

# **„Who will (or should) inherit the earth?” The new challenge of Hungarian change and crisis management: issues of responsible succession of family businesses**

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*According to EU statistics – an average figure in developed market economies – family entrepreneurs do not survive a generation shift. According to the French Chamber, in case of a seemingly planned and methodically executed company inheritance (from a retiring owner to another family member) every third company has not even survived the transfer after seven years. Also nearly 20% fall victim of the transfer process itself. This is certainly a serious loss of property with regard to the national wealth, and also a very serious financial loss to the affected families themselves, not to mention the emotional strain. The company inheritance’s pitfalls often appear as specific signs of crisis, thus crisis management experts are confronted by this problem in Hungary.*

*As the author is an expert in a specific field of consultancy, the present study does not scrutinise possible types of heredity (outputs), but rather its methodological aspects.*

*Keywords: family business, succession problems, responsible inheritance, inheritance as a process, pitfalls of inheritance, inheritance responsibility criteria*

## **1. Introduction**

This year’s report of the European Commission confirms that SMEs continue to constitute the spinal cord of the EU’s economy. In 2010 close to 20,8 million SME’s worked in the non-financial sector, 19,2 million of them were microenterprises that employed less than 10 people. The SMEs together covered more than the two third (87,5 million) of the total job opportunities in the EU’s private sector, as well as the 58,4% of the total gross value added (in contrast with the 43 000 large enterprises, that come out at only 0,2% of the EU’s enterprises)<sup>1</sup>. Around 35% of the SME’s are specifically family businesses, naturally a bigger percent operates by including family members into the operation process<sup>2</sup>. This is quite a considerable number to ascribe corresponding magnitude to family enterprises.

Unfortunately, we know only a little about the ratio of Hungarian family companies. According to the current state of the SMEs it is a fact, that 99% of the domestic enterprises form this sector. Small and medium enterprises produce 45% of the Hungarian GDP, while 60% of the domestic employees – more than 2 million people – are employed in this sector. Within the sector the so-called self-employer (with no other employees) or rather the rate of the so-called microenterprises, that make up the enterprises with 1-9 people is 95,1% of all of the active enterprises. (Possibly most of them are family companies).

We know also from the EU statistics, that – on average of the developed market economy – 30-35% of the family enterprises do not survive the generation shift. According to the French Chamber, in case of a seemingly planned and methodically executed company inheritance (from a retiring owner to another family member) every third company has not even survived the transfer after seven years. Also nearly 20% fall victim of the transfer process itself. This is certainly a serious loss of property with regard to the national wealth,

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<sup>1</sup> For details see:

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/1149&format=HTML&aged=0&language=HU&guiLanguage=en>, [http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/index\\_en.htm](http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/index_en.htm)

<sup>2</sup> For details see: [http://ec.europa.eu/enterprise/policies/sme/files/craft/family\\_business/doc/familybusiness\\_study\\_en.pdf](http://ec.europa.eu/enterprise/policies/sme/files/craft/family_business/doc/familybusiness_study_en.pdf)

and also a very serious financial loss to the affected families themselves, not to mention the emotional strain.

There are a plenty of background causes and difficulties of this huge "death toll", as a phenomenon, which arises in connection with the handover of family enterprises. One of the greatest problem is that this issue (would) require multilevel (financial, emotional and family dynamics) treatment. The difficulties of the handover often cause tension, because suddenly the company must be strengthened in such a way, that it intensifies family cohesion, to develop and boost company values of the management dynasty. They also have to be careful that the new 'head' of the family company (though (s)he surely has his or her own ideas) would be able to keep up – without any fault – with the success of the company. These difficulties often make the elderly company owner to stay on the top of the company for a longer time, than their age and/or their state of health would allow it.

It seems that we are going to meet more and more often with the issues of handover and heredity, concerning family enterprises (according to some guesses in Hungary this affects actually more than 150-200 thousand family enterprises), with more and more importance of two factors:

- Firstly, a big part of national enterprises (some of the most successful ones so far), get right now into the situation, that the company founders reach the pensioner age limit<sup>3</sup>.
- Secondly, in Hungary this issue only appears in contemporary literature only (*Filep–Szirmai* 2006), thus the appropriate competence does not exist or is not available. However in those countries, which are very well prepared in this topic and are supported by advisory network, family enterprises are probable to perish, despite of the previous preparation and planning.

The National Union of Fluctuation and Crisis Managers meets the problems of the heredity of family enterprises as producers of special crisis phenomena, and „getting into hot water” situations more often and often. As a matter of fact, this made us (the deputies of crisis handling profession) and personally me, not just as one of the deputies of this profession, but as a researcher and university tutor too, to study this issue a bit more profoundly.

In this study I take into account the difficulties and solution opportunities the problems of heredity in domestic family enterprises. I build upon the notes and experiments of collected partially by myself, partially by the 'VOE', and the experience of other specialists in other countries.

This study (after as a crisis manager I and the co-workers of the VOE met family companies in this situation) is concerned decisively with the problem situations of the heredity of family enterprises, their background factors, furthermore their possible solutions. I have to state, that my work contains in no way (cannot even contain) the completeness, though I try to collect the relative experiences for a while, building from the notes and experiments to reach the solution of my colleagues and of specialists of other countries. The cause of this decisively is that temporarily in Hungary the responsible heredity process of the family enterprises nowadays are not part of the entrepreneur culture unfortunately, the issue itself in our country – with its relative problems – is one of the least researched themes of all. Even entrepreneur culture did not want to solve the dilemmas of heredity. The company founder fathers (mothers) have just been facing these problems only in the past few years.

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<sup>3</sup> In time of the big company founder 'boom' of the regime change, one of the specialist magazines created the 'profile' of a typical Hungarian entrepreneur of those years: man, engineer, between 40-45. If this is true to most of the companies founded at that time, then it is just nowadays, that the problems concernint company transfers occur. Among the clients of VOE we have already met them, unfortunately for most of them transfer means an extremely serious crisis issue, especially because of the hasty, unplanned solutions.

## 2. What is family business and what makes a difference from „classical” businesses’ problems of the management of continuity

### 2.1. What is family business – what makes it a „family”?

First of all, it should be clear that a so-called "mature" concept in the determination of family businesses does not exist neither in Europe, nor elsewhere in the world. Yet, over the years, a criteria system was developed, which makes the attempt for a definition possible.

According to the definition of the European Commission of Enterprise and Industry, family business is a company in which one dominant factor is the property of ownership of the family, the active involvement of family members in the company's daily operation, and management is realized by an owner accepted/designated by the family<sup>4</sup>. Several generations of the family participate in the leadership as well as in the daily work. Furthermore - as the most important characteristic - the company's system of values are developed by the founding family member(s), and this value system (as it is adequate with the family's value system), becomes a stable, preserving and supportive factor for the company, as a leading tradition<sup>5</sup>.

Family businesses have many drawbacks, primarily that the three dimensions of material, emotional, and family dynamics are always present, and this should be managed by the one who is frequently not only the head of the family, but also that of the family business as well. In these three dimensions, it is certainly difficult to cope well, as business purposes (and interests arising there under) have to be reconciled with emotional adjustments, with paying attention to that neither the family as a unit, nor its system of relations should not be harmed.

Two issues may cause the biggest headache in particular one is that certain family members often prefer more consumption, while other family members prefer aggregation and the strengthening of the potential for development. This is sharpened when the family budget and the business budget is mixed. In these cases, instead of a family balance, instability (which even affects the company), distrust and "paranoid" manifestations (that spread to the company too) may appear. If such a situation appears, although the parent(s) (as often the founder(s) of the business), would require a proper succession, cannot achieve it, because it is not only hampered by the simple methodological mistakes of experience-transfer or errors in communication, but also by that there are missing elementary forms of cooperation, due to the "bad spirit". For this reason, sometimes it becomes impossible for the company to achieve the so-called economies of scale (Román 2002), and it is often forced to face the fact of inadequate production of income. Therefore, sooner or later, the company is not only difficult to transmit reasonably, but its possible sale makes it the victim of competitors, for whom the company's market value is more important than the company itself.

Of course, all this can be handled well, and in these cases we can be observers or – as members – beneficiaries of that the family firm basically has a very strong long-term view, related to sustainable development efforts. (In the long term goals, the intention to maintain the company to transmit it to the next generation(s) is involved as well.) Therefore, a strategic commitment and a strong organizational culture is consistently seen, which, as based on the family's accepted and practiced values - results in a stable financial position, with the transfer of knowledge between generations, the ability to react quickly to changes in market situations,

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<sup>4</sup> European Commission Enterprise and Industry 2009: Overview of Family–business–relevant issues: Research, networks, policy measures and Existing studies [http://ec.europa.eu/enterprise/policies/sme/promoting-entrepreneurship/family-business/family\\_business\\_expert\\_group\\_report\\_en.pdf](http://ec.europa.eu/enterprise/policies/sme/promoting-entrepreneurship/family-business/family_business_expert_group_report_en.pdf)

<sup>5</sup> Hamvas Béla says: "Tradition is not a system, but an order. Order may be recognized by constantly improving itself. System is organisation, system is an organism. The system crashes, when it proves to be faulty, and it is always so. . If somewhere in the system there is fault, it corrects itself. Tradition is not a system, but an order, in every form known to us, among the Chinese, the Hindus, the Hebrews, the Greeks. The system is not a closed and static building, but a direction and an open road." (Hamvas 2008, p. 182.)

lower administrative costs, lower levels of debt, good quality (because the family is interested in maintaining the reputation and customer satisfaction), etc. And last but not least, the performance is better than the accomplishment of non-family businesses, which is obviously related to the fact that family firms are more stable employers. (*Carlock–Ward 2006*).

## 2.2. *On the succession of family firms*

Because of these statements above, we may think that the lots of positive features of family businesses can provide a "protection" to a variety of problems! This is basically true in case of a "normal operation". Unfortunately, however, the situation can be easily reversed, as the question of inheritance comes to the fore. Why can it be?

In order to clearly understand this, it is worth briefly reviewing what basic types of succession, an advisor or researcher dealing with the problems of inheritance, may encounter. Reviewing the situation in Hungary, Judit Filep and Péter Szirmai (*Filep–Szirmai 2006*), states that first and foremost two basic types of family businesses should be distinguished, including:

- those in which there is a successor, to whom the company could be transmitted to;
- those in which there is no possible successor.

According the authors, the first type – in which there is a successor – can be further differentiated into subtypes existing in real life. In this case, the most basic and frequent situations are the following:

- a.) When the offspring has no intention to take over the company (this can be due to a number of reasons, and since they can vary greatly, we will not go into details).
- b.) When there are differences in views between the firm's head and a possible successor in connection with the various activities and continuation of the company, but it is also possible that the successor does not consider himself/herself appropriate for leadership.
- c.) When the leader of the company does not dare to pass the company to anyone, regardless of whether there is a suitable potential successor or not. The authors also mention it, and we, crisis managers more often meet the situation, so we underline, that there is a situation where the family firm's leader, noticing that it does not go to the "right direction" imagined by him, takes the control back. In fact, there is an even worse situation, when (s)he is actually forced to take back the company, as the company's market position and/or the continuation of its success is threatened.
- d.) When although there is a possible successor, but the current leader does not accept him/her as a candidate.

Without wishing to simplify things, we only consider the first two types as crisis generating situations:

- there is an offspring with adequate capacity and skills,
- the possible successor does not have adequate skills.

The question rightly arises, why do we not differentiate further these situations in depth? The explanation is twofold.

- First, a crisis manager will mostly encounter the problem of inheritance, if it causes a problem.

- Second, there is an interesting (though admittedly, there are not too many national cases) methodology-related issue. In particular, inheritance, independently from its background, goes along with virtually the same issues and complex problem solving in every cases, and the difference is only that in some firms - where those affected agree with each other – do it at a better rate, while others are finding it hard. (For this reason, it is important and necessary to start the process - in terms of the expected delivery time – several years earlier.) Therefore, according to our crisis management experience (and it appears that also according to more experienced ones in more developed countries, too), the transmission process – even in cases with seemingly relevant concepts and determined leaders – should be considered as a change management project close to crisis management. In Hungary the situation is exponentially true, as family firms having arrived to the need of transmission also have to cope with life cycle changes<sup>6</sup>.

The occurrence of the strictly considered change management process of the transmission – although not always handled consciously – is embedded with three additional “project” frameworks (Figure 1).

a.) Strengthening the family heritage. For the transmitters, perhaps one of the most serious issues is "justice". In other words in case there are several possible successors, transmission is intended to be done so, that it results in a fair division helping maturing to a dynasty. Even the honest efforts of the owner, unfortunately, very often results in the most brutal conflicts and serious injustices. Why?

On the one hand, because the company itself (thus family businesses as well) has its value as not primarily an asset, rather as a return-producing capital. So, the so-called ‘just splitting or trisecting it’ cannot be considered here, especially not if one (or more) of the children has a completely different career objective, poles apart from what the company could ever offer. On the other hand, the equitable distribution cannot be perfect even if all potential successors’ vision and career objectives may be tied to the company. In this case, creating fairness is facilitated, if the company has multi-profile business units. In an ideal situation (in which every successors are suitable for the role), units can be divided – but the question of the supreme leader still remains.

b) Establishing a "dynasty" (in developed market economies with multi-generational family businesses the goal is rather the strengthening of the existing dynasty). The foundations of dynasties very often provide possibility to acquire ownership or leadership in the company for not only close descendants, but also to a larger circle (e.g. cousins, or spouses, and their other relatives). This of course has more chance along further generations, and has its advantages (e.g. a talented but more distant relative’s involvement), but serious threats too.

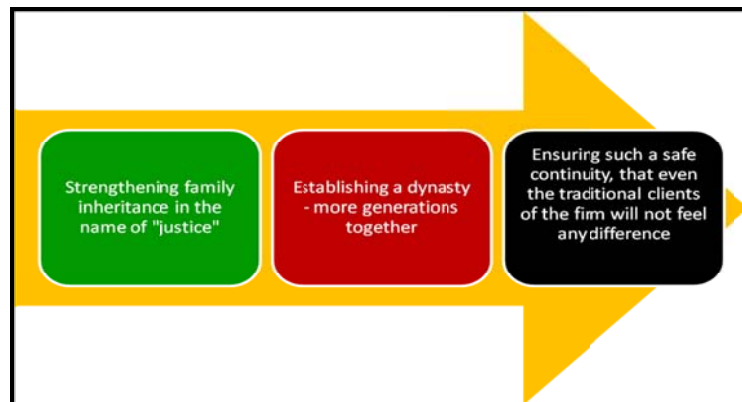
c.) The company should consider the "security level" continuity despite the difficulties caused by the transfer in order to provide that even the most ‘insider’ clients do not perceive anything of the process. It is very difficult, because as seen in international statistics, there is no successor, who would not convert the company for some degree if taken over. The motivation for it is not primarily to make a differentiation from the transmitter (although sometimes it is a strong motivation), but in most cases the aim is to formulate his/her own management framework, to strengthen the conformity to the leader. Additionally, it is essentially true – in Hungary anyway – that the majority of family firms is about to reach the maturity of ‘manhood’, which may be the last chance

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<sup>6</sup> According to my earlier research (see eg. *Noszky* 1997), as well as my own and other consultants experience, companies established after the change of regime which has been "able to survive," after the years of the millennium reaches the point in its life cycle to transfer from the adolescent age into manhood (see *Adizes* 1992).

for the transfer to be successful. As often the important information of the business are (especially in the first generation ones) under the ‘manual control’ of the founder/ leader, sometimes in no more than handwriting or in personal notebooks. (My first project as a consultant in the process of a transmission included to solve the difficult situation in which one of my students had to take over the management of the family heritage company after the sudden death of his father. We were engaged with ‘seeing the clear picture’ in connection with the company (current orders, their jobs, the company's obligations, etc.) (for further details of this case, see *Noszkay 2009a* and *b*).

*Figure 1.* Factors embedded in the responsible succession process



*Source:* own construction

As the above problems should be treated simultaneously and equally well (otherwise it is threatened by not only the company's clients, but by the transfer act in itself), it is not surprising that often the it is difficult for the leader to end his/her active period at the same age in which people living from salaries are usually retired. This of course does not only often imply that elder leaders become more conservative, have difficulties in controlling and in making decisions, or do not initiate innovation, but unfortunately, sometimes with that transmission is omitted due to a serious illness or death. Of course, the question might arise, why would it be impossible to inherit in this case? It is actually possible, however, one or more parts of the inheritance process will be seriously impeded, and consequently it is the company's "family" nature at stake. (It is not a coincidence that the process is called transmission, and not inheritance as the latter is a single act.) These two situations resulting in radically different outcomes - although not the same – may bear the analogy of the difference between crisis and windup, implying that a crisis is hard to survive and to go through, but it is good that the company’s continuity is maintained. On the other hand, with the windup, even when the liquidation is successful (and for example, a similar organization with different ownership can be set up), it will not be the same company as it had been before.

### **3. The dilemmas of inheritance (responsible transmission) including the issues of solution**

#### *3.1. The basic question of inheritance, responsible transmission*

The first serious dilemma of the issue of succession is the existence of an offspring. In this respect, although it makes a difference "subjectively" (from emotional aspects), but not objectively, whether the owner has a child or another relative who is appropriate for succession, but the owner does not intend to transfer the leadership to him/her (e.g. because the successor is not considered to be skilled, or due to fairness issues) or not. Owner exists in

the generation continuation of series of live children (or other relatives). In this case, selling the company is not the only option (although it is one of them). Thus, the company can be preserved in many ways:

- selling it;
- other forms of transfer (e.g. when the family's property is maintained, but no family member will lead the company, etc.).

This paper does not deal with the details of the sale, but when considering the transfer, independently from its form, it does matter how it happens. It is not a coincidence that in developed market economies, it is strongly recommended to the owners of companies to be transmitted to use the services of SME – specialized crisis management advisors (see e.g. *CCI de Bretagne* 2011).

### *3.2. Criteria of inheritance and responsible transmission*

In the introduction, we have mentioned that in average, 30-35% of European family companies do not survive the change of generations. Our discussion above hopefully shed light on the factors that hinder the chances of survival of family businesses during the transfer and/or non-transfer. Probably the question of what can be the "secret" of those family businesses that are successful through generations is more intriguing now. Although, in Hungary, we are only at the beginning of this issue, since even those companies who make conscious preparation and undertake responsible transfer are at the beginning of this process (or have just get over it).

It is encouraging that the vice president of one of Hungary's family businesses interested in responsible transfer, Tamás Kürti has founded the Responsible Family Businesses Association of Hungary, which has 46 members representing family businesses. In other words, this means that despite the fact that in this country being an entrepreneur does not have a historic culture (because almost half a century of socialism has made it unknown for generations) – several companies that had only been 'tinkered' during the change of the political system have emerged into companies. Consequently, the future of companies that reached reputation on the market and a good brand with huge family sacrifices and innovation does matter, especially that they are also a part of the national wealth as well.

It is interesting to observe how a family company operated through several generations is becoming well known and very successful. What kinds of transfer techniques helped them, and how these were used?

Although – as only a little time has passed after the change of regime - we don't have too much experience about Hungarian family businesses, some examples provide the possibility to analyze them.

- On the one hand, there are a number of Hungarian family firms that were capable of rebuilding their capacities and regain their reputation interrupted by the war and socialism (although not always in the same form), the Zwack family being the most well known example. is.
- On the other hand, we can observe some of the known international family businesses – now regarded as multinationals – that started as very small companies, while today they are known all over the world being present in many countries. One of these – perhaps one of those with the most exciting 'fate' functional design – is Bosch, which was founded in 1886 by Robert Bosch at the age of 25, at that time employing only two people. Today, they have more than 300 subsidiaries and regional branch offices in 60 countries, 280 thousand employees worldwide, a trading partner network present in 150

countries with its products. The question arises, what is at the background of this seemingly continuous growth and success? It is not easy to find out the answer, as one of the characteristics of the company – as one of the testator's wishes as well – is a complete isolation from the general public. If you ask someone in the leadership of Bosch's success, the answer to just this: "... the secret of success lies in the continuity and humbleness."

Naturally, when trying to solve the secrets of family businesses like these, we can find several common characteristics.

*Value systems that had been defined by the founders and are consistently carried forward.*

Very interesting observations can be made in connection with the criteria for success when investigating the value systems and their changes or continuity at the really successful family businesses. What we can see is that they (e.g. Bosch, Zwack, Ford, etc.) do not or hardly change their professed value systems. Thus, almost all of these values become a tradition, that enforce and carry on organizational culture. We also observe that there are additional, so called 'incidental' values in these firms of which they do not speak about, but they are practiced (such as that of Bosch's standing off from media appearances, which obviously has its practical reasons). Nonetheless, sayings suggesting values are frequently suggestive, such as that of the relatively often quoted Robert Bosch as well: 'I don't pay good wages because I have a lot of money; I have a lot of money because I pay good wages'.

*At least 3-5 years should be spent to deal with the change management project of the transfer.*

This criterion is also one of the most important and acknowledged ones. It is likely, especially in Hungarian companies, that many owners consider this as a too long interval. However, on the basis of experiences from similar companies from developed market economies, if reconsidered, it is not at all an exaggeration. At least this time is needed to teach and coach the successor. On the one hand, in order to test the appropriateness of the candidate for the position, in particular from a values and ethics - moral point of view, on the other hand, it is needed to learn and practice, getting to know clients and suppliers, and being accepted by the members of the organization as well.

*There is a need of an official (legally correct, deposited by a public notary) will - especially if the heir is not a member of the immediate family (e.g. not a child).*

The legal arrangement is not the signal of distrust, but of the fact that the testator does not only have simple desires and dreams in his/her mind, but on the basis of organizing long years' experience, a system exists which can be carried forward. He/she believes that there is a system which has values and functions, that are stable and carries the factors for success, all of which are worthy of conservation and enhancement. The 'secret' of wills is not to be over-detailed and thus binding, but to provide a system of criteria and terms that carries the potential of a long term functioning. It is interesting to take a look at one of the details of Robert Bosch's testament having an eternal and moral content and carrying an indisputable responsibility 'I want to affect reducing all kinds of poverty, but also influence the moral, health and mental power of people'.

*Legally ratified hard rules should be designed – particularly for the balance between the rights of ownership versus practicing decision making rights.*

A company that is left behind in order, therefore properly institutionalized and capable of systematic operation (also supported by an appropriate will), is a kind of guarantee that it can be protected from the so-called high volatility. As often (especially if there had been several potential, self-proclaimed successors) it can protect the actual successor from the attempts of pressure of the dropped out ones. It is especially important even when although several heirs



participate in the governance of the company, but it is the responsibility of the new successor (new leader) to ensure that the company produces what clients expect and will not cease to be a good and reliable partner. This is not easy, because the new "king" is always exposed to new and often deliberate temptations and if a reliable operating system is inherited, it can serve as a long-term basis, relying on his/her leadership qualities and values left behind.

#### 4. Summary –The most important steps of transfer

Transfer or inheritance – as mentioned above – is a longer process with responsible participants, it can even take 3–5 years to complete. Here I intend to summarise its most important steps on the basis of French professionals (*Les éditions des Chambres de Commerce et d'Industrie de Bretagne* (2010–2011), *Mellerio* 2011) relevant practical experience as well as our and colleagues' own experience. These are described as follows.

- Above all a basic and stable – relying on family traditions – value system should be determined, because this is one of the pillars of the transfer and will serve as a 'compass' to the successor.
- Transfer should be planned (to find and train the successor, to design the most profitable portfolio, to establish the long term and more stable financial situation, organizing participants into a team, etc.).
- Expertise should be found in due time (e.g. legal professionals or change management advisors experienced in family businesses) to help in developing and carrying out the plans.
- The company to be transferred should be hardened from a market-, legal-, financial- and human resource management point of view, and candidate(s) for the succession should be involved in this process. This is not simply needed in order to strengthen commitment, but also to get to know the company totally. As it is not a newly founded one, therefore, it has stable clients who expect continuity and a standard of reliability and quality, which they are used to.
- Everything should be done to strengthen those relationships that ensure healthy development – because this is the key to sustainable and innovative development. Successor(s) should be involved in this process and they need to understand that its importance so that they be prepared on a higher level of consciousness.
- And finally, some wise advice: after the entire transfer, the original owner should not participate in the affairs of the company (as the accustomed habits are the most difficult to change, otherwise it will be difficult not to interfere. Thus it is better to be engaged in a different kind of activity.

Figure 2. Most important steps of transfer



Source: own construction

#### 4.1. Endnotes

According to the report of Price Waterhouse Coopers (*Price Waterhaus Coopers* 2011) in April, 2011, 67% of French executives share the opinion that their family business can get through the crisis easier. This is attributed to three main factors, including:

- Solidarity (protection and maintenance of organizational participants at all costs);
- Conservative leadership, avoiding very ambitious plans and hazards;
- Not enforcing the owners' interests at all costs.

The next example of a firm may serve as an instructive revealed during our research: The parents re-established a traditional handicraft company in 1990. (Even before World War II. the great-grandparents founded a company with the same profile, only it has been expropriated by the socialist state). The re-founders developed the firm, they combined traditional manual technology with excellent mechanical proprietary technologies, and the latter contributed significantly to the productivity, without compromising the specific character of the handicraft products. Although mechanization "rewrote" the descriptions of the technology of production but – being a food related company – the treasured old family recipes were saved. Thus was the old world flavour and forms have also been saved and again revealed. The company has been growing in popularity and became more valuable. (Finally they were exporting even to Germany.)

The parents led the company very well, and dreamed that one day the two children will carry on. The younger child has been interested in the firm since high school she spent all her free time in production. As time progressed, she did not only learned all the ins – and outs of the production she even made smaller technological innovations. The older child was not interested at all in the company and its technology. He almost tried to escape if the parents wanted to ask him for some minor tasks. (In the end – despite the parents will – secretly he applied for a university in another town in a completely different area of expertise, where he graduated from and started to work in this industry.) The parents were disappointed, because - being very conservative people are – they thought that the much older brother will take over from them the company leadership.

The parents though they found the younger sister suitable professionally - could not really be happy for her sake, they had little confidence in her leadership and management abilities. Yet in the end they have reluctantly accepted it, but were continuously delaying the transfer process. Unfortunately, the elderly head of the family suddenly became seriously ill. Then the elder brother began hinting that it would not be fair that just because he does not like the profession, the company, the only serious family fortune was inherited by his sister. The father agreed to it perfectly. Then the older brother asked appropriate professionals to define the value of the firm, and began demanding 50% of the legacy to pay him off, as he will not participate in business matters, but would like to start up another company in his line of business. The father - although based on emotional motives - promised it to him. The younger sister then was forced to look for loans. Unfortunately, banks did not give her a loan (if you think about it, there was not any warranty to give a loan on to), also a loan was not feasible either from family members or from friends. The father – though he felt sorry for the company – made a rapid, irresponsible and emotional decision for the sake of family peace. He sold the company to a customer – a really nice young couple – who promised to continue the company's operation, just where the old gentleman stopped (thus taking over the complete technology, etc) and even the younger girl can have a share in the company, in addition to working there and taking part in further development.

Unfortunately the father did not notice, that his strongest rival and competitor stood behind the couple, who soon took over the company (since the company meant nothing more

to him, than a 'market') immediately re-shaped it in accordance with his own technologies. Then he made the younger sister's position impossible, and when he offered her to buy-out her share of the company, she immediately jumped on the opportunity. The saddest of all is that the "irresponsible" father lived to see this sad outcome and was forced to face the consequences of his decision.

Very common is the fact that a large property has such an attraction for other family members, that internal "career" aspirations begin, which is very dangerous, because the interests appear in an emotional disguise, and may change family business decisions. Broadening the company's dynasty has specific management rules.

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