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**WELCOME!**

B

**B** Business *with*  
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**EPSRC**

Engineering and Physical Sciences  
Research Council

UNIVERSITY OF  
BIRMINGHAM

University of Birmingham Business Club  
Breakfast Briefing

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**Family business**

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Tuesday 23<sup>rd</sup> February 2016

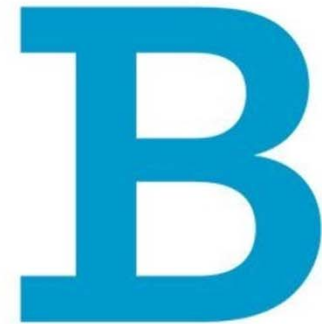
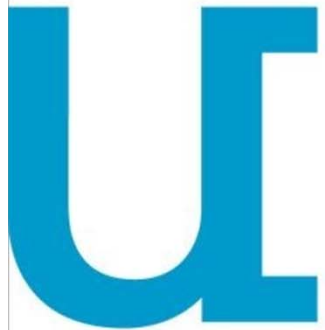
 Business with  
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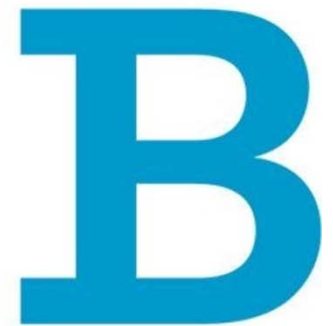
# Benefits of being a member...

- Access to BizzInn space
- Regular Breakfast Briefings
- Opportunity to 'showcase' your business or research
- Intelligence regarding funding calls
- Networking
- Invite-only events e.g. distinguished lecture series
- Much more besides...



# University of Birmingham Business Club Breakfast Briefing

Chris Romans,  
Family business adviser and  
Head of Private Business  
in the Midlands, PwC



[www.pwc.com](http://www.pwc.com)

# ***Families in business: A golden age?***

Chris Romans  
Family business adviser and  
Head of Private Business at  
PwC in the Midlands

February 2016

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## ***Discussion topics***

- The four catalysts of the golden age
  - Technology
  - Alternative funding
  - Millennials
  - Values
- Making the most of the opportunity
- And facing up to the challenges

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## ***Catalyst 1: Technology***

- New businesses/models are changing our world:



Lower barriers  
to entry

Easier and faster  
access to markets

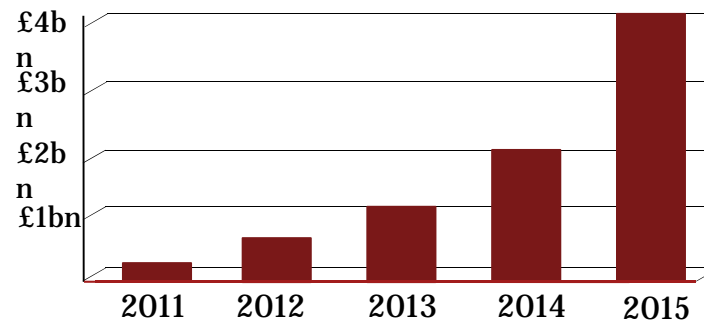
Lower cost / risk  
investment required

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Easier, cheaper and quicker to start up and grow

## ***Catalyst 2: Alternative funding***

- The use of crowdfunding and peer-to-peer lending
- UK market alone estimated at £4bn



Wider access to risk  
capital

Cheaper than equity

No need to be  
listed/PE

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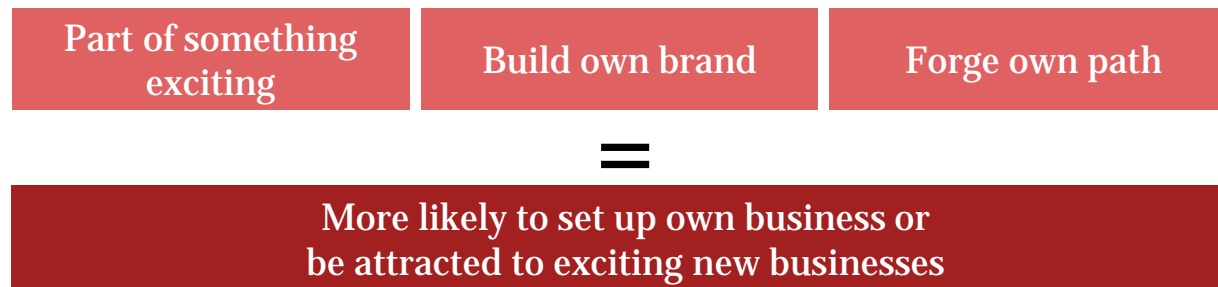
Easier to fund growth



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### ***Catalyst 3: The Millennials***

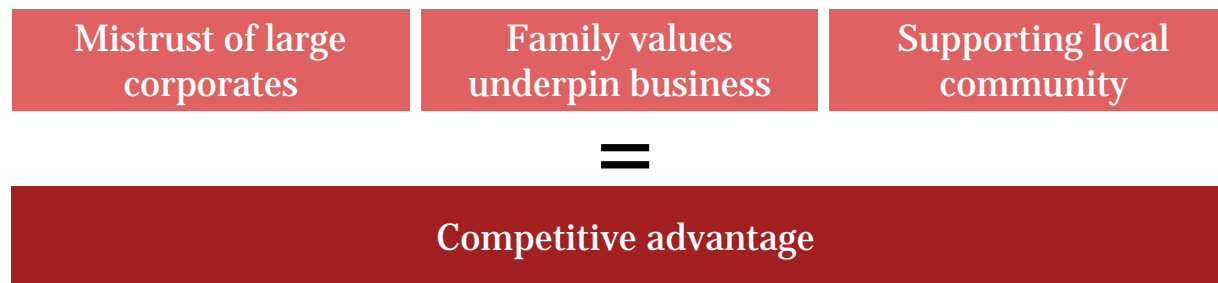
- Born 1980 – 2000
- Soon be dominant employees and customers
- Different to generations before



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## ***Catalyst 4: Values***

- Various scandals engulfed large corporates:
  - Banking and finance
  - Tax
  - Supply chain



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## ***Making the most of the opportunities***

Understand impact of digital/technology on your business/industry

React quickly/lead the pack/don't be afraid of failure

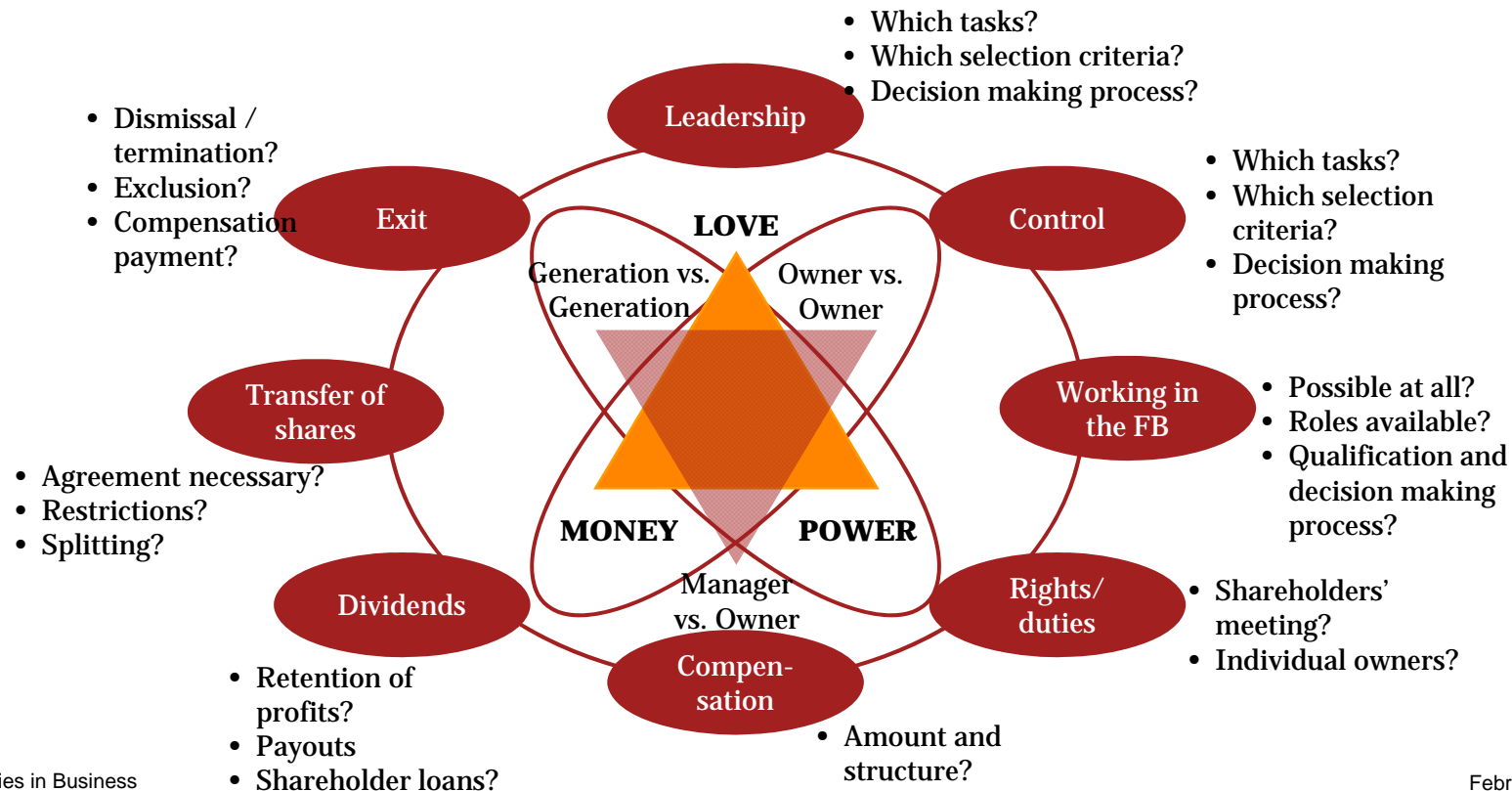
The world is your oyster

Make the most of your 'patient capital' and wider financing options

Engage with the Millennials

Don't hide your family/values

## .... And dealing with the challenges of being a family business



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## ***Conclusion and what to think about***

- Consider how to make the most of the catalysts
- Have a digital/millennial strategy
- External views and input are critical
- Professionalising the business and family => 'the business family'

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## ***PwC's Private Business practice in the Midlands***

- The size of the practice has nearly doubled in 3 years and it is now our largest business segment in the Midlands – nearly twice the size of our listed company segment
- We have over 300 professionals across tax, legal, assurance, deals and consulting specialising in advising private businesses
- We work with all sizes of private business, with specific offerings for small and medium sized companies on a high growth journey
- We are auditors to over 25% of the Midlands larger private businesses
- We profile and support private businesses through PwC's UK Private Business Awards, and the annual Midlands Family Business Awards run by the Wilson Foundation

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# ***Thank you***

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University of Birmingham Business Club  
Breakfast Briefing

Stan Siebert,  
Professor of Labour Economics,  
The University of Birmingham





# High Performance Work Systems in British Family Firms

Nick Bacon (Nottingham), Shainaz Firifray and Kim Hoque (Warwick) and Stan Siebert (Birmingham)

Breakfast Briefing, Birmingham University Business School

23 Feb 2016



# Key Issues

- We focus on business adoption of “High performance work practices” (HPWPs)
- HPWPs promote people capital, and include training, job security, team working, employee consultation (see table for the 15 practices)
- Our specific question is whether family-ownership governance, and specifically family management, helps or hinder adoption of (HPWPs)?
- Positive view: tighter owner-manager link and long-term stewardship may enhance competitive strength and take-up of HPWPs
- Challenge: family owners may wish to protect their “socioemotional wealth” which conflicts with financial objectives.

# Advantages of family ownership

- First, family-ownership brings a tighter owner-manager link with less principal-agent division, hence better monitoring of management and workers, leading to lower pay/better conditions
- Second, family-ownership may bring longer horizons (“patient capital”), hence longer-term employment, leading to greater loyalty and job security and also better firm performance.

# Disadvantages

- Family businesses may also be managed in the interests of the “socioemotional wealth” (SEW) of members.
- For example preserving SEW via family control - hence a smaller pool of managerial talent, leading to a “stagnant” business
- Another example is the family leader’s emotional identification with the firm – “giving up the company is like signing his own death warrant” – leading to poor succession planning and limited firm lifespan

# The literature - pro

- Anderson and Reeb (J Fin 03) study US S&P 500, and find family-owned do better financially, and even better when family member is CEO
- Sraer and Thesmar (JEEA 07) study French listed firms, and find “family firms largely outperform widely held corps”, including when the firm is run by a descendant
  - “Heir managers seem to smooth out employment across the business cycle...providing their workers with long-term implicit insurance contracts”.
- Miller et al (JMgt Stud 08) study 1000 Canadian small firms, find that family owned have more “stewardship” over employees as regards training, family-friendly practices, and job longevity of managers

# The literature - Con

- Bennedsen (QJE 07) defines family-run as when in-coming CEO is related, studies 5,000 firm management change transitions in Denmark, and finds that firms with related CEOs do worse
- Bloom and Van Reenen (QJE 07) measure management practices (basically HPWPs) in 700 firms in US, UK, Germany and France. They find that firms with family managers have fewer HPWPs, and perform worse in terms of growth and labour productivity
- Harris et al' study (2007) using the 1998 WERS finds family-owned firms have lower levels of consultation and communication, adjusting for firm size – a “command and control” approach?

# Defining “family” business

- We need to distinguish “core” family from founder-run businesses who do not necessarily wish to transfer
- The UK has nearly 5m enterprises, with 4m working proprietors
- But only 1.2m actually employ anyone, and of these the vast majority (1m) employ less than 5 workers – do we want to call these “family”?
- In fact, the Workplace Employment Relations Survey (WERS) 2011, our data, classifies sole proprietors and partners automatically as non-family, and we exclude these from the analysis
- Note businesses are v different in size – in fact 6,000 very large businesses employ around half the private sector workforce.

# The WERS definition

- We use the WERS 50% family ownership question, plus whether there is family management (a controlling owner actively involved full-time in day to day management) to define the “core” family-owned and managed (FOM) group – here concerns of “socioemotional wealth” should be strongest
- If there is family ownership but not professional (ie non-family) management we have the family-non-managed (FNM) group
- The rest are non-family (NF)



# Aspects of the WERS

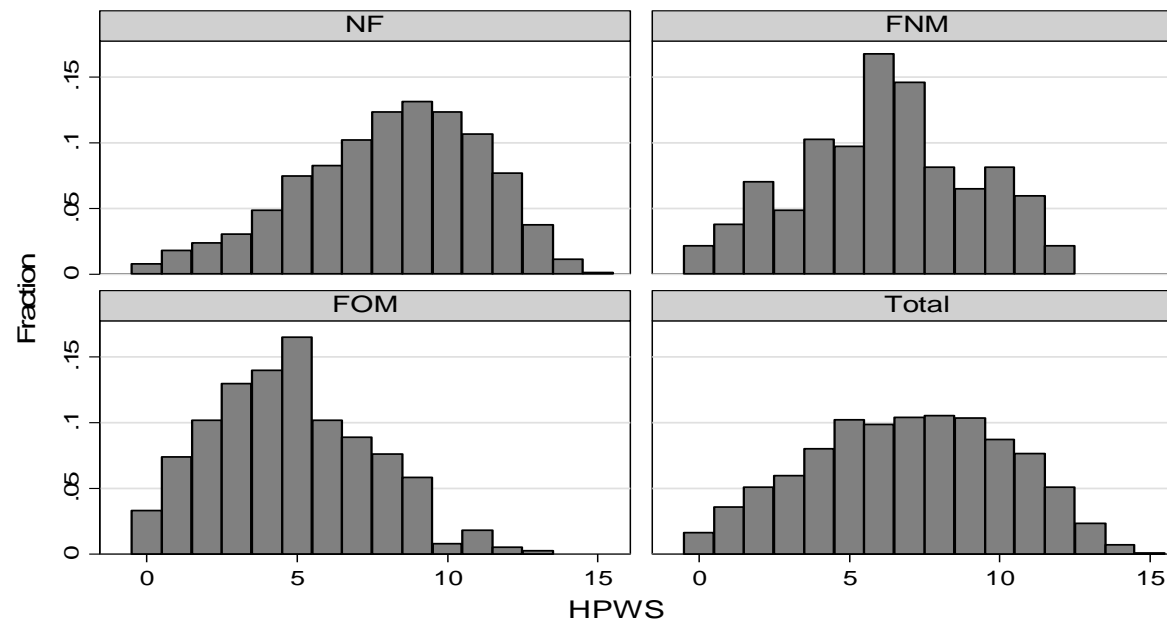
- The basic unit of the WERS is the “workplace”, which has to employ 5 or more
- The workplace will be smaller than the “enterprise” for the larger multi-plant business, but is suitable for examining labour management
- At the same time, we can work out employment in the workplace’s larger organisation
- The WERS is nationally representative, since its workplaces are randomly drawn from the government’s Interdepartmental Business Register (IDBR) based on VAT and PAYE returns

# Organizational characteristics

Legal Status	FOM	FNM	Private sector, non-family <sup>a</sup>	Public sector
Public limited company (plc)	2%	4%	15%	--
Private limited company	91	71	32	--
Partnership (inc. limited liability partnership) / self-proprietorship	--	--	23	--
Organisation size: %<49 employees	78	29	41	
%>1000 employees	8	35	34	
Sample number of workplaces	394	185	884 (exc p'ship and prop'ship)	(298)
Weighted national proportion of corporate private sector workplaces	42%	14	43	

**Note:** About 42% of corporate workplaces nationally are FOM, and they are much smaller on average than FNM and NF. Remember, in our definition of non-family (NF), we exclude the 23% of the private sector firms in partnerships and proprietorships.

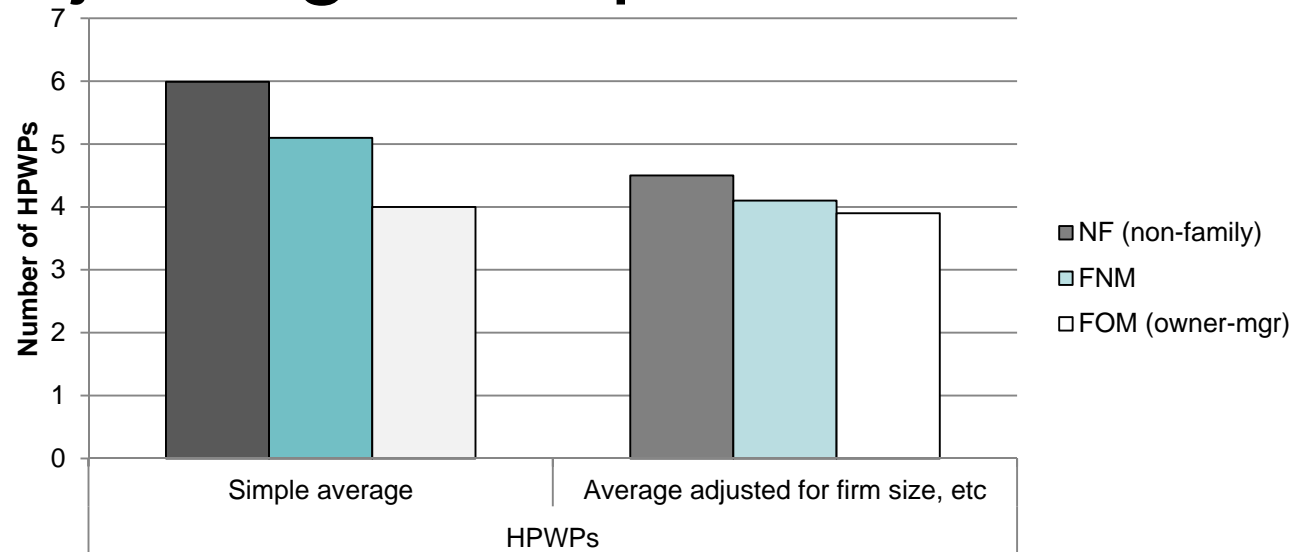
# Takeup of HPWPs by business type



Graphs by same as family with broader definition of non-family firms

**Note:** the takeup of HPWPs in British business forms approximately a bell-shaped curve as shown in the bottom right-hand graph. Some firms adopt a lot of good practices, and others very few. However, FOM firms are markedly lower (peaking at around 5 practices), than NF (around 9) - before adjustment for firm size etc – see next slide

# Adjusting takeup for firm size etc

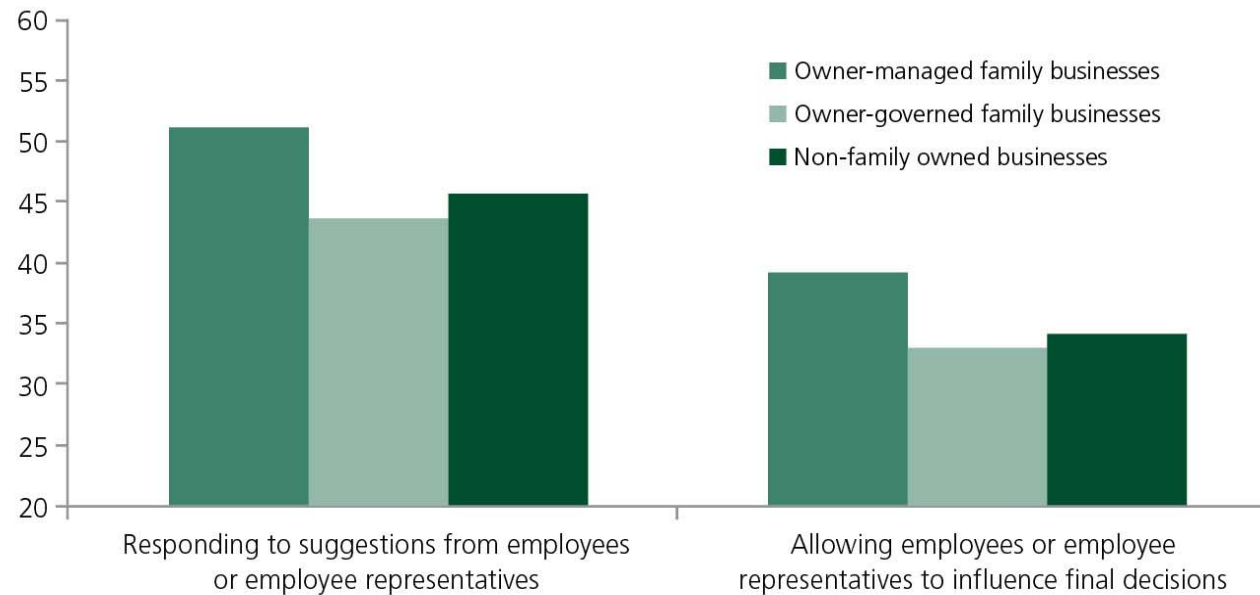


**Note:** The first 3 columns show that on average, NF have more HPWPs (6) than FNM and FOM (only 4 – as already apparent from previous graphs)

We then control for organization size, whether listed, industry and foreign ownership, as shown in the shaded columns. These controls make a difference. The NF effect (where firms are larger in particular) reduces to 4.5, and FNM becomes about equal to FOM at about 4.0 practices on average. Note, the owner managers (FOM) do not much worse than the professionals (FNM)!

But a significant difference remains, with both FOM and FNM about 10% lower than NF.

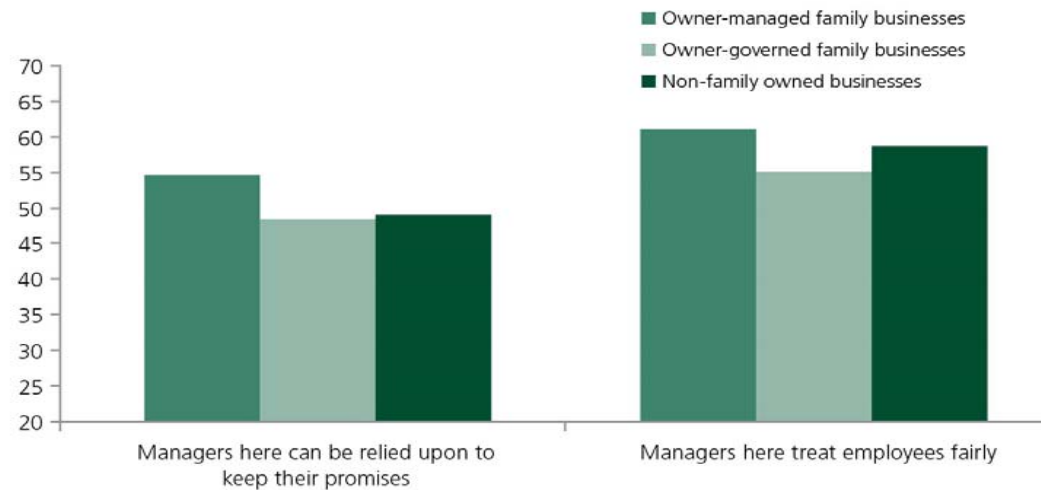
**Figure 2: How good are managers at involving employees?**  
(% indicating managers are “very good” or “good”)\*



\*These items were scored on a five-point scale, where 1 = “very poor” and 5 = “very good”.

**Note:** on the other hand, FOM businesses have the best record for consulting their workers (according to the employee attitude survey) – we have not yet adjusted these scores for workplace size

**Figure 4: Trust in management and perceptions of fair treatment  
(% that “agree” or “strongly agree”)\***



\*These items were scored on a five-point scale, where 1 = “strongly disagree” and 5 = “strongly agree”.

**Note:** FOM businesses also generate more trust amongst their workers – they keep their promises, and are slightly better regarded on fair treatment – again, we have not yet adjusted these scores for workplace size

# Actions to consider

- HPWPs pay for themselves in terms of better business performance, so the lag we have identified for FOM business (and FNM) is disturbing.
- Note FOM businesses create a positive climate, indicating the benefits of owner-management, and few apparent SEW concerns for FOM businesses .
- Still, developing an HR strategy to identify HR best practices will help family business, which lags non-family in this regard.

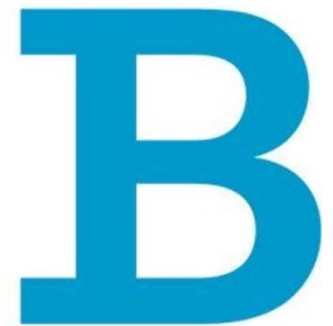
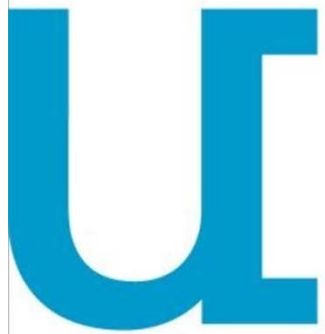
## Appendix: Definition of HPWS practices

HPWS practices	Definition
<b>1. Sophisticated recruitment</b>	Either a personality/attitude test or performance/competency test is conducted in filling largest occupational group (LOG) vacancies.
<b>1. Induction</b>	A standard induction programme designed to introduce new non-managerial employees belonging to the LOG to the workplace.
<b>2. Training</b>	At least 60% of experienced workers in the LOG have been given time off from their normal daily work duties to undertake training over the past 12 months.
<b>3. Individual performance-related pay</b>	At least 60% of non-managerial employees at the workplace have their pay determined by their performance appraisal rating.
<b>4. Benefits package</b>	Employees in the LOG are entitled to three or more of the following non-pay terms and conditions: employer pension scheme, private health insurance, more than four weeks of paid annual leave (excluding public holidays), sick pay in excess of statutory requirements.
<b>5. Job security guarantees</b>	A policy of guaranteed job security or no-compulsory redundancies for non-managerial employees.
<b>6. Internal labor market</b>	Preference is given to internal applicants, other things being equal, over external applicants; or internal applicants are the only source when filling vacancies.
<b>7. Teamworking</b>	At least 60% of the LOG at the workplace are working in formally designated teams, in which team members depend on each other to do their job and team members jointly decide how the work is to be done.
<b>8. Team briefing</b>	Meetings held at least weekly between line managers or supervisors and all the workers for whom they are responsible, in which 10 percent or more of the time is usually available for questions from employees, or for employees to offer their views.
<b>9. Quality circles</b>	Groups of non-managerial employees at the workplace that solve specific problems or discuss aspects of performance or quality.
<b>10. Consultation committee</b>	Committees of managers and employees at the workplace, primarily concerned with consultation rather than negotiation (joint consultative committees, works councils or representative forums).
<b>11. Employee attitude survey</b>	Employer or a third party has conducted a formal survey of employees' views or opinions during the past two years and the results of the survey have been made available in written form to employees that took part.
<b>12. Communication schemes</b>	Management communicates and consults with employees using at least four of the following: noticeboards; systematic use of management chain/cascading information; suggestion schemes; regular newsletters distributed to all employees; regular use of email to all employees; regular use of email to all employees; information posted on company intranet accessible to all employees.
<b>13. Information provision</b>	Management regularly gives employees, or their representatives, information about: internal investment plans; financial position of the workplace or the whole organization; and staffing plans.
<b>14. Grievance procedures</b>	Workplaces that have all of the following four items are deemed as having a formal grievance procedure: a formal procedure for dealing with individual grievances raised by any employee at the workplace; employees are required to set out in writing the nature of the grievance; employees are asked to attend a formal meeting with a manager to discuss the nature of their grievance; and employees have a right to appeal against a decision made under the procedure.



# University of Birmingham Business Club Breakfast Briefing

Ped Briggs,  
Marketing Manager,  
The Wilson Organisation





# Welcome

to the

## Midlands Family Business Awards



Ped Briggs  
Marketing Manager – The Wilson Organisation  
[pbriggs@wilorg.com](mailto:pbriggs@wilorg.com)  
0115 942 0111

# Midlands Family Business Awards



- ★ Established in 2010, organised by a family business for family businesses
- ★ A not-for-profit initiative supporting disadvantaged young people and young enterprise
- ★ Independent judging panel drawn from leading family businesses, supported by our sponsors and industry experts
- ★ Enter up to three of our 10 Award categories
- ★ Completely free to enter
- ★ Awards Ceremony & Dinner for 300 guests at University of Birmingham's Great Hall



# Why enter?

- ★ Opportunity to reflect on your achievements
  - ★ Boost to workplace morale
- ★ Value to profile, reputation and market positioning
  - ★ Judging has proved to be a supportive and highly useful consultation process
- ★ Valuable networking opportunities with some of the region's leading family businesses
  - ★ PR and profile opportunities, brand awareness
- ★ It's fun!



# The Awards Year



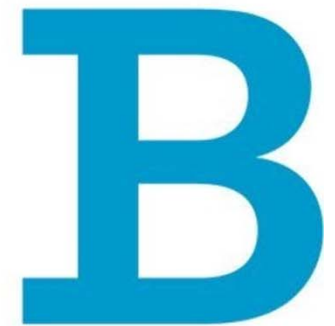
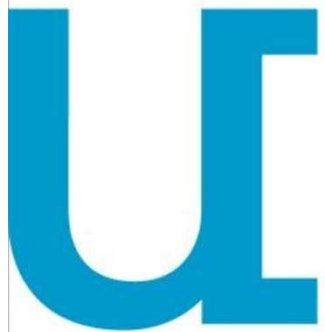


[www.familybusinessawards.co.uk](http://www.familybusinessawards.co.uk)  
[www.twitter.com/FamilyBizAwards](https://www.twitter.com/FamilyBizAwards)

Ped Briggs  
Marketing Manager – The Wilson Organisation  
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0115 942 0111

# University of Birmingham Business Club Breakfast Briefing

Steven Chall,  
Corporate Sales Manager,  
Mahirs Experience





event catering, design & management

**SQUARE RADISH**  
CATERING & EVENTS



Steven Chall  
(Corporate Sales Manager)  
(Tel) 0121 580 0300 / 07906 794 776  
(email) [s.chall@mahirs.com](mailto:s.chall@mahirs.com)  
[www.mahirs.com](http://www.mahirs.com)



# About Mahirs

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- ✦ Family Run Catering & Event Management company
- ✦ Specialists in providing authentic Indian, Fusion, and Multi cuisine for both private and corporate clients
- ✦ Recognised as one of the leading and premier Indian catering brands in the UK.
- ✦ Outstanding reputation for delivering amazing events & delicious quality food with excellent service
- ✦ Launch of sub brand Square Radish dedicated to the needs of Corporate Market, so be it a Gala Dinner or a Product Launch, Square Radish will cater for all

# What We Offer

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- ✎ Full Catering & Event Management for all aspects of Corporate Hospitality
- ✎ Venue finding service
- ✎ Full Décor and Theming for any type of event
- ✎ Audio and Visual Solutions
- ✎ Bespoke Entertainment
- ✎ Great Service and Hospitality

# What we need

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-  Working with Birmingham University MBA students to identify route to market
-  We need your orders! If you have any events coming up, whatever it may be, feel free to have a chat with me or pop me an email.

# Why Choose Us

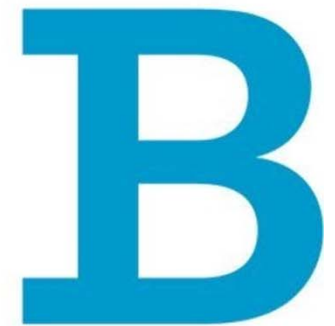
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- ✎ Great Food and Service
- ✎ Innovative Ideas and Themes for Events
- ✎ Our Events provide the 'WOW' factor
- ✎ Latest IT & Comms infrastructure Supporting our Sales Team
- ✎ A bespoke catering & event management CRM system
- ✎ Investment in People i.e. we now have designated departments with designated managers and teams
- ✎ Total investment made by the company over the past 3 years is nearing £1m

University of Birmingham Business Club  
Breakfast Briefing

Richard Nerurkar,  
Run-Fast Sports Management  
Special Projects



# RUN-FAST BIRMINGHAM



**Richard Nerurkar**  
**Run-Fast Sports Management Special Projects**

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07521 758450





7 November 2015

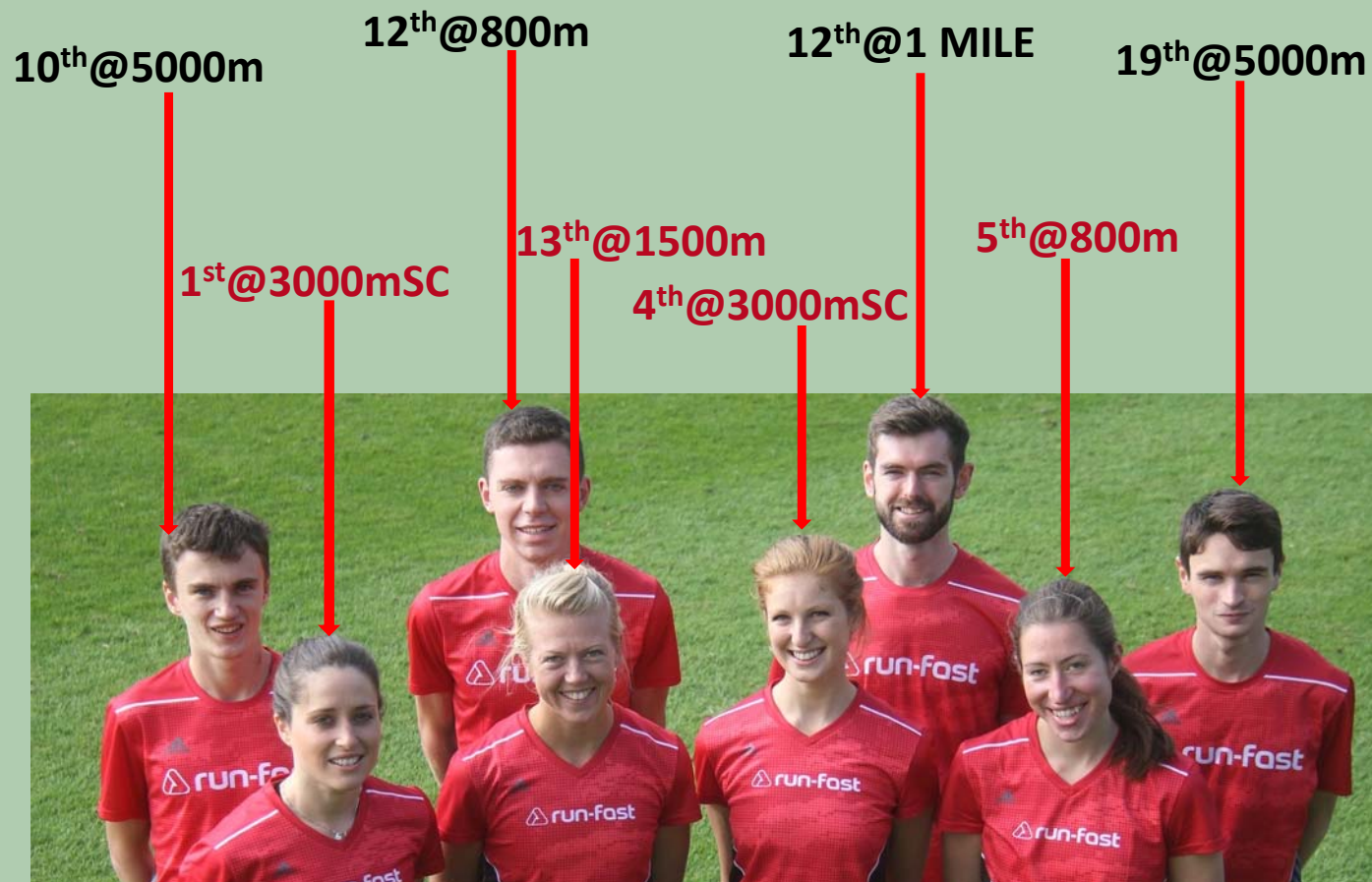


13 December 2015





# UK RANKINGS in 2015





## **RUN-FAST BIRMINGHAM GOALS FOR 2016-2017**

- **represent Britain & Ireland at major championships**
- **compete successfully on international circuit**
- **make transition to become full-time athlete**





## **RUN-FAST BIRMINGHAM NEEDS FOR 2016-2017**

**£15,000<sub>pa</sub>**  
over 2 years



## **RUN-FAST BIRMINGHAM NEEDS FOR 2016-2017**



1. ALTITUDE & WARM WEATHER TRAINING
2. MEDICAL & PHYSIOTHERAPY SUPPORT
3. TRAVEL SUPPORT FOR ATHLETES & COACHES

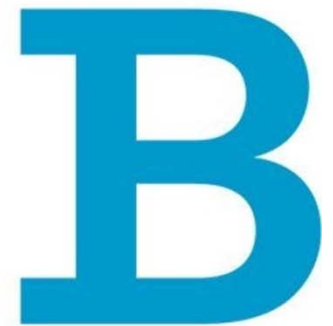
## WHAT'S ON OFFER FOR SPONSORS?



- close association with UoB Sport
- invitation to British Championships / Olympic Trials
- opportunity for athlete engagement with your company
- logo placement and social media coverage

University of Birmingham Business Club  
Breakfast Briefing

Richard Simpson,  
Business Engagement Manager,  
The University of Birmingham



# Business with Birmingham 2016 Innovation Competition

- New competition to celebrate entrepreneurship and innovation
- Two award categories:
  - High Growth Innovative SME of the Year
    - Sponsored by R&D Tax Claims Ltd
    - £5,000 to support collaborative R&D with UoB
  - Best Innovative Idea for Explanation
    - Sponsored by Forresters
    - £5,000 of intellectual property advice, inc. patent and trademark attorney support
- Visit [birmingham.ac.uk/tailoredforbusiness](http://birmingham.ac.uk/tailoredforbusiness) for more details

# University of Birmingham Business Club Breakfast Briefing

Andy King,  
Business Loans Manager,  
ART Business Loans





# Lending Criteria



- Refused loan by bank and other sources.
- Viable proposition - application form/business plan-
- Social and Economic Benefits to area-usually jobs created or preserved

# Typical Terms



- ART -Business Loans
  - For existing and start up businesses- West Midlands wide.  
£10,000 to £150,000, secured and unsecured. Average deal size currently £32k.  
Up to 7 year loan period . 3 years more usual for most working capital loans/start ups.
  - Can lend alone or as part of a package for large deals.  
Commercial rates of interest and fees- 9.5/base > 18/base min 10%.  
**Wide range of sectors and size of business supported.**  
**CONTACT: 0121 359 2444 or visit [www.artbusinessloans.co.uk](http://www.artbusinessloans.co.uk)**

# Contact ART Business Loans



- JOBS • OPPORTUNITY • GROWTH • INNOVATION  
• ENTERPRISE

Andy, Graham, Martin  
and Roz.

ART Lending team.

Andy: 07740 405213

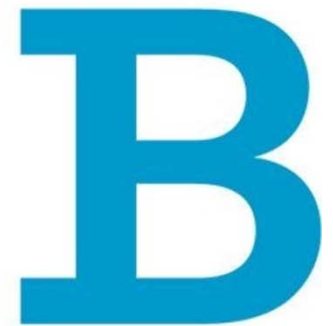
[art@artbusinessloans.co.uk](mailto:art@artbusinessloans.co.uk)

[www.artbusinessloans.co.uk](http://www.artbusinessloans.co.uk) 0121 359 2444



# University of Birmingham Business Club Breakfast Briefing

Natasha Kerven,  
Placements Officer,  
The University of Birmingham





# Placements and Internships

**Natasha Kerven, Placements Officer,**  
**[n.k.l.kerven@bham.ac.uk](mailto:n.k.l.kerven@bham.ac.uk)**

**0121 415 9028**

# How we can work with you?

- Work with local businesses to develop mutually beneficial internships / placements for students
- Ideal for projects you don't normally have time or capacity to undertake

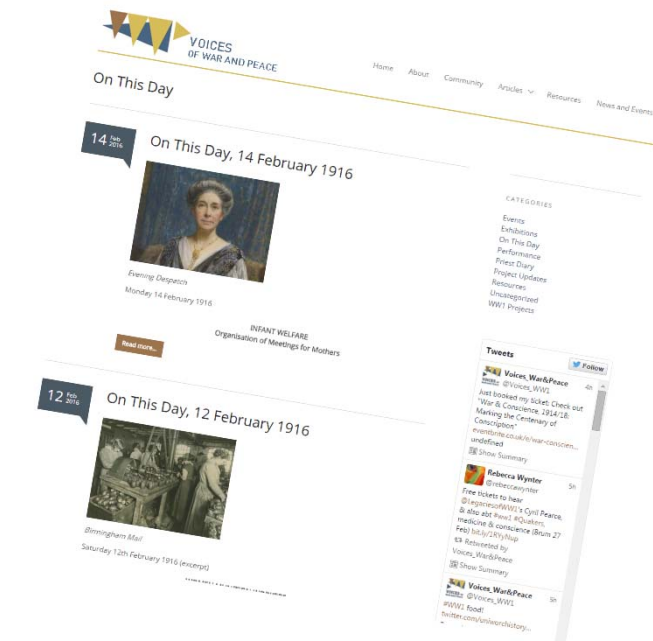


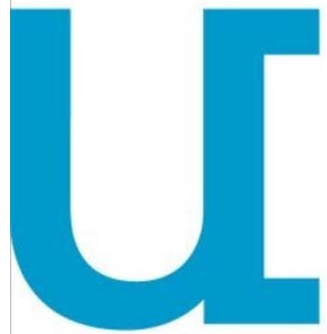


# We are looking for:

- Historical archives
- Businesses who would benefit from an 'extra pair of hands'

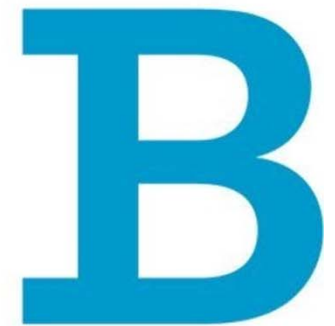
Natasha Kerven  
n.k.l.kerven@bham.ac.uk





Thank you!

Look forward to seeing you on  
Wednesday 20<sup>th</sup> April 2016



**B** Business *with*  
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Engineering and Physical Sciences  
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