

Family business article review

[Business](#), [Management](#)



Article summary The article by Roberts Michael and John Davis emphasizes the importance of entrepreneurship in the management of family businesses. Roberts and John argues that for family businesses to grow and become successful, the families must embrace entrepreneurship. They support their argument by stating that it is entrepreneurs and not managers who identify opportunities, generate ideas and drive the implementation of new business lines. As a result, business grows, diversify and build assets. The article provides two main reasons why families should encourage entrepreneurship in the family business in order to stay in business.

According to Roberts and John, they are business and family reasons. The authors argue that today's business environment; it is not wise for business to stay in one line of business. They cite competition and technological changes that demands business to change pursue growth and emerging opportunities in cost effective way. This task needs resourceful and risk-taking entrepreneur. On family reasons, the authors state that building successful family wealth requires entrepreneurship. According to the article, financially successful families put emphasis on growing assets by investing in productive activities and consuming little of their accumulated wealth.

How the article relates to covered topic The entire article is about entrepreneurship and its importance in the growth of the family business. Entrepreneurship is listed as the fourth factor of production. Indeed, without it resources cannot be meaningfully transformed to goods and services. In business sense, entrepreneurship encompasses looking for production and investment opportunities, building up an enterprise to undertake the investment opportunities, sourcing for capital, organizing for supply of raw

materials and inventories and hiring people to manage and operate the venture on daily basis (Mohanty, 2010). It is not about doing usual business activities but experimenting new ideas, combinations enterprises. This article correctly captures the concepts of entrepreneurship as learned in class. It has key characteristics of entrepreneurship. It urges families to consciously and objectively select best business decisions. Decision making is part of entrepreneurship. The article also encourages the families running their businesses to accept challenges and transform them into business opportunities. This is an important characteristic of an entrepreneur. Besides, the article discusses innovation, risk taking, mobilization of resources and skillful managements. These elements define entrepreneurship. Personal opinion The article provides an insightful look into reasons why family businesses succeed or fail. Indeed, no family business can survive without entrepreneurship. It is the most important factor in the management of business ventures. There are many companies that have leveraged on entrepreneurial skills of family owners and managers to stay in business for over centuries. They include Mars Inc, Ford Motor Inc, Carlson, Wal-Mart, SC Johnson & Son, Bechtel and HE Butt Grocery. While entrepreneurship played a critical role in the success of these businesses and many other business ventures, it is not the only reason for these achievements. Many family-owned businesses retain innovative employees who generate ideas that help the business to diversify. However, some end up in bankruptcy because of the unfair business environment. Some governments levy high taxes that cripple thriving family business. Other jurisdictions have laws that restrict certain business operations. For instance,

irrespective of the entrepreneurial skills within the family owned business, an alcohol manufacturing business is not likely to succeed in Iran because restrictive policies and laws. Hence, the article applies to general family business.

Work Cited

Mohanty, Sangram K. Fundamentals of Entrepreneurship. New Delhi: PHI Learning Private Ltd, 2010. Print.