norms, location, and all sort of set up has no fixed pattern. Similar to how one manages a family, the businesses that are family-controlled have the freedom to execute and the flexibility to make decision about the process and the control systems within the company. They lacked formalized structure, comparing to the corporate company (Aleksandra Stoilkovska, 2011). Even though a family business starts as a small company, this does not mean that it has lesser conflict. In some family-owned businesses, they have a mental conflict, and this does not make the company as mentally healthy as it could be. Such conflict can impact the decision-making process and can change the result that may or may not be the best judgement. Bottom line, family business is usually when the owner and shareholder members are one or part of the same or extended family with no limitation to how the business is run.

2.2 Comparing family-controlled and non-family control

There are a few differences and similarities between a family and a non-family business. First comparison is the duration of the leader at the company. A family business is when the managerial position has a lifetime and a personal stake in the firm. Their positions, for example the CEO, can be their entire career life. While on the other hand, a non-family business's CEO tends to lead the company for only a few years and can move to another firm for higher pay package.

Second contrast is the pay package. The benefit to the family business owner is tied directly to the performance, growth and asset of the firm as the business successes also determine family wealth creation. But for the non-family joiner to the firm, even as a CEO, the salary will be fixed fee plus some additional performance-based incentive, for example stocks and bonuses.

Another difference is in the position and career path. The family members of the family business have an advantage of being in the management team, or if not, they do have the power over other employees. Their first position might not be the most junior position in the firm. Even though the family businesses provide careers for their family members, this does not mean that it is always a good thing. In some family, the young generation can be in the top management team along with the older generation (Morris *et al.*, no date). This can cause conflicts and misunderstanding from generation

gap and respect culture of the firm. On the other hand, a new joiner with no experience will likely to be given the most junior position in the non-family firm and upgrade up themselves for promotions. Some people may think that it is very easy for the entrepreneur or successor to be able to continue, but as an entrepreneur, I think it is hard to grow and sustained the company because the entrepreneur does not start from zero. They started from what their family has provided for them to continue, so there can be misalignment on the experience, vision and mission of the organization. The top management has to be sure that the people are not disjoined from the value of the firm. Diversification can help lead to the success of the company and to improve the quality of the operation to the world today, yet they should also maintain the company original core value (Coulson-Thomas, 2016)(Bailey and Madden 2016).

Moreover, the difference between family and non-family owned companies is the decision-making process. In a family business, the decision making is more centralized and unexpectedly, hence the internal control is more informal. For example, when the company wants to invest in new machines, the decision process will depend on the owner and can happen anytime suitable to them. As the decision is very centralized, this can cause conflict among the family members. In the non-family control, the decision will be less dependent on a single person. Most of the managers will not be working in the same company for their entire career life, so the decision is less reliable on one manager of the company. A group of managers will make decision based on each person's scope, levels, key dimensions and metrics (KPI) and the impact that they want to accomplish. Their performance and decision will be related to their income, which they must work hard to get a better salary. In the act of non-family control, the decision making will be decided by the team-based, which somehow can be slower than the family own company. The employee can participate in the decision-making session, which makes them feel important to the company.

There are multiple differences between family and non-family control company. There is no one single model that is better than another. It is best to choose what suits best to the company status and performance. A family owned company can also operate like a non-family owned company. This depends on what they think suits best to the company.

2.3 Challenges in the family business

There are multiple challenges in running a family business. One of the biggest challenges is dealing with conflicts. Most of the family business have more than one member, which could lead to the conflict from different viewpoints and personal interest. Benefit (money from the business) can be a big factor because the entire family share one common source of income. When the family members are still young, they siblings may get along well with each other. But as they are getting older and continuing the business, the external factor from the business such as power, money and assets can increase the level of conflict. Another big conflict, especially among the Asian families, are based on the culture and traditional beliefs related to ways of working. For Example, the Chinese family would give priority to the male, even if he has a bad vision for continuing the company. Similarly, in some families, there should be one person who is more favorable than the other members. Choosing a leader based on gender, love or favor can lead to unnecessary conflicts and causes needless loss to the company (Aleksandra Stoilkovska, 2011). Furthermore, the level of conflicts is correlated to the size of the family and the size of the business. The higher the number of family member can lead to jealousy, the forming of gang or team and the separation of the member from bloodline situation. The family members are more likely to fight for the limited number of managerial positions in the company and the difference in team or bloodline can lead to a situation where the business owner may favor one over another. The in-laws can also be part of such conflict. In cases where the in-laws are unacceptable by the family, the conflict gets worst. The bigger the size of the company oftentimes lead to the higher value of the company; thus, such company tends to have more conflict as the level of asset and revenue are more attractive and worth the fight for. Additionally, conflict may come from generation gap. Sometimes the father's generation has conflicts due to the original ways of managing versus new strategies by the younger generation, who wanted to change the way of managing. All sort of conflicts, regardless of the cause, prohibits the company to have the right person and the suitable environment to lead the company towards success.

Conflict is a common thing that happen in our daily life such as conflicts with friends, colleagues or even family members. Oftentimes, most of the people will assume that the conflict among the family businesses are related to money and/or asset.

If we look deep down into an emotional aspect, conflicts' root causes are related to the personal connection and satisfaction. This is a complex process through a chain of thoughts that are being translated into emotions and beliefs. It slowly affects the outcome of a family business. When there are a lot of the emotional involvement, the chances of forgiveness is low and the likelihood of continuing good feeling decreases (Aleksandra Stoilkovska, 2011). As a result, the impact multiplies into a bigger problem.

Most of the family businesses tend to have difficulty in solving the conflict among the family members. Overcoming such conflict is a very important factor to grow the business.

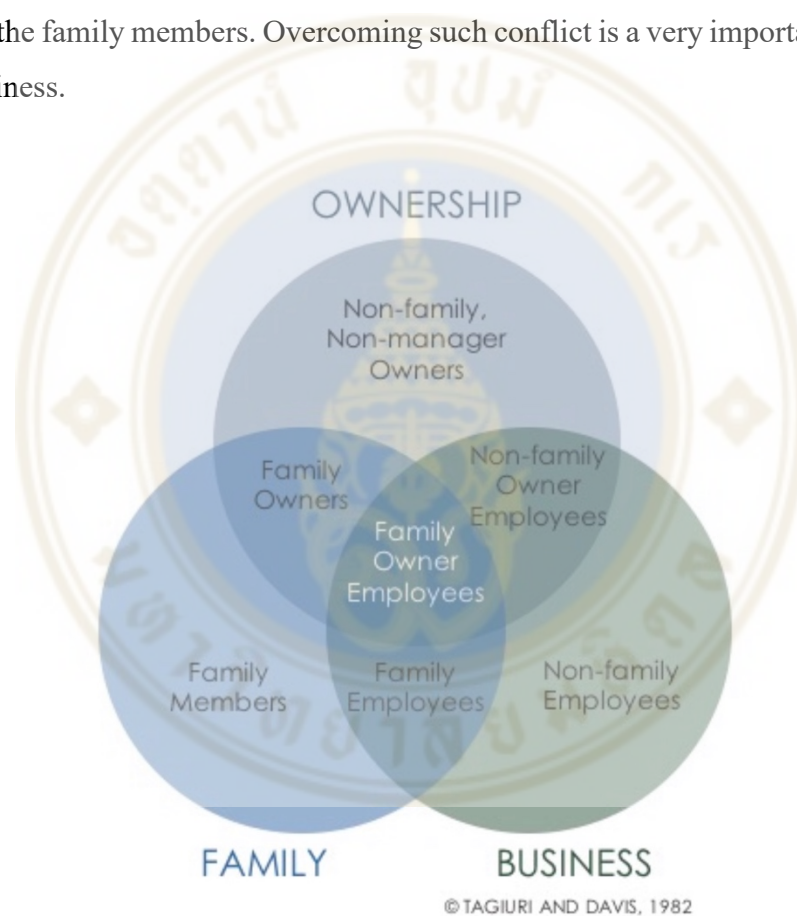


Figure 2.1 The relationship between ownership, family and business: Three-circle model

The Davis'3- circle model is a very good model to show how the family business system works – the three interdependent and overlapping groups of family, ownership and business, that comprise the family business system. This model explains the roles of each group and to show concerns among the family members and the non-

family members. The seven sections in the diagram represents the different family business system, in term of viewpoint, roles, and dynamic. The ownership circle represents the owner of the company, the family circle reflects the family members and the business circle is related to the employees in the company. The diagram shows that the family system depends on the function in a family business. This diagram shows seven distinct interest group in a family business:(John A Davis, 2018).

Family members not involved in the business, but who are descendants or spouses/partners of owners.

1. Family owners not employed in the business
2. Non-family owners who do not work in the business
3. Non-family owners who work in the business
4. Non-family employees
5. Family members who work in the business but are not owners
6. Family owners who work in the business

John Davis, the creator of this model at Harvard Business School (HBS) in 1978, explains that *“The Model identifies where key people are located in the system and different roles that family members have: being a family owner, or a family employee. These overlap areas in the Model indicate role overlaps and potential role confusion”*(John A Davis, 2018). Each section of the three-circle diagram shows the performance of each circle and the relationship among them. All three circles are related to one another. Because these seven groups have different viewpoints and interest, the interaction between them causes conflicts. For instance, a conflict between one family member, who is both a family member and employed by the company, and another family member, who is only the stakeholder, may lead to the lack of trust on each other’s decision. Thus, the circle of the family effects the circle of the business. The business can grow slowly because of the different views and expectations of the family members, as reflected by the diagram, which shows that the three circles have different ideas, interests and viewpoints. Conflicts can be solved by the polices, regulations and decisions that the company have decided. Long term success of the family business system can help solve conflict through mutual support from all groups – family, business and ownership. This could make the family business success in the long term because it has a good family business system.

CHAPTER III

INTERVIEW

Different family business members do have different experiences, difficulties and viewpoints on how family business set up is related to the success of the company. The objective of an interview is to understand the challenges of working in a family business, the situation they have to face, the goods and bad under different situations and how to overcome conflicts to achieve success. Each family business has different ways of decision making, which would impact the business differently. The findings of interview should give a good lesson from the entrepreneur.

3.1 Interviewing information

There are 3 interviewees. All interviews are done through a face-to-face setting. Each interview would take between 30 minutes to 1 hour. This is a suitable duration to gather the information for further analysis. The criteria to select the interviewees are based on the following:

1. The interviewee should be working in the family business and in a relatively small industry
2. The interviewee should be receiving salary from the family business as their main income source
3. The interviewee should be responsible for a specific role in the company (not general management or shareholder)
4. The interviewee should have more than 2 years of work experience to ensure that they would have enough experience as a successor
5. The interviewee should be within a circle of friend so the interviewees would answer with real fact and generate deep insight
6. The interviewee must be at the age of 25 or above

3.2 Qualitative interviewing

The interview will be in qualitative format. There is no closed ended answer, such as yes-or-no and multiple choices. The advantage of qualitative feedback is that the interviewer can observe the reaction during the storytelling, the feeling and the reaction of an interviewee. Hopefully, qualitative interview should allow the interviewer to distinguish whether the interviewee is happy or suffering working in the family business. The feeling that is shown during an interview has a lot of information. The open-ended type of questions will also allow the interviewer to dig deeper into some answer and continue questioning based on the answer they received.

3.3 Interview questions

The question that will be asked by the interviewer during the interview will be focused on the challenges from working in a family business. Majority of questions is expected to be useful for those who are planning to continue the family business. The following are the main question that I would like to ask, but surely there will be an additional question that may extend from the interviewees' answer:

1. Why did you decide to continue your family business?
2. Who would be the person with the authority to make decisions?
3. Would employees be given the ability to make decisions?
4. What are the challenges you are currently facing? Please specify.
5. Are there any conflicts among your family members?
6. If yes, how do you decrease the level of conflict?
7. What do you think are the key factors in successfully continuing the family business?
8. Are there any suggestions for anyone looking to continue their family business?

3.4 The list of interviewees

The three chosen interviewees are my friends or my extended friends, who are currently working in a family business from multiple business industries. Different businesses and industries should have diverse challenges and conflicts. This could be interesting information to analyze and come up with thought-provoking findings. Hence, this paper can be a good guideline for the future entrepreneurs.

1. Name: Nanchanok Jaratwasan (Vem)
- Position: CEO/ Managing Director
- Number of years working: 5 years
- Type of business: Car-spare parts Retailing
- Company name: Tengkokarn

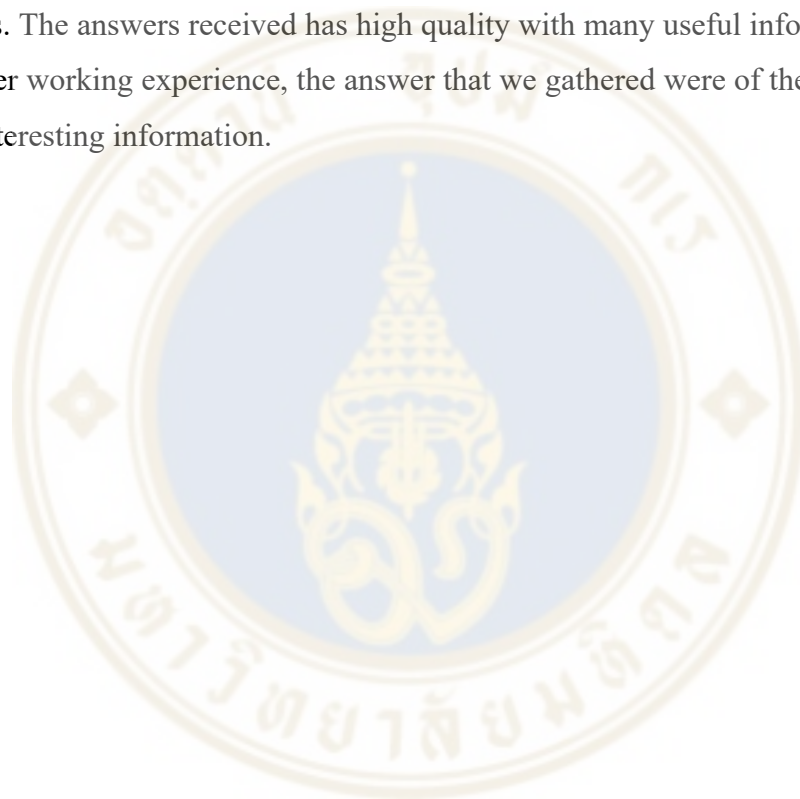
It is very easy to make an appointment with Ms.Nanchanok, as she are a very supportive person. The location of the interview took place in the coffee shop down town. This location is convenience for both the interviewer and in the interviewee. This take place during the afternoon, where coffee shop was calm and silent, so the interview went very easy going. Ms. Nanchanok is a very open person so she has been telling a lot of experiences that she is facing. The interview went well and was very relaxing.

2. Name: Aranicha Chayopas (Ann)
- Position: Managing Director
- Number of years working: 3 years
- Type of business: Hospitality
- Company name: Chaopraya Hotel

As the business of Chaopraya Hotel is relatively big in term of market size comparing to the business of other interviewee, it was very hard to make an appointment with Ms.Aranicha. She always in a meeting and she has limited time to talk. As a result, the interviewing took place in the morning at a coffee shop located close to her hotel. Ms.Aranicha is a serious person, so the interview was very intense. As she was very busy, there was limited time and the interview was very fast at around only 30 minutes. The good things is that she knows the answer and can answer right away. Her answers to the questions are very clear and understandable and covered all the information needed.

3. Name: Chatchai Ananthothai (Pun)
Position: Marketing and Sales
Number of years working: 2 years
Type of business: Food Manufacturing
Company Name: Laco,co.ltd

The interview took place in the afternoon at Mr.Chatchai's house. Because this interviewee is my very close friend, the interview was pretty much a chitchat and not a proper way of interviewing. We managed to cover all the questions and get all the answers. The answers received has high quality with many useful information. Despite his lesser working experience, the answer that we gathered were of the real insight and were interesting information.



CHAPTER IV

DATA ANALYSIS AND DISCUSSION

4.1 Brief story

The brief story will be based on the answer from the interview results. There are many interesting points of view to analyze. The interviewees are all in different business industries, yet they are all born in a Thai-Chinese family. There are similar culture and tradition in the business. The three interviewees have shared many thoughts and experiences throughout the interview. One of the common interesting fact is that all the interviewees did not really plan to work in the family business, but two out of three interviewees ended up working in a family business right after graduation. The remaining interviewee was working outside for a few years before returning to the family business. They all said that it is not easy working in a family business due to family members' conflicts and the responsibilities that they have to deal with from early twenty's as opposed to later in the career. Most of the fact and viewpoints that are received from the interviewees are similar, but there are some interesting facts that vary from family to family due to family background, culture, past experiences of the owner and the size of the business. All these differences could affect the level of open-minded of the family members and the level of acceptance of new ideas from the newer generations. The following section will contain analysis and summary from each interview question to see the difference in point of views from the young entrepreneurs.

4.2 The origin:

1. Why do you decide to continue your family business?

There are many reasons for the young entrepreneurs to continue their family business. Based on the interview, one of the key reasons for working for the family business is money. This is referring to both the total income of the company and the salary they personally earned on a monthly basis. All interviewees stated that they

receive salary rate higher than to start as a junior officer in any other corporations. Additionally, to success working as an officer, they have to put a lot of effort to climb up the ladder and be successful, so they rather put such effort into their family businesses. Also, many corporations are still a local company, leading by a Thai person from the same generation as their parents. Most of those companies are still using an older-generation way of operating, which are similar to how their family business operates. They all foresee that to compete in the future, as a young generation, they have to implement technology to the business to increase work efficiency and effectiveness. They cannot do this if they are working in a non-family business. Ms. Nanchanok and Ms. Aranicha said that they both started to introduce technology to the business because nowadays technology can generate better results, thus worth investing. Mr. Chatchai, on the other hand, believes that working under comfort zone makes me works better. Even though working in a family business at first was very pressuring, as time passed by, he realized that working in a small organization with less hierarchy is much earlier to work for than in a big corporation. In Thailand, the hierarchical culture of manners is very common and that all employees need to respect the older people's decision. After he were in his comfort zone, he realized that he preferred to continue his family business. Overall, regardless of their personal preferences, at some point in time in life, they will still need to come back to continue the business, so they all agreed that they better start early.

4.3 Decision making and control

2. Who would be the person with the authority to make decisions?

3. Would employees be given the ability to make decisions?

In the normal co-operate company, making decision is the key concern of the business growth. Some companies make fast and quality decision, while some companies take time to decide. Making decision in the business world is one of the key factors for the business's growth and also directly impact the company's performance. Under a corporation setting, decision is usually made in the board meeting through the number of votes from the board team. One thing that has been a question to many people

is that how do family business make decision then? Do they use voting system like the majority of the corporations or is the owner the only one who make the decision?

The authority of the decision maker in a family business depends on the size of the company. The bigger sized company tends have higher level of operational complexity, so it required more staff and more level of position from an operator to the management level. They may also have many departments, so they need to have multiple decision maker taking care of each department. The benefits for such structure are that the company obtain a more professional ways of working and the decision will be made based on the expertise of the leader, who has full visibility and knowledge on the scope of problem. Professionalism is important because it distinguish companies between a small firm and a corporate, which involves board members, shareholder and directors in decision making. However, in many family businesses, the shareholder and board members are part of the family and are personally related to the owner. Daily problems will be handled by the manager. Mr. Chatchai stated that he gives full freedom to employees when it comes to a day to day decision making.

On the other hand, the smaller sized company tends to be flatter. The decision maker typically depends solely on the owner. Ms. Nanchanok's experience represents the smaller company. The company has only the sales and the operation team. Because the organizational structure is so simple, most of the decision is based on her judgement. Ms. Nanchanok explained that *"all decisions related to large amount of money or an investment on new items are based on her preference"*. The permission that are given to the employee is only relate to the daily routine problem and not related to cash. As a small company, there is not many cross checking and permission requirement, so the employee in such company will not be trusted by the owner and most of the owners will make decision by themselves. This helps the owner prohibit unnecessary expenses, make profit and reduce the corruption in the company.

In an addition, most of the family businesses that are recognized as being successful in Thailand are owned by Thai-Chinese. For example, Central Group, Thai Beverage, and Bangkok Bank. They believe that the son is superior to the daughter, and that the first male children should be the leader of the family. Priority will be given to the first son of the family from that particular generation (in case there are more than one family owning the business). Ms. Aranicha supported this understanding. She said

that sometimes it is difficult for the daughter, like her, to make decision. She also said that her brother is more powerful to talk to their parent on any decision making. This can be both good and bad for the daughter because some decision is very intense and require high level of responsibility.

The role of decision making varies between the three interviewees. This depends on the demographic and each organizational set up. The best decision-making process will depend on what suits best to the company.

4.4 The challenges

4. What are the challenges you are currently facing? Please specify.

The challenges in a family business is one of the key concerns for all young entrepreneurs. There are many interesting topics on challenges. The two most important topic on challenges that they are facing today and is mentioned by all three interviewees are the generation gap and the competitive market.

o Generation Gap

The parent and the children tend to come from a different generation. They were grown up in a different education system, environment, society, culture, family condition and location. All these aspects shape how an individual think and perceive things. Not only that they have different thinking process, the parent who started the company from scratch will have different experience towards the company as compared to the children who joins the company after they have been started. The parent, who have been working in the company for decades and experience up and down will have their own set of key success factors. The children, who are always perceived by their parent as young and not as knowledgeable, will face difficulties as a young entrepreneur working in the family business. They find it most difficult to talk to and convince their parents. When the younger generation want to change or implement new things to the company, their parents tends not to approve the idea. They do not believe their children because they think that the way they run the company is the best way for the company. Ms. Nanchanok said that *“the only way that I can make my parent except my idea is to show them by doing and use numerical achievement to prove myself. Yet, they will only slowly accept the idea as they won’t show their acceptance explicitly”*. The best way to

overcome such challenges is to just implement the idea. Ms. Nanchanok also added that for generation gap, the biggest contributor to such challenge is the age gap within an organization. As time passed by, their top managers, who have been working for their parent since the beginning, are retiring. It is difficult to find a substitution that could replace the retirees. The younger employees do not have enough experience and maturity to be a top manager. It is common for the young entrepreneurs to put a lot of effort to train and scout for someone, whom they can trust and deliver high work quality, that could potentially replace the retiring people. To conclude, the challenges with generation is not only between the parent and the successor, but also between the employees and the job requirement in the organization.

- **Competitive Market**

Today, the business world is very competitive. Many family businesses need to close as a result of slow adaptation to the changes in the business world. Technology enables businesses to change rapidly. Failure to adapt to such changes will cause the company to be behind their competitors and eventually lose market share. Before, the businesses are mainly offline. Today, internet and technology allow the companies to compete online with no boundary in term of customer pool and competitors. Hence, businesses are becoming more competitive. The customers have more channel to make purchase, while the sellers have more channel to sell. The interviewees' response confirmed such understanding. The same trend is happening across the three business industries, namely food manufacturing, hospitality and car-spare-parts retailing. The interviewee added that customers nowadays are not only buying physical product, but also buying experience and after sales service. They have stated that the market is very competitive because the big businesses are killing the small businesses through better experience and an ecosystem of services. The big companies have the ability to expand their ecosystem to include every business trend.

4.5 The disagreement and conflicts

5. Are there any conflicts among your family members?

6. If yes, how do you decrease the level of conflict?

Conflicts exist in every single organization. It is very common that most family members will have a hard time trying to deal and solve conflicts among family members. Each family has their own ways to solve the problems. Based on the interviewees' response, they tend to fight or disagree with their parents on the thinking process and the way to manage their organization. The most challenging task is to find evidence to prove that they were correct. In cases where their parents do not listen to them, the best way to deal with conflict is to listen to their parents and find another way to work around the existing standards of conduct. The size of the business will lead to a different kind of conflict. The bigger the size of the companies, the conflict tends to be related to power allocation and the monetary benefit.

Conflicts are resulted in stress and a negative feeling towards one another. Especially in an intense fight, it is much harder to compromise the situation. The interviewee mentioned several ways to deal with conflict. One approach to solve such misunderstanding feeling is to ask both parties to take a step back to give each other sometimes to think about the issues and to understand each other better. The second way is to let the middle man decides. The middle man tends to be most senior or an external party, such as lawyers, to ensure that there is no bias in the decision. As per Mr. Chatchai, he mentioned that the approach that works best for him is to compromise to maintain strong and healthy relationship among family members.

There is no right or wrong process to deal with conflicts. The best outcome is to cherish each other's ideas and find the middle ground that support the requirements from both sides.

4.6 Key success factors

7. What do you think are the key factors in successfully continuing the family business?

8. Are there any suggestions for anyone looking to continue their family business?

Many successors' key concern is on how to continue the family business and make them successful. The benchmark is high; either as or even more successful than what their parents have achieved. There is no golden rule to such question. There

are many ways that a family could do to make the business grow and sustain. As many businesses have different ways of operating, this part of paper will identify the key success factor based on the interviewees' point of view. The common key themes are planning, hiring expertise, management team and the reputation of the company.

- ***Planning***

One key success factor to develop good and thoughtful planning. Planning is a foundation to all operations in the firm. A good plan tends to minimize the negative impact and risks. Successful companies pay a lot of attention on planning stage. This allows the firm to make the most efficient and sharp judgement when they need to execute new strategies, for example, the launch of a new product or an investment on the new capital. Every industry today is competitive; thus, it is very important for the company to have a good plan so that they can be ready for all sort of situation and be equipped to adapt to the market's rapid changes.

- ***Hiring Experts or Consultants***

Another key success factor is to hire experts or consultants. According to the conflict section earlier, experts and consultant can act as a valuable middle man to help give fair judgement, provide clear direction to the family and solve the unknowns that the member of the family business are struggling on. Sometimes, consultant do provide similar consultant services to multiple companies in the same or relevant industries, so he or she tends to have better view on best practices and what is happening in the market. For example, the expertise can give you a good advice on the internal conflicts, industry trend and financial forecasting. Alternative, the company may consider hiring an experienced full-time employee. However, these employees incur a long-term cost commitment to the company, while consultants can be hired short term to help the business project by project.

- ***Management team***

Good management team is necessary to deliver success. They are the ones who make key decision and guide the direction of the firm. They can motivate the employee, set working standards and lead to the company towards objective much quicker. Strong management team should have a clear rule and balance out the power allocation. Again, this vary by company size and the preference of the family business owner.

- ***Reputation of the company***

Trust is essential to drive sales, hence contribute to the success of the company. Majority of the customer make decision based on their trust and the reputation of the firm. The firm with bad reputation can decrease the sustainability of the company. When the company have a bad reputation, it decreases the trust level towards both the supplier and the customer. As a result, it becomes very hard for the company to stand in the market. Given today's competitive market landscape, it is very important to keep the company reputation as a trusted firm to compete with competitors in the market. Moreover, the big companies nowadays are expanding into every industry, leveraging their powerful brand reputation to penetrate and capture market share. The family business needs to keep a strong positive reputation to be able to maintain and compete in the market. One way to ensure high standard of reputation is to maintain good quality of goods and services being delivered to the customers and to deliver satisfying after sales service. Family businesses can also build brand awareness and branding to differentiate themselves from the rest of the competitors. Ms. Aranicha mentioned that “the customers have high expectations and to meet those expectations, the company have to be very mindful of what the company provides to and how the company interacts with the customers.”

CHAPTER V

CONCLUSION

Family business is one of the largest types of business and directly have an impact on the worlds market today. It is crucial for young entrepreneurs to understand what they will be facing and how best can they deal with problems. This paper aims to provide successors with information and analysis that can help them achieve success running the family business.

There are many young entrepreneurs that are deciding whether they want to come into the family business. This paper gives ideas and insights to what will be happening if they decided to come to a family business. This paper also covers some real experiences, challenges, and suggestion from the current young entrepreneurs. The three interviewees give us feedback from their real experiences, and some information can be confidential. The fact that they decided to be very transparent about their experiences can be very useful for the future entrepreneur to prepare beforehand.

The analysis from the interviews shows that majority of the current young entrepreneurs are facing similar situation and difficulties, yet there are minor differences as a result of the family organization. The big challenges that most interviewees are facing are the competitiveness of the market and the internal generation gap, which comprises of two parts; the first part is the age differences that affects ideas, thoughts and management style and the second part is the age gap that resulted in the turnover of the employee. In addition, the decision-making process under the family business can be very intense due to conflicts when the family members share a different thought.

5.1 My suggestion to all successors

The interview highlights suggestions for the successors of the family business. There are four key suggestions from the current entrepreneur:

- It is useful to start your career in a better and bigger firm within the same industry as your family business. The reason for this because the successor can bring back direct know-how and experiences and apply those knowledges to your family business. It is easier to convince parents to accept your idea and to improve the company with proven success.

- Be open-minded and always prepare yourself for failure. As an employee working for another business, the biggest failure that could ever happen is to be fired. You can then start a new job and a new life without affecting any of your family members. On the other hand, the biggest failure running the family business can be much worst. It can be related to the well-being and the income of your entire family. It is best to prepare yourself for failure as there are chances, that the business will collapse. Such collapse may be resulted from both internal lack of ability or external factors, such as competitiveness of the market, the competitor's advancement and the customer's shift of preferences.

- Make sure you are ready to sacrifice your time and personal life. When you are a fulltime entrepreneur, you have to sacrifice you time because you are having higher responsibility. Your responsibility is all days of a week and at all time. The work hour will no longer be capped only at working hours. This mean that your free time might be less. The success of the company will be based on the effort and time you put into the business.

- Ensure you know everything about your company. Because it is your own company, you should know everything in and out and should be able to cover a particular position in cases when your employees resign. The deeper you know about your organization, the better it is because you cannot trust everyone in the company. Every errors and expenses incurred linked directly to how good your reputation is and how much money goes to your pocket. You are no longer having the luxury to shift between career and to decide what you want to and don't want to know.

5.2 My viewpoint as an entrepreneur

As an entrepreneur, I find this job very enjoyable. This is because I get to do everything by myself and get to experience many aspects of the business world. Doing a success business is not only about money; it involves both internal and external successes. The internal successes are about the financial statement, employees' buy-in, employees' happiness, gaining respect from all stakeholders, the efficiency of work processes and the effectiveness of work output. On the other hand, external factors are all about the relationship with suppliers, the bond between shareholders, and the satisfaction of the customers. It is not easy to achieve both. I find being an entrepreneur interesting and fun because I get to challenge myself with both internal and external success factors. Even though there are good and bad days and that I have to deal with challenges and obstacles along my journey, I find these experiences motivating and fulfilling. My career as an entrepreneur is not only about my self-improvement and achievement, but it is also associated with my parent's gratification. I, myself, have faced multiple challenges as highlighted in this paper, I will use the learnings from this paper to strengthen myself as an entrepreneur with hope, that one day, I will be a successful successor.

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