

## **FIN4112L**

### **Family Business & Wealth Management**

**Semester 1/2017, Tuesday at 11:00 – 2:00**

**Venue: BIZ 1 #02-01**

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#### **Course Description**

This is a broad-ranging course investigating how firms evolve from a start-up to becoming a family business. Family businesses are commonly thought to be small, unprofessional; and in most cases seldom survive three generations. There are, however, a number of success stories, for example, Hermes, Toyota, Merck, and Ford Motors. These firms are large, publicly traded, and controlled by the founding family for several generations. How do these families manage to grow their business internationally and perpetual their wealth for multiple generations? Why do most family firms not survive?

These firms are unique because the founders or the founding family are involved with shaping the business strategy. The managerial and financial challenges of these firms require different approaches from those of widely held firms controlled by professional managers.

This course is designed to expose students to the nature and characteristics of entrepreneurial firms and a multitude of finance and business-related challenges faced by entrepreneurs during various firm life cycles from starting-up, marshaling required resources, managing and sustaining growth, and succession planning.

We will also discuss various issues related to growth and survival of entrepreneurial and family enterprises. What are the factors that determine success of entrepreneurial ventures and be able to transform into family firms? What does the founding family contribute to firm value? What are alternative financing sources? When should the founder or the founding family exit? What makes some firms so successful and survive for generations, while many ventures fail? And how to plan succession?

#### **Learning Outcomes**

This course analyzes the problems unique to family firms and discusses the solutions such as setting up good governance within the family and the firm to minimize such agency problems;

structuring the ownership so as not to lose control while benefiting from external finance such as M&A, IPO, private equity funds; and succession planning.

The lessons of this course are useful to future entrepreneurs. Students will learn the analytical techniques needed to successfully manage both start-ups and family firms in a rapidly changing environment. The knowledge from this course is particularly useful to students who plan to join their family business. This course also guides students who plan to work in private banking and family office providing practical advice to high net worth families on wealth management, business, and succession planning. Managing the business is essential as most family business owners have their wealth invested in their business.

This course will also be useful for future consultants, bankers, investors (private equity funds, and pension funds) providing financing or investing in entrepreneurial firms and family firms, or general managers and working at MNCs. This course provides knowledge to deal with family businesses, who are likely to be your clients or strategic partners as family firms form backbone of Asia and world economies.

### **Class Materials & Teaching Method**

The course is case oriented, with real-world cases studied beforehand and analyzed and discussed in class. In addition, students are required to read academic papers and articles from newspapers and magazines.

The course plan also includes guest visits from start-up/family businesses. Guests will typically address the issues raised in the class discussion and respond to students' questions.

The learning method of this class is based on *discussion of cases*. This is a new area of academic inquiry with no textbook. The learning will come from class discussion, which will bring a better understanding of the key issues in the case. These goals will not be accomplished unless you make a tremendous investment by being well prepared prior to class (i.e., reading cases and working on the class assignments) and by actively participating in class discussion. There will be a very tangible reward for those who invest as much as possible. Some of the lessons from this course might become truly applicable perhaps well after you graduate from NUS.

### **Remark**

This is not an investment class so the class does not cover portfolio investment.

### **Prerequisite**

The cases and class discussion are largely non-technical. However, students must have a good understanding of basic statistics and the basic concept of corporate finance. NUS students must have already passed FIN3101 Corporate Finance.

## Assessments

Component	Weight
Class Participation and Discussion	25%
Class assignment & quiz	15%
Test	30%
Group-based Projects	30%
<b>Total</b>	<b>100%</b>

### Class assignment & Quiz (15%)

There will be at least one case per session. Each case has preparation questions to help guide your analysis of a case. These questions are not designed to be comprehensive, and I encourage you to explore relevant issues beyond the questions in the guidelines.

Students are required to submit a report providing your analysis on the cases' questions submitted prior to the class. The report is limited to two pages (A4 and double-spaced). Unlimited pages are allowed for numerical calculations, figures, and references.

The assigned questions have to be solved on an individual basis. The write-up has to be extremely focused with analytically based arguments and conclusion. It must not include any descriptive facts copied from the cases. It is also prohibited to copy any solutions obtained from the case's teaching note, which will be given a zero grade. Any information taken from other sources require proper citation.

The grading of the report will be based on your best 5 reports. Each report will be graded based on students' effort of solving the questions. In general, students should be able to identify the key issues, to articulate and evaluate alternative approaches to problems, and to describe the course of action that you recommend and the reason for your recommendations.

### Class Participation and Discussion (25%)

Class attendance is critical to the learning process. All class members are expected to come to all classes, well prepared by reading the materials, and contribute to the class by actively participating in the discussion.

To emphasize, students are judged not by what you know but by what you contribute. Positive contributions include responding to questions, even if not providing the "right" answers, as well as advancing the discussion by providing new ideas or insights, building on others' arguments, or presenting a counterargument to others' comments in a respectful manner. Not reading the cases prior to class/no participation in class will be given the lowest score.

An excused absence is granted only if it is due to illness and must be documented and notifies me in advance.

### **Projects (30%)**

The projects are to be done in a group. The detail of the projects will be described in class.

### **TESTS (30%)**

Students will be asked to analyze cases using the knowledge discussed in class.

### **Other class rules:**

- Neither laptop nor mobile phone is allowed in this class.
- Students must be seated at the same seat from Class 2nd.
- Please use your nameplate in every class.

**NOTE: The information in this syllabus is not final and may change.**

This draft: June 17, 2017