

Family business enterprises research paper

[Business](#), [Marketing](#)



History of the Faber-Castell Business

To effectively run a family business, one should have unique characteristics such as appropriate entrepreneurial skills, reliable leadership skills as well as ability to solve internal business conflicts. One of the prominent family businesses which have extensively integrated these business oriented aspects is Faber-Castell. Faber-Castell is among the business entities which can be termed as world's largest firms which specially objected in the manufacturing of office supplies which include rulers, side rulers and staplers. Other major products which are produced by Faber-Castell include products such as pens and erasers.

Product and geographical diversification as seen in Faber-Castell Business

Diversification strategies which have been adopted by the organization, it has led to the manufacture of special products such as luxurious leather products as well as high-end writing elements. Even though its makings were initiated in Germany, it is considerably only some of its high quality pens are still manufactured there. Most of the organization's customer goods as well as services are made in Brazil. Faber-Castell which is located in the United States of America USA has its headquarter located in Cleveland which is in Ohio. This is part of the network or association of Faber-Castell business organizations which are in operation in a number of countries. Some of these other nations which Faber-Castell has ventured include Australia, Malaysia as well as Brazil (Johnson, 2004).

Sources of conflict and how to solve them

Family business are faced by a number of challenges which impend their main operations. For instance, presence of conflicting issues can adversely affect the manner through which such organizations are run. In most of the cases, personal issues or conflicts are incorporated in the business operations thus affecting the main objective of the business. Organizational conflict is sometimes referred to as intergroup competition because forces of competition are involved. In most of the cases, unfair competition arises in family businesses when personal jealousy especially in times of succession are witnessed in business entities. The nature of organizations is such that it is difficult if not impossible to avoid conflict between and among groups in an organization. In itself, such conflict may not be bad and may be preferable in some cases. It is the manner in which conflict is managed that may make conflict bad (Mulhern, 2007). Other sources of conflict which are usually witnessed in family business are witnessed when unfavoured or disliked in laws seem to be legally part of the business entity. To solve such conflicts in a family business, various strategies can be adopted. Formulation of clear strategies to be followed in time of succession, indicating the amount in terms of shares each family member is entitled to own in the organization, stipulating clear policies and procedures to be followed by the organization in selecting or appointing the managing team.

Succession in the Family Business: The decision and resistance to let go

One of the greatest challenges which face family business is experienced in succession periods. Succession is usually induced by death of the business

owner, old age, incapability to handle business matters especially in case of insanity and physical challenges. According to statistical reports from the United States of America, they have shown that over fifty percent of business entities collapse due to issues emanating from succession issues. The way a given succession conflict is handled can affect other business associated conflicts and other unresolved conflict continues to promote future conflicts over similar issues. Truly resolved conflicts may establish conditions that reduce future conflicts of a similar nature and which help other eventual conflicts to be resolved in a constructive manner. An organizational character, personality or climate such as the amount of psychological distance organizational units maintain from each other, can be a major source of intergroup conflict. For example, there would be minimal conflict when professional groups have very much or very little distance psychologically from the administration than when they have medium distance (Yukl, 2010). A manager should be sensitive to the influence of succession aftermath on future conflict episodes.

Going Outside the Family Culture of the family business

The culture of a family business can significantly influence the expansion level of any given family business. For instance, family issues as well as personal links might hinder the normal business expansion strategies. Nevertheless, some methods such as acquisition can be implemented through incorporation of professional agents who consider or evaluate business assets before expansion or external ventures. Though acquisition method, Faber-Castell has dominated the American manufacturing market through its famous office brands. Some of the acquisition processes which

involved Faber-Castell subsidiary branches have led to expanded market. The organization has embarked on various stipulated strategies as a mean of increasing the generated revenue. For instance, the organization has collaborated with independent distributors who obtain the product from this organization and delivering them to their target customers. Through such mechanisms, the Faber-Castell reduces the risks associated with transportation and stock holding. The independency of the distributor creates a fair working ground for this great producer. This has promoted the sale of the manufactured product supplemented with reduction of distribution and stock holding costs (Anderson & Feltenstein, 2010).

Strategic Management in the Family Business

As a person who has successfully undergone through leadership training and exposure to leadership environment from previous experiences, the student will apply the leadership knowledge in creation of team and team process in a corporate work to promote teamwork among employees. According to survey results from the United States of America, organizations which embrace teamwork concepts are more likely to attain or achieve their stipulated goals and objectives. Nevertheless, teamwork requires a group of corporate employees who need to share a common objective (Witzel & Ambler, 2008). These employees harbour different cultural and social background from their family setup. This social and cultural diversity among employees creates a barrier in general cohesiveness among the employees. The student will apply the obtained resource in harnessing and aligning these diverse elements found in employees towards a common goal and a subsequent follow up to avoid issues of complacency (Boone & Kurtz, 2008).

Faber-Castell has adopted geographic organizational structure through development of new subsidiary branches in different geographical regions. In these subsidiary centres, departmental organizational structure dominates with various departments such as production, sales and marketing department and human resource departments districting themselves vividly in each organization (Weber, 2001). These structures have necessitated smooth running of organization by creating team work environment where knowledge dissemination is highly exhibited. on the side of geographical organizational structure, it has necessitated an easy access to the market elements by bringing the produced products near to the customer (Yōzō, 2010).

The overall Organizational performance largely determined by the kind of leadership adopted by the organizational leaders among other factors. Dictatorial and democratic forms of leadership are commonly known to be applicable in business setting. Nevertheless, these forms have obtained different level of performance when applied under the same settings. For instance, dictatorial form of leadership may accrue a high performance within a short term but be detrimental in the long term. In comparison, democratic form of leadership may be slow but have long term benefits (Gallos, 2008).

However, despite the form of leadership adopted in any business entity, culture and environment under which it is applied may largely influence the overall outcome or attainment of the stipulated goals. For instance, well motivated employees are more productive and less complacent while

undertaking their responsibilities. Culture and environment may largely influence the outcome of any leadership. For example, persistence conflicts within the team supplemented with informal groups hinder the overall outcome of a leadership process (Clark, 2010).

Taking over the family business

Before taking over the running of any family business, it is necessary to evaluate the initial policies and procedures which have been put into place. Through this, one will evaluate the assets of the organization, the amount owned by each family member and the extent at which each of the family members is allowed to meddle in the running of that business. Consequently, it demands application of leadership skills for achievement of better performance or goals. The attainment of any organizational goals and objectives is directly reflected by the kind of leadership and environment found in that organization. Different managers and organizers embrace various forms of leadership. Nevertheless, their overall aim objective is to adhere to the stipulated mission with no signs of complacency and a subsequent attainment of the organizational goals. Being a leader in any form of business entails a set of processes connected to directing and guiding employees towards the attainment of stipulated goals. This endeavour of assure that the business entity is heading towards its vision comprise of effective employee motivation, embracement of appropriate leading structure and strategies and timely effective communication among the internal and external members affecting the business entity (Mulhern, 2007).

Conclusion

A family business entails or can be illustrated as, any small sized or medium-sized enterprise or business that is managed, controlled and manoeuvred by members who are linked by blood kinships or other personal elements other than those linked to the business. Faber-Castell was enrolled in the New York stock exchange list in the mid twentieth century. A significant number of American citizens as well as foreign investors acquired the organization's shares. Through this mechanism, the organization boosted its financial backbone. From the generated capital, the organization embarked on the opening of new regional branches within the United States of American and even in neighbouring countries.

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