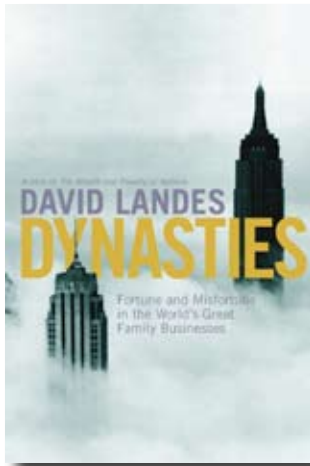


Family business

Despite the dramatic tales of death and intrigue, there is still hope for the family-run business, writes Matthew Rock.



Dynasties: Fortune and Misfortune in the World's Great Family Businesses
By David Landes
Penguin-Viking, £25

In *The Wealth and Poverty of Nations: Why Some Are So Rich and Some So Poor*, David Landes asked, and most impressively, answered some huge questions about how the West had outperformed the rest of the world through the Industrial Revolution.

In *Dynasties*, Harvard University's emeritus professor of history takes us inside some of the family businesses that drove that explosive growth. In 11 mini-histories, Landes tells of the immigrant zeal, engineering and financial genius, hope, piety and sheer bloody-mindedness that conceived dynasties such as Ford, Fiat, Schlumberger and Barings.

And what tales they are. The book is full of kidnappings, murders and corporate putsches. As Landes says: "Family business is family drama."

These are enduring tales, too. When, just weeks ago, Ford chief executive Alan Mulally announced losses of \$12.7bn – the largest in US corporate history – he must have reflected on his chairman Bill Ford's prediction, four years previously, that the family car company would post \$7bn profits by 2006.

As we learn repeatedly in *Dynasties*, families cast long shadows over businesses. Often, as in Ford's case, it is impossible to emerge from them – even

Henry Ford might have struggled to explain a \$19bn miscalculation – but sometimes, as happened with the Morgan banking dynasty, managerial takeovers can succeed.

While family businesses are increasingly seen as a bankrupt business model, Landes believes that "no attempt to understand the nature and methods of business enterprise while ignoring the family firm can be adequate to the task".

Somewhere between 60 and 90 per cent of EU businesses are family firms, he reckons. Put together all the Swedish Wallenberg family's businesses, and you have Europe's second-biggest private sector employer.

As a "nursery of knowledge and skill, an embodiment of trust, and a store of capital", Landes also believes that family-owned businesses are the best corporate structure in developing countries that do not yet have the mature managerial frameworks for economic growth. Yet, interestingly, he also concludes that "the managerial

form is the handmaiden of modern, global capitalism".

Landes has the sheer accuracy of writing to capture the split loyalties, tortured destinies and hatreds that eat away inside many family firms.

Take this passage about relations between Henry Ford, his son Edsel and the hired rottweiler Harry Bennett: "Edsel and Harry Bennett did not get along. Understandable: to Edsel, Bennett was an intrusive interloper and brownnoser, intriguing for the succession. Meanwhile Henry Ford backed Bennett and liked him personally, but Bennett understood that the old man would never give up his dynastic commitment."

Dynasties may not be as important as *The Wealth of Nations* but it'll save you reading a dozen less elegant corporate histories. And if, like me, you're a committed believer in the family firm, you'll be left hopeful of such companies' continuing good health. That's good enough for me.

Female entrepreneurs

Contradictions about the role of women in business remain but in the US female-run companies are doing better than ever.

How She Does It: How Women Entrepreneurs Are Changing the Rules of Business Success
By Margaret Heffernan
Viking, \$25.95

A dearth of women chief executives in the FTSE 100; yet more women starting businesses. Pioneers such as BUPA CEO Val Gooding and Baroness Hogg at the top of industry; yet enduring gender-based pay discrimination. It's difficult to pin down the truth about women in business.

Margaret Heffernan blasts

through the fog with her contention that women-owned companies are creating a "new norm" for entrepreneurial, business and management success. And she comes armed with hair-raising facts from the US: every day, 420 new women-owned firms are formed; and they're growing faster, more profitably and stand a greater chance of sticking around.

Women, and women-owned businesses, tend to spot niches; keep values central; be more in tune with social trends; speak out when facing crisis; and see

leadership as orchestration rather than barking orders. This, says Heffernan, is the future model of business success.

I was particularly struck by Barbara Krumsiek of Calvert Investments. She believes that funds will not be competitive if they don't push companies to develop productive, equitable, healthy cultures.

Reading *How She Does It* feels like attending a kaleidoscopic, high-energy drinks party, packed to the gunnels with brave, buzzy, imaginative businesswomen. I left energised – and convinced.

