

## Book Review

*Family Business* by Ernesto J. Poza. South-Western Publishing, 2004. 263 pp., \$79,95, hardcover. ISBN: 0324261519.

Ernesto Poza has authored a family business masterpiece titled *Family Business*, a comprehensive textbook based on theory, research, and practice. Poza is a founding member and senior fellow of the Family Firm Institute, and in this, his most current book, he takes advantage of his vast experience to create a text that has broad appeal to the family business industry, including family-owned businesses and consultants.

The text is organized into four parts. In Part 1, Poza essentially defines family business and highlights the competitive advantage and challenges faced by family businesses. In Part 2, “Leading the Family Business,” Poza focuses on the CEO as architect of governance and continuity in the succession-planning process. Poza highlights the leadership imperative and the promotion of trust among all family members working in family-owned businesses. In the final section of Part 2, Poza discusses the leadership imperative and whether adult children in the family business are capable of running the business. At the close of this section, four excellent cases, including Adelphi Communication, Washington Post, Sigma Motion, and Cousins Tournament are featured.

In Part 3, Poza focuses on managing the family business best practices and highlights the estate plan, various tools, and structures available to owner-entrepreneurs, as well as defining the role of the board of directors. In later chapters,

Poza highlights strategic planning and the creation of value with unique business models. Appropriately, Poza devotes an entire chapter to nonfamily managers and the delicate role they play in connection with the success of family businesses. Poza also highlights the role of boards in family businesses and notes research on their impact on family business success. Poza concludes by highlighting two family business cultures—the Bingham and the Louisville *Courier-Journal*, and the Blethens and the *Seattle Times*. Three excellent cases, Fasteners for Retail, the Vega Food Group, and the Grupo Ferré-Range; are featured at the close of the section.

In Part 4, Poza focuses on the evolving and changing family business. He highlights the culture, continuity, and culture of change associated with the evolution of new leaders. Change management and the three states of evolution relating to the future, present, and transition states provide the reader with a model and theory of change to assist family business transitions. Poza provides two notable cases, Golf and Gardens, Inc., and Fasteners for Retail.

The central point of Poza’s text is the development of the next generation of leadership within family businesses. Poza’s focus on the best practices available to family firms promotes the capacity of family members to better lead family-owned businesses into succeeding generations. Although the book is written in textbook format, its scope exceeds that of a traditional textbook. Not only is it an excellent textbook, but it is an excellent guide for family members interested in implementing best family business practices in

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their own family business. In addition, professionals who work with family businesses assisting them to comprehend the broad disciplinary issues facing family businesses today will find this text invaluable. It informs and offers advice to professionals, for example, consultants, attorneys, bankers, financial planners, and family therapists, as well as corporate entities that interact with family businesses and rely on the success of family businesses for their livelihood.

Additional highlights of the book are the real-life case studies and exercises Poza has included therein. From a classroom perspective, these case studies and exercises illustrate the principles taught in the book and bring practical application to students, teachers, and family business programs committed to educating the next generation of family business owners. It is interesting to note that many of the exercise questions are based on actual company documents, such as family business constitutions and current family business situations, which will no doubt influence sound learning and class discussion.

A feature worthy of note appears in Part 4, “The Evolving and Changing Family Business,” where Poza discusses a system for managing change. Poza quotes Dick Beckhard’s notion of three states that affect the change process: the present, transition, and future states. Poza challenges the reader by providing a series of questions relating to initiating the process of creating a future state scenario for the family business. Poza’s model includes a detailed explanation of the purpose for and outcome of the transition state that follows family management and ownership relationships from the present state to the desired or future state. There are few, if any, texts

that provide this type of thorough guidance to family businesses and assist them in navigating complicated and distressing transitional states.

Poza briefly mentions the responsibilities of leadership in connection with the younger generation of adult children, commenting on the responsibilities and need for the younger generation respect the past and focus on the future (p. 56). Poza goes on to comment that younger generation leaders “have to be aware of the need to initiate change in themselves” (p. 58). They need to make change happen by enlisting the active collaboration of others and convincing those persons holding different perspectives of the need for change—walking the talk, being clear and disciplined in the delineation of the vision or desired future state of the family business. This may be a tall order for most younger generation leaders in family businesses. In Poza’s section on new leaders and their evolution, he comments on the successor being charged with becoming the leader of the evolution and he says that few characteristics are as practical and influential as “self-awareness and self-management” (p. 214).

A possible future edition of Poza’s text might contain an epilogue that discusses emotional intelligence skills. The skills of emotional intelligence and its five characteristics of self-awareness, awareness of others, motivation, understanding relationships, and managing one’s reactivity would be a thoughtful addition and serve to guide younger generation leaders in their professional and personal development. Often, the skills of emotional intelligence are lacking in younger generation leaders.

Poza achieved his goal. His text provides a comprehensive interdisciplinary approach to family businesses. Not only is the text an out-

standing resource for academic programs charged with the responsibility of developing future family business leaders, but it is also an excellent resource for family businesses themselves. Professionals who serve family businesses will be inspired by the text and will be able to move beyond much of the anecdotal information about family businesses if they implement Poza's wisdom.

Ernesto Poza, who has been active in the field of family business from its inception in 1984, continues to inspire the field of family businesses through the combination of his unique skills as a researcher, academic, business theorist, and family business consultant.

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