Khalid to seal water deal

Contract between state, federal governments covers multiple agreements

by Chen Shaua Fui

By the time the state government takes over the water concessions, the water agreement is now at the final stage for signing. Abdul Khalid said Syarikat Pengeluar Air Selangor Holdings Bhd (Springleaf) has earlier rejected the state's buyout offer, which will also come under state control. "The water agreement is now at the final stage for signing," he told reporters after chairing a meeting of the state executive council yesterday, adding that it could be signed as early as this weekend. (story on Page 9.)
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Succession planning crucial for sustainable business legacy

Entrepreneurial spirit, family values and structure are among reasons family businesses can last a long time

by Emily Chow & Tho Li Ming

KUALA LUMPUR: Succession for family businesses is more important than ever today although planning for smooth transitions can be fraught with challenges, according to speakers at the The Edge Media Group's talk titled "Family Business Succession: Mapping for the Future".

According to a study revealed at the talk, listed family businesses across Hong Kong, Taiwan and Singapore have lost up to half their value between the 1980s and 2000s due to poor succession planning.

"This is a cause for concern as family businesses are a key component of any economy," said Ho Kay Tat, publisher and group CEO of The Edge Media Group, in his opening address.

"There is a saying that wealth and businesses typically do not last past three generations, and in Malaysia we have seen cases of that.

"So what can and should family businesses do to map not just a successful future, but also a sustainable one? How can one structure the organisation when extended family members join the business into the second and third generations?"

The three speakers at the talk were Priscilla de Moustier, a ninth generation member of the Wandel family and board member of the International Family Business Network, Morten Bennedsen, professor of economics and political science at Wandel International Centre for Family Enterprise at Insead and Joseph Fan, professor of the School of Accountancy and Department of Finance of the Chinese University of Hong Kong.

In her presentation, de Moustier outlined some reasons why family businesses can last a long time. These include, among others, enterprising spirit, family values and structure.

"We're (the Wandel family business) lasted through wars, revolutions, nationalisation and technical crises like global financial crises. All the executives that run our company are non-family members.

"We've created structures like having intimate meetings every year, where we ask unpleasant questions. If there is a problem, we can react in time. We also have an Entrepreneur's Club, where our members take turns to share success stories during breakfast meetings," she said.

"The ability to transfer the business from one generation to the next is a huge challenge, so much so that it can affect the bottom line of the business," Bennedsen said.

In planning a succession strategy, Bennedsen said family businesses should ask themselves key questions about their niche contributions, challenges that they will encounter or financial issues like inheritance taxes.

He cited five main challenges comprising succession planning, comprising succession planning, transfer of family assets, ownership management and design, grooming succession and succession planning.

Fan, in his presentation, provided examples of lessons learnt from Asian families.

"Every family needs to come up with a way to discuss issues and have a decision mechanism in place. Everyone has to respect the mechanism. If you do not respect it, the separation of these families will be the end."

Following the sessions, a panel discussion on family business governance was held, and questions were opened up to the floor. A concern among attendees included conflict management between family members, and how should the business balance profit versus the feelings of family members.

"There will be 471 units launched for the Tropicana project in Kota Damansara, Selangor, with the new units in the lower price range for those who want to live in the area," said Tropicana Land Group managing director and group CEO K C Chopra.

Tropicana Aman in Kuantan, Pahang, is also expected to launch by the end of the year.