



FINANCIAL
OPPORTUNITIES FORUM



Mr. Raunak Onkar

Research Head & Fund Manager

PPFAS Mutual Fund



Today's topic:

Rise & Fall of Business families

Upcoming FOFs:

- 24th September, 2024 | Tuesday
- 10th October, 2024 | Thursday

All archives available at



ppfasfof.com

Rise & Fall of Business Families

A Narrative & Not a Prescription

Raunak Onkar | August 22, 2024



Thank You

Financial Opportunities Forum

August 31, 2016



Thank You

WHAT GOT YOU THERE

WITH SEAN DELANEY

#304

DAVID SENRA

**LESSONS LEARNED READING 250+
BIOGRAPHIES OF GREAT
FOUNDERS**

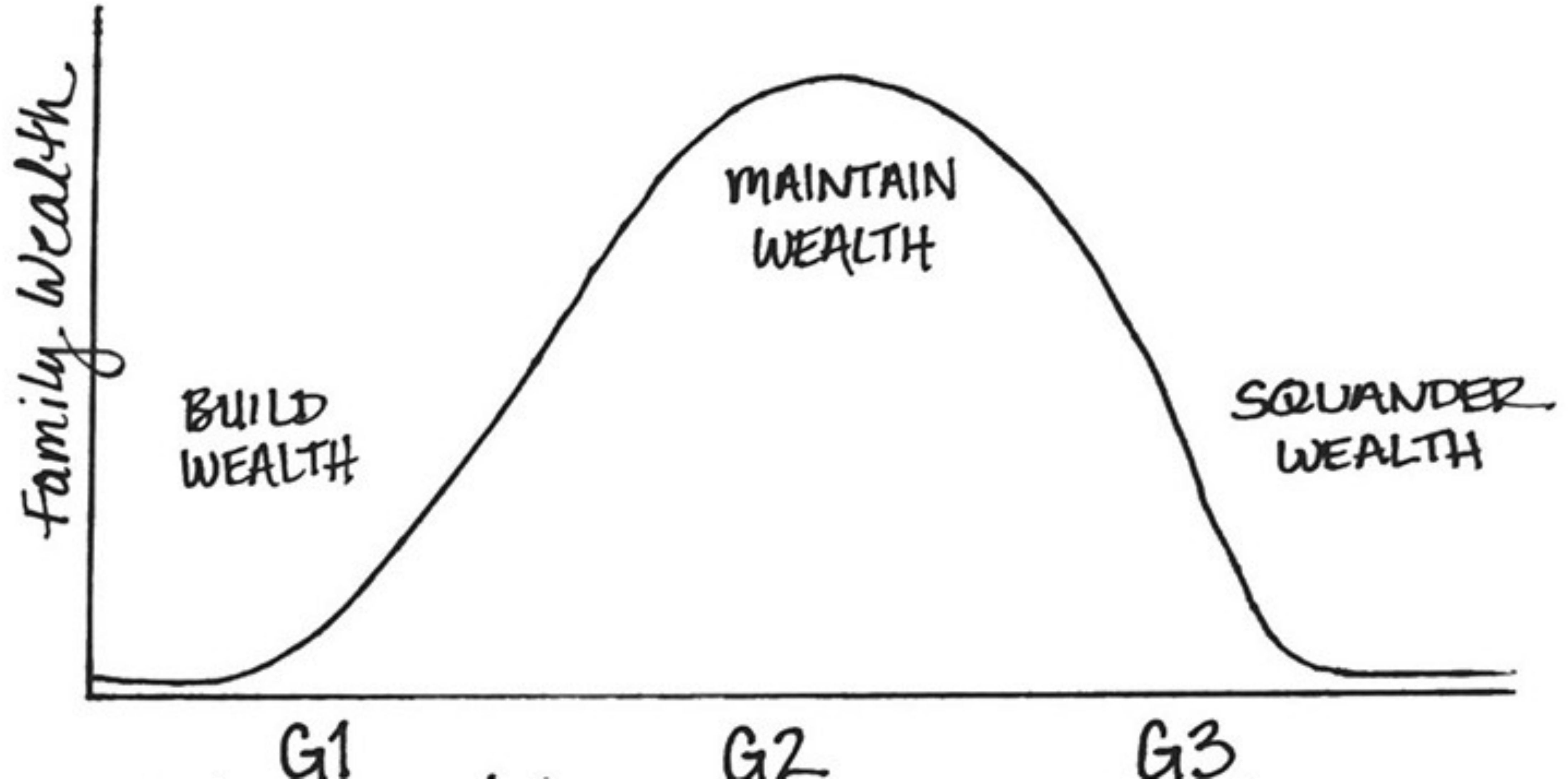


I am...

- **Not an Entrepreneur**
- **Not a Founder**
- **Not a Business Manager**
- **An Analyst and**
- **A Passionate Observer**



SHIRTSLEEVES TO SHIRTSLEEVES IN 3 GENERATIONS



Is the curse real?

THE VANDERBILTS —
THE REAL-LIFE *DOWNTON ABBEY*

Fortune's
CHILDREN

the fall of the
HOUSE OF VANDERBILT



ARTHUR T. VANDERBILT II

Strangers in Paradise

How Families Adapt to
Wealth Across Generations



JAMES GRUBMAN, Ph.D.

Foreword by Dennis T. Jaffe, Ph.D.



HBO ORIGINAL

THE
GILDED AGE



DOWNTON ABBEY



Mr. Rajeev Thakkar



"What to do once you are rich"

December 2023

Thrive

Adjust

Accept

**What helped family businesses
Thrive?**

"...The book focuses on the origins and rise of important business houses—both past and present..."

A COMPREHENSIVE
HISTORY
OF
Business in India



From 3000 BC to 2000 AD

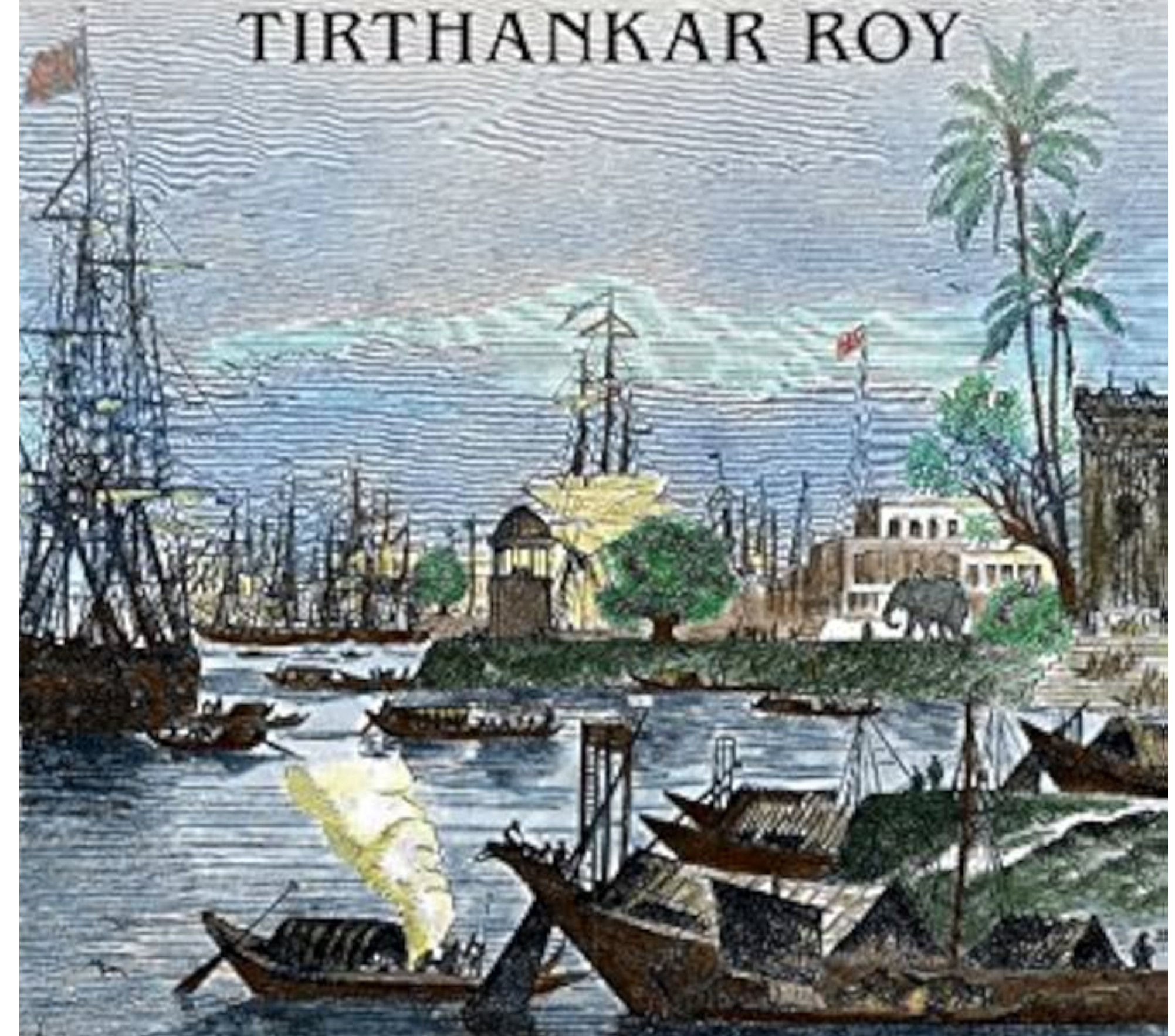
Foreword by Dr Ashok Ganguly

P N Agarwala

A Business History of
INDIA

Enterprise and the Emergence
of Capitalism from 1700

TIRTHANKAR ROY



Why businesses thrived?

Evolution of the Business Environment

- Joint Stock Companies (Limited Liabilities + Partnerships + Subsidiaries)
- Corporate Banks (Short Term Capital & Long Term Capital)
- Negotiable Instruments (ability to trade)
- Coded Commercial Law (with sensible enforcement)
- State Involvement / Lack of Involvement
- Expanding Capital Markets

Why businesses thrived?

An Indian Perspective

- Caste + Family Networks & Non-Caste Networks
- Alignment with East India Company / British Empire
- Political Affections
- Logistics & Working Capital Finance as Trade Expands
- Contract Enforcement with Foreign Trading Partners
- Pivot from Pure Trading to Different Industries

A NEW YORK TIMES BESTSELLER

ANDREW CARNEGIE



DAVID NASAW



"Fascinating... a marvelous window onto the man and his world."
—John Steele Gordon, *The New York Times*

NATIONAL BESTSELLER

TITAN

THE LIFE OF
JOHN D. ROCKEFELLER, SR.

RON CHERNOW

NATIONAL BOOK AWARD-WINNING AUTHOR OF
THE WARBURGS AND *THE HOUSE OF MORGAN*

"A biography that has many of the best attributes of a novel...
Wonderfully fluent and compelling." —*The New York Times*

WINNER OF THE NATIONAL BOOK AWARD



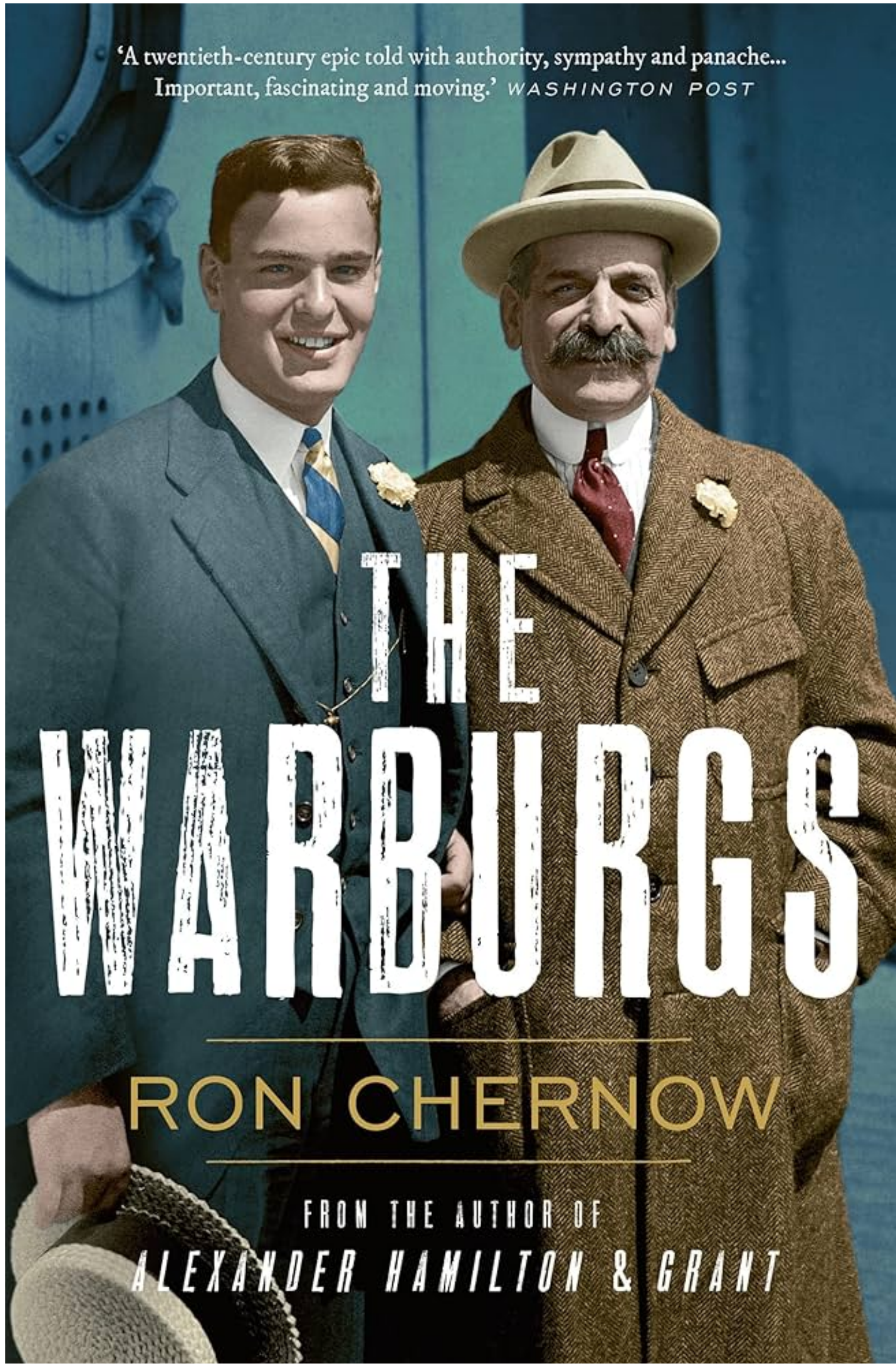
THE HOUSE OF MORGAN

AN AMERICAN BANKING DYNASTY
AND THE RISE OF MODERN FINANCE

RON CHERNOW

"As a portrait of finance, politics and the world of avarice and ambition on Wall Street, the book has the movement and tension of an epic novel. It is, quite simply, a tour de force."—*The New York Times Book Review*

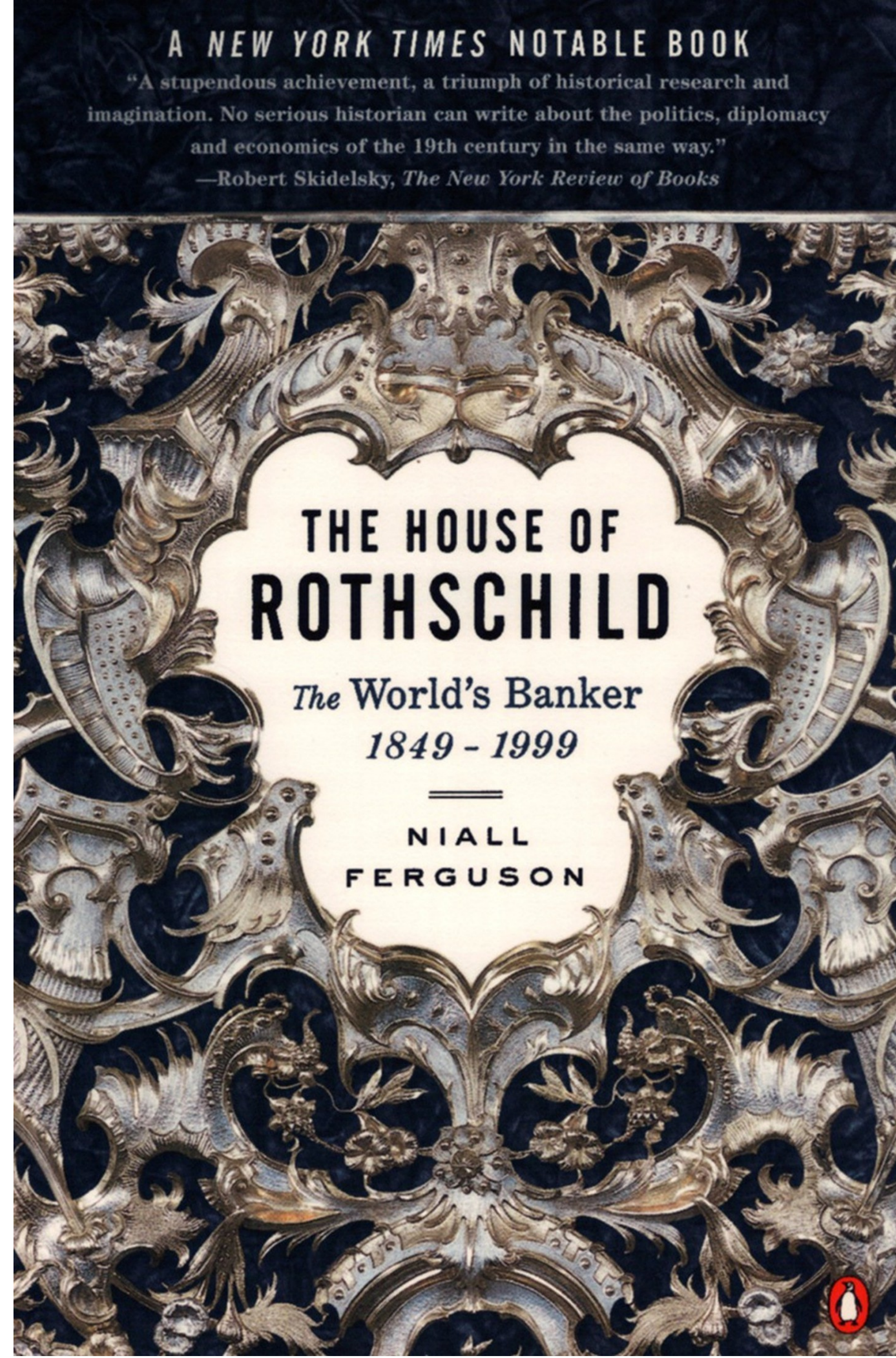
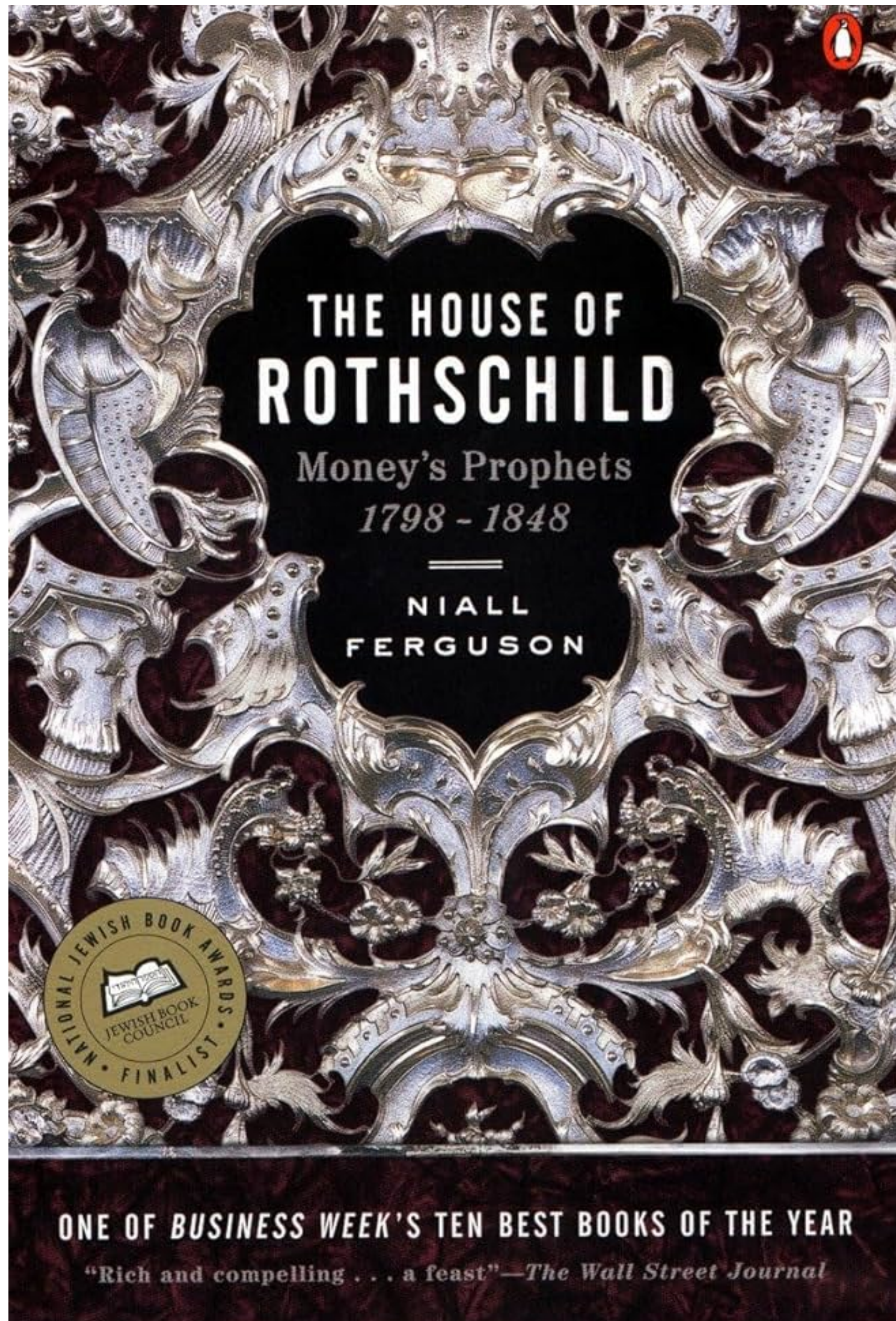
'A twentieth-century epic told with authority, sympathy and panache...
Important, fascinating and moving.' *WASHINGTON POST*

A photograph of two men in early 20th-century attire. The man on the left is younger, with short brown hair, wearing a dark blue suit and a blue tie. The man on the right is older, with a prominent mustache, wearing a brown tweed suit and a light-colored hat. They are standing in front of a blue wall with some mechanical details. The title 'THE WARBURGS' is overlaid in large, white, distressed font.

THE WARBURGS

RON CHERNOW

FROM THE AUTHOR OF
ALEXANDER HAMILTON & GRANT



Why study this history?



**“...people who fail, do not write
memoirs”**

- The Black Swan by Nassim Taleb

Why study this history?

Observations

- Family Constitution / Conflict Resolution
- Succession / Apprehensions / Solutions
- Liquidity Management / Taxes
- Outlook towards Charity (Continue the Good Work)
- Handling Politics / Government / Legal Fights

Adjusting as Business Family

Adjusting as a Business Family

Issues

- Corporate Governance (who is in-charge?)
- Equity Dilution or Debt
- Transferring Control to the Next Generation
- Transparency / Involvement in Company Operations
- Promoter Stake > Public & Institutions
- Family Reputation = Business' Governance Reputation
- Management Bandwidth (Family OR Outsider)

Accepting the Fate



SUCCESSION

HBO



Mr. Rajeev Thakkar

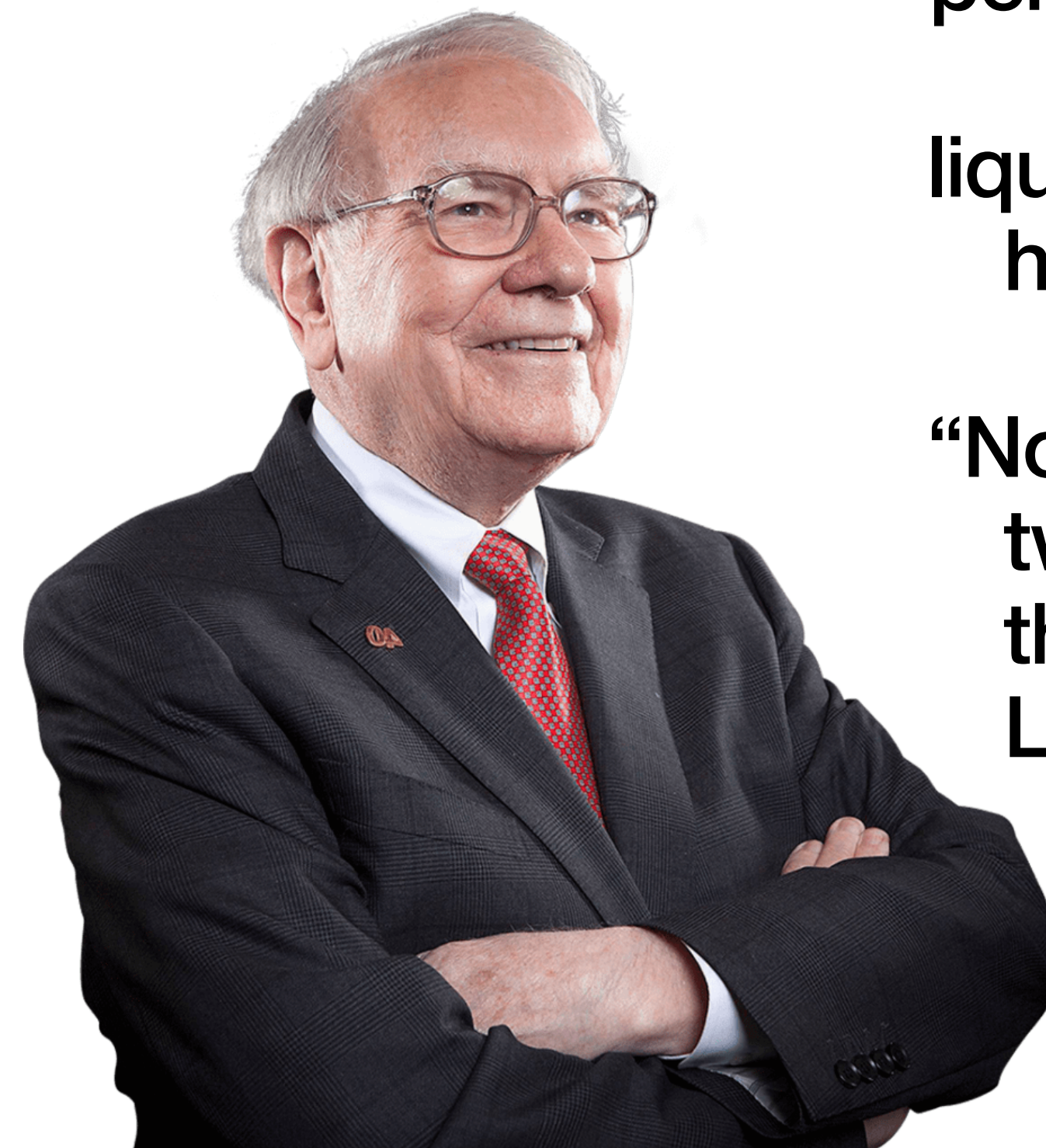


Family Business vs Business Families - Understanding the difference

March 2024

Typical issues

- Excessive spending & leverage
- Foolish investments
- Unmotivated next generation
- Different interests
- Conflicts
- Political economy - high risk businesses
- Too many or too few children
- Different geographies



“My partner Charlie says there is only three ways a smart person can go broke:

liquor, ladies and leverage,” he said.

“Now the truth is — the first two he just added because they started with L — it’s Leverage.”

Accepting being a Business Family

Some more issues

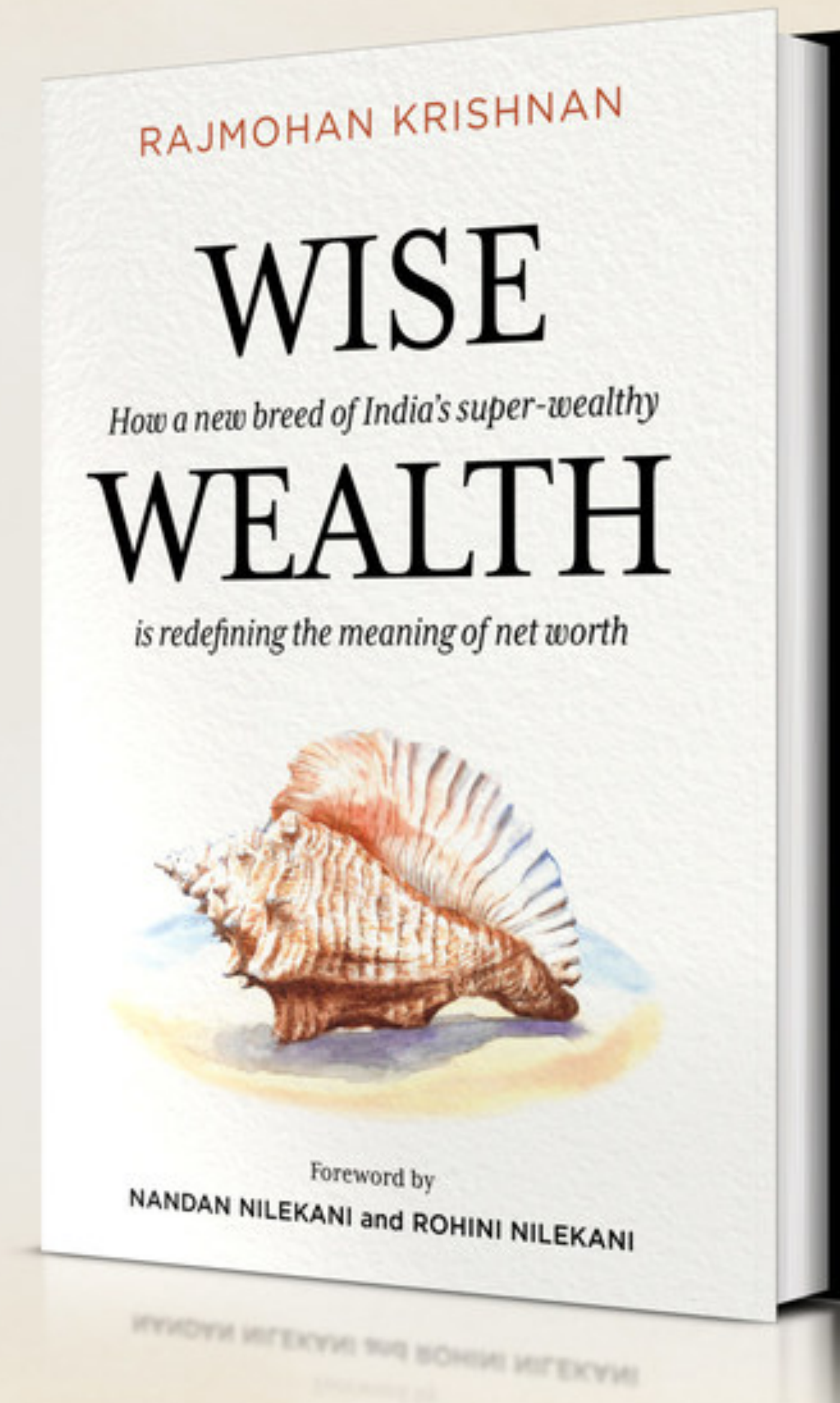
- Not having a spending plan (Charity / Lifestyle related)
- Envy (always keeping up)
- Source of Income OR Source of Wealth
- Personal Guarantees (Unlimited Liability)
- Business Failure / Competition

Are Business Families Destined to Fail?

There's more to billionaires
than trips to space.

WISE WEALTH

RAJMOHAN KRISHNAN



It's about the money

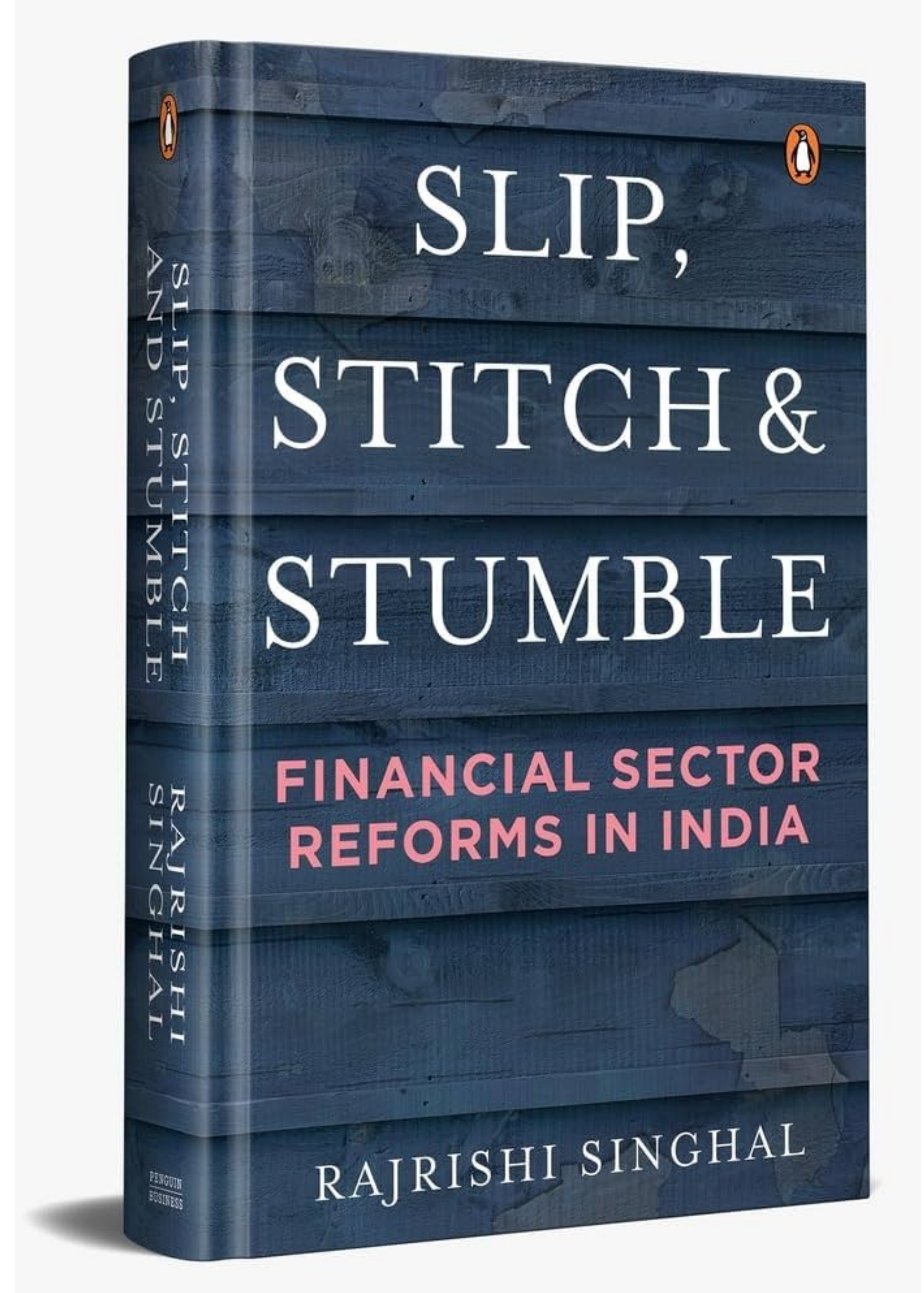


The
DEATH
of the
BANKER

**THE DECLINE AND FALL OF THE
GREAT FINANCIAL DYNASTIES AND THE
TRIUMPH OF THE SMALL INVESTOR**

RON CHERNOW

**NATIONAL BOOK AWARD-WINNING AUTHOR OF
THE HOUSE OF MORGAN AND THE WARBURGS**



**SLIP,
STITCH &
STUMBLE**

**FINANCIAL SECTOR
REFORMS IN INDIA**

RAJRISHI SINGHAL

**SLIP, STITCH
AND STUMBLE**

**RAJRISHI
SINGHAL**

**PENGUIN
BUSINESS**

Conclusion

It's all good

- Democratised Financial Instruments / More Access
- Talent Availability & Access (Business + Wealth Management)
- Options (Paradox of Choice)
- Better Regulatory Oversight & Learning from Frauds
- Liquidity Management (Strategic Stake Sale)

Thank you