

Models of family businesses



SABIN AZUA
 Partner and CEO
 B+I Strategy
sazua@bmasi.net

A successful business model needs to be founded upon an organization's identity. To achieve success, such a model must also be focused on satisfying the stipulated needs of the ever-narrowing client segments, while taking full advantage of basic capacities and knowledge within the organization. Factors such as cooperating with a variety of agents to boost differentiation, exploring novel systems of income generation, adding value to key products and/or services, in addition to promoting intelligent participation of every member of the company, are all to be taken into account in designing a prevailing model.

As a consequence, all business models need to take the form of a unique value proposal so the market can ensure the development of a sustainable business project, in economic, social and environmental terms.

Family businesses can discover a number of useful dynamics in their particular quest for a winning family business model, which would develop coherent and innovative models, and lead to a source of sustainable competitiveness.

The marriage between the family business project and the business itself must engender a sense of identity and enduring future commitment. As a consequence of this commitment, a greater predisposition to reinvesting would infuse spirit into organizations thereby becoming more human. This would both give rise to communities of people flourishing at the heart of the company and spur an ongoing search for stable long-term relationships with clients.

In order to allow the family to participate in the strategy of the company project, family businesses need to incorporate strategic thinking into their organizations and transform management mechanisms. Thus, the family's place in decision-making processes needs to be clearly established, along with defining mechanisms of participation, pay and specific roles in the company, among others.

Effective strategic management in this type of company requires correctly understanding the emotional and psychological component, while not forgetting the family history and its aspirations. These four elements, when carefully considered, take on special relevance vis-à-vis non-family based organizations, notably influencing the ultimate quality of the various models of businesses.

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