

A photograph of a lighthouse with a black base, a red middle section, and a white top section, situated on a rocky outcrop overlooking the ocean under a blue sky with scattered clouds.

Viewpoint

Family business

*...entrepreneurship
is a key driver of
family businesses.*

Transgenerational entrepreneurship

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Challenge area

The key to long-term family business success lies in the ability to build and sustain an entrepreneurial family.

While family businesses are the engine that drives socio-economic development and wealth creation around the world, entrepreneurship is a key driver of family businesses. Entrepreneurial thinking and leadership are fundamental factors in the creation of new enterprises and the sustained competitive advantages of corporations both large and small. The ability to create and foster an entrepreneurial mindset across generations is a major element of family business continuity and longevity and is instrumental in effective strategic execution, innovation and growth.

New Perspectives

Entrepreneurship across generations

Transgenerational entrepreneurial behaviour in family businesses goes beyond simply increasing sales, head count or profits. Family business entrepreneurs create and support a growth and learning orientated culture in both family and business and reinforce entrepreneurial behaviour in relatives of all ages. They encourage successors to be alert to their environment so as to spot and take advantage of profit opportunities. The foundation of any entrepreneurial family business is a loving and learning family that fosters cooperative dynamics between generations over time.



Enterprising families work together to define the role and context of entrepreneurship in their family and business.

Transgenerational entrepreneurship is built around two central principles:

Entrepreneurial vision and mission:

There must be a drive to create transgenerational wealth for the business and its owners. This is rooted in a growth orientation that motivates the family, the ownership group and their non-family managers to be forward thinking and to communicate and pursue specific strategic expansion plans for the business.

Dynamic and adaptive family values:

While there is a commitment to family traditions, the family must be able to adapt to changes over time. The family must be committed to open communication, the use of formal protocols and policies and conflict resolution.

The entrepreneurial mindset

Enterprising families work together to define the role and context of entrepreneurship in their family and business. They are committed to the long term and enlist champions among ownership groups, key family members and non-family managers. These families explore the history of entrepreneurship in the family business, including actual examples from the past and present and discuss ideas for the future within this context. This process helps entrepreneurs understand the role the family has played and what it can do to advance and perpetuate success in the future.

Enterprising families are ‘people centric’—they focus on teamwork and internal and external relationship building. In addition, the family business leadership identifies, agrees upon and pursues a clearly outlined strategic direction. This strategy emphasises entrepreneurial behaviours such as market expansion, technological advancement and refinement of operational activities and processes.

Research has shown that entrepreneurial families embrace five fundamental principles across successive generations:

Entrepreneurial leadership:

The ability to anticipate future circumstances, maintain flexibility, think strategically and work with others to initiate change that will create a viable future for the business.

Opportunity recognition:

The capacity to imagine dramatically new ideas or to find new ways to differentiate existing products or services to create and sustain cost effective and profitable competitive advantage and customer satisfaction.

Internal continuum of entrepreneurial activity:

A people-centred strategy emphasizing organisational systems, structures and practices that encourage innovation and creativity and do not present insurmountable road blocks to flexibility and fast action.

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Balanced strategic positioning:

A strategic vision that is defined, translated, communicated and aligned operationally across the entire organisation through the balancing of performance metrics and compensation programs as envisioned from multiple financial and non-financial perspectives.

Future-based orientation:

People are encouraged to perceive opportunities and are empowered to embrace change, control costs, enhance product/ service quality, and improve offerings and services through innovation and learning.

The way forward

Creating and maintaining an entrepreneurial mindset is vital for socio-economic growth and sustained competitive advantage in today's dynamic marketplace. Entrepreneurs speculate, anticipate and direct resources in pursuit of profitable business activities under uncertain conditions.

Transgenerational entrepreneurship promotes a common vision and mission among key family business stakeholders across generations. This inclusive, forward-looking strategy creates a set of adaptive values and protocols that promotes family unity and business acumen.

About the author

Professor Moores pioneered research and recognition of family business in Australia and established the Australian Centre for Family Business in 1994 within the Faculty of Business at Bond University.

Professor Moores served as Vice-Chancellor and President of Bond University (1997-2003) and he has achieved international recognition for his work with family businesses.

Professor Moores continues to serve this community as a regular speaker at family business conferences, an adviser to family firms, a judge of the annual Family Business Awards and a member of the board of Family Business Australia (FBA) Ltd.

His 2003 book based on involvement with Australia's family business community (co-authored with Mary Barrett), *Learning Family Business: Paradoxes and Pathways*, has been widely acclaimed for its insightful observations about family businesses.

For more information

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