**SYLLABUS**

**10/30/2023**

**SUBJECT TO CHANGE**

**FAMILY ENTERPRISE AND WEALTH**

**B8528**

**COURSE OVERVIEW AND SYLLABUS**

**SPRING 2024 – A TERM**

**Instructor:** Patricia M. Angus, JD, MIA, TEP

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**Day, Time and Location:** Tuesday 2:20 – 5:30 pm

**Room Number:** Kravis 440

**Office Hours:** By appointment

**I. Course Objectives and Overview**

This course introduces students to the complex topics of family enterprise and family wealth. Wealth in the United States and globally has become increasingly concentrated in the hands of a small number of families, which is having a major impact on business, financial, and philanthropic sectors. These families often start with an entrepreneur who creates an operating business, that later evolves into trusts, holding companies, investment vehicles, a family office, and charitable foundations. This conglomeration of holdings is referred to as a complex "family enterprise" and all the assets of the family comprise its "wealth." Given the magnitude of this trend, it is almost inevitable that each MBA student will own, work for, invest in, or otherwise interact with family enterprises after graduation.

Students will be exposed to a variety of perspectives, including in-depth research, analysis, and insider's views on family dynamics, governance, business, investments, and philanthropy. The course will proceed from the perspective of family first and particular emphasis will be given the fact that the family’s “human capital” is its most important resource to foster a successful family enterprise and optimize its important role in society. Technical issues, including legal concepts and structures applicable to family enterprises, will also be examined. Guest lecturers from industry and family enterprises will provide real-life context to class discussions.

Students will leave the course prepared to more effectively own, manage, and work with family enterprises, and with a more nuanced understanding of family wealth as it is now understood by leading global families. This will have a direct impact on future success, both personally and professionally. While the course will be especially relevant for students who come from family enterprises, it will also provide insights and tools for students who intend to work in private wealth management, privately held companies, management consulting, private equity/ venture capital, and social enterprises. This is not just an investment, finance, or family business management course, as those subjects are covered in more detail elsewhere in the curriculum but is a multi-disciplinary approach to this complex set of issues.

The course has the following objectives:

* Increase awareness of the role and importance of family enterprises globally.
* Expand understanding of “family wealth” as it is defined and developed by leading families.
* Develop the ability to identify critical factors that are essential to the success of a family enterprise.
* Learn to navigate complex issues in a student’s own family enterprise or those with whom the student interacts.
* Gain familiarity with key theories applying to family enterprise and wealth, and how to put them into practice.

**Required Prerequisites and Connection to the Core**

There are no required prerequisites for this course. The following core courses are most closely related to and helpful for the content of the course.

|  |  |
| --- | --- |
| **Core Course** | **Connection with Core** |
| Leadership Development | 1. Decision making 2. Influence and Persuasion 3. Ethics |
| Strategy Formulation | 1. Trade-offs, value-added, efficiencies 2. Diversification and scope 3. Behavioral and evidence-based strategy |

**II. Teaching Methods and Course Materials**

This course is taught by an experienced professional who has worked with family enterprises for more than 25 years as a lawyer, wealth advisor, and independent consultant. Lectures will draw from this experience, with a special emphasis on real-life examples of family enterprise and wealth in theory as well as practice. Readings will include case studies and excerpts from some of the seminal books and articles on family wealth, business, psychology, philanthropy, and related areas. Guest speakers will be invited to provide additional context and depth to discussions. Class participation is required and open dialogue about the complexity of issues is expected. Students will apply their knowledge through class exercises and assignments.

All readings will be available through Canvas and/ or through library reserves, and purchase of the following book is recommended:

Hughes, James E., Jr. Family Wealth: Keeping it in the Family. Bloomberg Press 2004.

A list of additional recommended resources will be provided to the class.

**III. Course Requirements and Assignments**

The class will be interactive. Students must attend all sessions and actively participate in all discussions and exercises. Class sessions will vary among lecture, guest speakers, and group discussion. Grading will be weighted as follows:

1. **Class Participation (Type “C”, other than group presentation): 25%.** Students will be expected to participate in class discussions and exercises in a manner that shows that they have done the assigned readings and reflected upon the course concepts. Students will be “cold called” in class and must be ready to apply concepts to case studies. Participation shall include in-class exercises and includes a short group (Type “A”) presentation.
2. **Individual Writing Assignments (Type “C”): 75%.**

**i. Writing Assignment. (5%).** There will be a short reflection writing assignment due one week after the first class. Several choices of assignment topics will be provided at the end of the first session.

**ii. Weekly Reading Questions (including Family Genogram (25%)).** Students will be required to submit short answers to questions about the readings on a weekly basis on Canvas. Students must prepare a "family genogram" for their own families, due at the beginning of the third session.

**iii. Term Paper. (45%).** A 10-12 page term paper will be due after the end of term. In the term paper, each student will apply the concepts learned in class to a family enterprise. Students may choose to focus on their own family enterprise, one listed in the potential topics, or another family enterprise with approval from the Professor.

**IV. Course Syllabus**

**Session 1 - What is a Complex “Family Enterprise”? What is “Family Wealth"?**

* 1. This session will start with the questions: what is a complex “family enterprise”? and what is “family wealth”? and explore why these topics matter to MBA students. It will focus on general demographics and some specific characteristics of complex multi-generational family enterprises, (including family businesses, family office, and family philanthropy), developmental phases over time and the rise of family enterprises globally. The topic of “wealth,” including the way in which the definition has been expanding over the past decades, will be explored.
  2. Readings:
     1. Required: Bennedsen, Morten, Henry, Brian, and Wiwattanakakantang, Yupana (2016). *The Bancroft Family and the Battle for Dow Jones: Never Sell Grandpa’s Newspaper*. IN1200-PDF-ENG. Insead.
     2. Required: Hughes, James E. Jr. *A Reflection on the Sale of the Family Business as an Event of Trauma.* Available at: <http://www.jamesehughes.com/articles/Trauma.pdf>.
     3. Required: Hughes, James E. Jr. *Long-Term Wealth Preservation as a Question of Family Governance*. Family Wealth: Keeping it in the Family, Ch. 1.
     4. Recommended: Villalonga, Belen, and Amit, Raphael. *Family Ownership.* Oxford Review of Economic Policy, Vol. 36, No. 2, 2020, pp 241-257.
  3. Guest speaker: Family enterprise principal or advisor
  4. Weekly Reading Questions: See Canvas.

**Session 2 – What is “Family"? What is "Systems Thinking"?**

1. In order to understand what makes a family enterprise tick, it is essential to understand families. Among professionals studying and working with family enterprises, it is commonly understood that most family enterprises that do not succeed across generations fail due to family, not business or financial, reasons. Students will be introduced to “family systems” theory as a way of understanding how to identify and address these family challenges. The "family genogram" will be introduced. This session will explore families in diverse cultures.
2. Readings:
   * 1. Required: Angus, Patricia M. (2018). *The House of Redstone: Family Enterprise in Three Acts.* Columbia CaseWorks No. 190410.
     2. Required: Gilbert, Roberta M., M.D. The Eight Concepts of Bowen Theory. Leading Systems Press 2006. Introduction, Chapter 1 and Chapter 3.
     3. Required: The Family Firm Institute. "Concepts in Family Enterprise Study." Family Enterprise: Understanding Families in Business and Families of Wealth. Wiley 2014. Pages 59-65; Recommended: pages 65 – 77.
     4. Recommended: Hughes, Jr., James E. "A Family of Affinity." Family: The Compact Among Generations. Bloomberg Press 2007. Chapter 1.
     5. Recommended: Jaffe, Dennis and Grubman, James. Cross Cultures: How Global Families Negotiate Change Across Generations. Createspace 2016.
     6. Recommended: The King of Content: Sumner Redstone's Battle for Viacom, CBS, and Everlasting Control of His Media Empire. Harper Business 2018.
3. Guest Speaker: Family enterprise principal/ advisor
4. Weekly Reading Questions: See Canvas.

**Session 3 - How is family wealth "owned" and "governed"?**

1. Families create and live with a variety of entities that own and manage their wealth, including trusts, holding companies, and partnerships. Further, family enterprises must “govern” themselves and the entities they own, whether they realize it or not. Governance is one of the key ways for a family enterprise to survive and excel over time. This session will introduce governance mechanisms as well as a framework and process for effective governance.
2. Readings:
3. Required: Angus, Patricia M. (2013). *Pritzker Family Enterprise: A Family Governance Case Study*. Columbia CaseWorks No. 140412.
4. Required: Angus, Patricia M. “The Family Governance Pyramid: from Principles to Practice.” Institutional Investor, *Journal of Wealth Management*. Volume 8, Number 1. 2005.
5. Required: Ward, John (2010). *Technical Note: The Family Constitution*. KEL 601. Evanston, IL: Kellogg School of Management, Northwestern University.
6. Recommended: Angus, Patricia M. The Trustee Primer: A Guide for Personal Trustees. Angus Advisory Group LLC 2015.
7. Recommended: Hughes, James E. Jr. Family Wealth. Chapters 9, 10, 11 and 15.
8. Guest Speaker: Family enterprise advisor(s)
9. Weekly Reading Questions: See Canvas.

**Session 4 – What’s a “Family Office”?**

1. Complex family enterprises often have a family office at the center of all its activities. Students will be introduced to family offices and focus on some key family business concepts and transition issues.
2. Readings:
   1. Required: Wing. Christina R. and Thapar, Alpana (2019). *It’s All About Family: Esas Group*. Harvard Business School. 9-620-010.
   2. Required: Gersick et al. *Stages and Transitions: Managing Change in the Family Business*. Family Business Review, Vox. XII, no. 4, 1999.
   3. Required: Rivo-Lopez et al., *Family Offices: What, why and what for.* Organizational Dynamics (2017) 46, pages 262-270.
   4. Required: Hughes. Family Wealth. Chapter 6 pages 69-74.
3. Guest Speaker: Family enterprise principal or advisor
4. Weekly Reading Questions: See Canvas.
5. Due: Family Genogram.

**Session 5 – How do families invest? How are they served by the private wealth management industry?**

1. The financial and investment issues for family enterprises are complex and intricate in ways that are not readily apparent. This session will provide an overview of some key issues including:
2. "Asset Location." Investment professionals generally focus on asset allocation in investment portfolios. However, a family enterprise has a wide variety of assets, and liquid investments often constitute only a minority of the family's assets and a broader view is necessary.
3. Family enterprises are demanding new services, and the private wealth management industry is undergoing major changes in business models and service delivery. These trends are creating tensions and new challenges, which will be explored.
4. Family offices act on the “buy side” for families. What does this look like?
5. Readings:
   1. Required: Brunel, Jean L.P. Integrated Wealth Management: The New Direction for Portfolio Managers. Euromoney 2006. Pages 3 - 13 and 219-243.
   2. Required: Lucas, Stuart. Wealth. Ch. 2, pages 37 – 57. Upper Saddle River, Pearson Education, Inc. 2013.
   3. Recommended: Hughes. Family Wealth. Chapters 4 and 5.
6. Guest Speaker: Family office professional(s)
7. Weekly Reading Questions: See Canvas.

**Session 6 – How does a family enterprise impact the community?**

1. This session will explore the role of family enterprises in the larger community. Discussion will center on the definitions of success for different groups, within and outside the family. The critical role of family enterprises in philanthropy and social enterprise will be explored, especially in light of increasing wealth disparity.
2. Readings:
   1. Required: Carnegie, Andrew. “Gospel of Wealth.” *North American Review*. June 1889.
   2. Required: Angus, Patricia M. *What Role Should a Family Business Play in its Community?* Harvard Business Review online 2020.
   3. Required: Hughes, Family Wealth, Ch. 12.
3. Guest speaker: Member of a family enterprise or professional advisor
4. Weekly Reading Questions: See Canvas.

**V. Additional Requirements**

**a. Attendance Policy**

Students are required to attend each class. Students should reach out to the instructor or TA regarding excused absences (for religious observances; personal, medical, and family emergencies; military service; court appearances such as jury duty). Unexcused absences will affect your course grade. A-synchronous attendees should contact the instructor or TA regarding participation requirements.

Recordings of all classes will be available online.

Students who miss more than **33%** of the classes (unexcused absences) will at most receive a **P** **for the course grade.**

Students who miss more than **50%** of their classes (unexcused absences) will receive a **F** **for the course grade.**

**b. Poll Everywhere**

This course may use PollEverywhere as a tool to increase in-class student engagement. PollEverywhere may also be used to confirm student attendance and participation records. Students who have concerns regarding whether their responses have been recorded should contact the instructor.

If a student is not present in the classroom at the time of a poll (due to absences or any other reasons), the poll should not be answered. Responding to a poll when not present in the classroom is a violation of the Honor Code.

c. **Inclusion, Accommodations, and Support for Students**

At Columbia Business School, we believe that diversity strengthens any community or business model and brings it greater success. Columbia Business School is committed to providing all students with the equal opportunity to thrive in the classroom by providing a learning, living, and working environment free from discrimination, harassment, and bias on the basis of gender, sexual orientation, race, ethnicity, socioeconomic status, or ability.

Columbia Business School will make reasonable accommodations for persons with documented disabilities.  Students are encouraged to contact the Columbia University’s Office of Disability Services for information about registration. Students seeking accommodation in the classroom may obtain information on the services offered by Columbia University’s Office of Disability Services online at [www.health.columbia.edu/docs/services/ods/index.html](http://www.health.columbia.edu/docs/services/ods/index.html) or by contacting (212) 854-2388.

Columbia Business School is committed to maintaining a safe environment for students, staff and faculty.  Because of this commitment and because of federal and state regulations, we must advise you that if you tell any of your instructors about sexual harassment or gender-based misconduct involving a member of the campus community, your instructor is required to report this information to a Title IX Coordinator.  They will treat this information as private, but will need to follow up with you and possibly look into the matter.  Counseling and Psychological Services, the Office of the University Chaplain, and the Ombuds Office for Gender-Based Misconduct are confidential resources available for students, staff and faculty. “Gender-based misconduct” includes sexual assault, stalking, sexual harassment, dating violence, domestic violence, sexual exploitation, and gender-based harassment.  For more information, see <http://sexualrespect.columbia.edu/gender-based-misconduct-policy-students>.