

Unit II

Entrepreneurial Environment

Role of family and Society

Family business, as the name suggests, is the business which is actively owned, operated and managed by two or more members of the single-family.

Types of family business:

- **Family Owned Business:** As the name suggests, a family-owned business is one in which the controlling size of the ownership stake is owned by the family or by member of the family.
- **Family Owned and Managed Business:** In this kind of businesses the controlling size of ownership, lies in the hands of a single-family, or by a single member of a family. The controlling ownership allows the family to formulate and decide the objectives, methods and policies.
- **Family Owned and Led Business:** In such a business, along with the ownership of majority stake by the family or by the member of the family, at least one member of the family is a member of the board of directors. In this way, the family member can exert influence over business's direction, strategies and plans.

Two reasons not to go into business with your family or friends....

Families fight

Friends fight.

Often, it involves money. So a business environment could potentially breed arguments, disagreements, and feuds. Fighting can occur during early developmental stages when hours are long and pay is low. Or, after success has been achieved.

Six steps to help lead you to a successful Family Business:

- Clear job responsibilities
- Clear hiring criteria
- Clear plan for management transition
- Agreement on whether and when to sell business
- Commitment to resolving conflicts quickly
- Outside advisors are used to mediate conflicts.
- Operational vs. Survival Issues....
 - Operational = Decisions about the economics of the business and how to balance that with rational and family obligation criteria.
 - Survival = Develop out of a lack of attention on the operational issues within the business.
 - THINK: Festering problems; ultimately compromise livelihood.

Intrapreneur = someone in an existing organization who turns new ideas into profitable realities.

Not every employee has the ability to become a successful intrapreneur. It takes well-developed strategic action, teamwork and communication abilities.

Questions To Keep In the Mind of an Entrepreneur

- What are my motivations for owning a business?
- Should I start or buy a business?
- What and where is the market for what I want to sell?
- How much will all this cost me?
- Should my company be domestic or global?

Entrepreneur have to think on the perspectives of the above mentioned questions and he have to take support from family , friends, kin & kith and from external sources like government agencies, financial institutions and NGOs.