TRANSFERS OF FAMILY BUSINESSES TO NON-FAMILY BUYERS
THE SELLING BUSINESS FAMILY PERSPECTIVE

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Transfers of Family Businesses to Non-Family Buyers. The Selling Business Family Perspective

Key words: business family, family business, next generation, roles, succession, transfers

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1 INTRODUCTION

Interest in family business research is growing. Although more and more studies on family businesses are being published, it is still a new research track (Upton and Heck, 1997). It has existed for no more than 30 years in the United States and close to two decades in Europe (Neubauer and Lank, 1998). During this period, family business researchers have faced challenges similar to those confronted by entrepreneurship researchers at the beginning of their research track (Brockhaus, 1994; Dyer and Handler, 1994). For example, early family business research has been characterized by being primarily prescriptive (Winter et al, 1998), and the conceptual frameworks have not always been rigid (Chrisman, Chua and Sharma, 2003). The main reason for this problem within family business research is believed to be due to the fact that initial writers on family business issues frequently were consultants and family therapists (Lansberg et al, 1988). Their main interest was to observe and to make suggestions for family businesses on how some of the observed pitfalls could be avoided. This kind of research work had the advantage of focusing on issues that were important for family business owners, but the level of research methodology offered some room for improvement (Zahra and Sharma, 2004).

Quite clearly family business research still faces problems of newness, but family business researchers are eager to develop the track, and as a sign of this, there is a lot of activity within the field. It is natural for a new research track that the diversity is high in terms of the topics that researchers are interested in. Usually after the initial euphoria some key topics start to emerge. Dyer and Sanchez (1998) found in their review of published articles in the leading journal within the family business track, Family Business Review, that the most popular topics in articles with a quantitative approach during the period 1988-1997 were 1) successions, 2) family relationships, 3) the relationships between family and business, 4) the productivity and the growth of the family business, 5) gender and ethnicity, 6) business- and family-life, 7) law and tax regulations, 8) organizational change and development, 9) business environment, and 10) leadership in family businesses. With support from a more general review of family business research (Upton and Heck, 1997), studies with methodological topics can be added to the list. Within this category, there are studies that are primarily discussions about the definition of the term family business and the dual system approach (Gandemo, 1998; Westhead and Cowling, 1998).

Discussion about the term family business is an issue that has received a lot of attention in both the entrepreneurship field and among family business researchers (Brockhaus, 1994). Every family business researcher seems to define a family business in accordance with his or her own research task (Wortman, 1995), and because of the large variation in research tasks, it is also unlikely that one commonly agreed-on family business definition will emerge. This problem makes life difficult for researchers with the aim of publishing international, comparative research (Astrachan, Klein and Smyrnios, 2001), but as a sign that researchers are stubborn knowledge-workers, they have, despite the definition problem, managed to present some impressive figures about family businesses and their contribution to economic development. For example, Handler (1990) suggests that family businesses in United States account for roughly
50% of the nation's gross national product, as well as for half of the nation's workforce. Cromie et al (1995) argue that around 75% of all businesses in Britain are family businesses. Other figures on European countries (Gandemo, 1998) indicate that 60% of all businesses in Germany are family businesses. In Belgium the equivalent number is 70% for firms with 1-99 employees. In Sweden, more than 50% of the workforce within the private sector is employed by family businesses. For Finland, figures suggest that approximately 80% of all Finnish companies are family-owned. In addition, there are several other studies that have highlighted how important family businesses are within the economy (Kirchoff and Kirchoff, 1987; Cressy et al, 1994; Hamlyn, 1994; Cromie et al, 1995; Emling, 2000).

The numbers on family businesses are tentative, since there are usually no national statistics on them (Koiranen, 2002). But regardless of this fact, family businesses seem to be an important constituent in economic development. However, the future in Europe is somewhat frightening. In 1996, there were over 19 million enterprises in the EEA and Switzerland, providing employment for more than 110 million people (ENSR, 1998). About one third of all these firms were led by an entrepreneur who was more than 50 years old (Johansson and Falk, 1998). This situation seems to have escalated in Finland, where a survey shows that approximately 80,000 Finnish firms within the next few years will have to decide whether they should continue their operations (Valtioneuvoston kanslia, 2003). Giving this future scenario, it is quite understandable that successions are something that both family business researchers and family business owners themselves have on the top on their agendas. Many job opportunities are at stake, and also a large number of families have to go through their own future in terms of job security and financial arrangements. For families a top challenge is to find a potential successor within the family, but a survey (Grant Thornton, 2002) shows that approximately 40% of all family businesses do not consider this a desirable option. These family businesses will not get new owners and managers from the already involved business family, since the top priority among the present owners is to sell the business to someone outside the family.

1.1 Problem discussion

When family business owners and managers reach the point, where they have to make up their mind about the future ownership and management structure for the family business, they have basically three options. They can transfer the business within the family to the next generation (succession), sell it to someone outside the family (transfer), or simply close it down (Longenecker et al, 2000). Each option, and different variations of them, is at least in theory open to every business owner, although family business researchers have shown the greatest interest in successions. This interest has become so rigid that one can even argue that some family business researchers appear to base their research on the underlying assumption that family businesses should stay within the control of families now and forever, or there will be a failure (Emling, 2000). A failure as such is tricky to define (Watson and Everett, 1993; Storey, 1994), but near-related terms are death, ceasing to trade, closure, deregistration and exit, and in that respect, the decision to categorize situations where ownership and management are not
kept within the control of the same family for generations, as failures, appears misleading for at least two major reasons (Winter et al, 2004).

Firstly, as mentioned earlier, successions are only one of the three options open to families that are planning to give up control of the family business. For example, families can also sell their business to a non-family member, and Smyrnios et al (1997) show that families often even plan to exercise this option. Their study on Australian family and private businesses states that first generation businesses are not likely to become multiple generation firms, not because they fail, but because the original intention was to exit. They found that 47% of first generation owners, 39% of second generation owners, and 26% of third and fourth generation owners planned to sell their business. Similar results can also be found in a study from Denmark, where less than 50% of the family business owners even hoped that the family business should stay within the family (Greens Analyseinstitut/Dagbladet Börsen, 1998). Only about 35% of the family business owners believed there was a realistic chance that the business would stay within the family. A report by Grant Thornton (2000a) on Finnish firms gives further support for this view. They found that as many as 59% of the business owners in the sample planned for ownership and management changes. Out of these business owners, more than 70% planned to sell their business to someone outside the family. All this together demonstrates that families themselves see transfers to non-family members as a viable option for the future of the family business. It is thereby somewhat confusing that some researchers are not willing to accept the same interpretation of the transfer option (Brockhaus, 2004). Further on, if families decide to choose the transfer option, and they are successful in exercising that option together with a possible future scenario where the new owners can increase the performance level in a way that the former owners were not able to, then the failure categorization does not seem valid any longer, at least from an economic point of view (Bork et al, 1996).

Further support for a more nuanced view on family businesses and changes in terms of ownership and management within these kinds of businesses is provided by Westhead and Cowling (1998). They are skeptical of the general opinion that family businesses that do not stay within the control of the owning family for generations are some kind of failures. They view the problem from a general economic point of view, and their arguments against this simplistic view on failures is based on changes in tax regulations in United Kingdom, where the British government raised the threshold for inheritance tax from £150,000 in 1994 to £215,000 in 1996. The change was intended to encourage business survival, and to better enable the ownership of family businesses to be transferred from generation to generation. According to Westhead and Cowling, this change is justified if there is evidence that inter-generational transfers improve the competitiveness of the national economy. For example, if a transfer between generations results in improved performance as measured by growth in sales or employment, the case for lowering taxes on inter-generational transfers would be supported. Otherwise it is better for the business and the national economy that the business is closed or sold to a new management team, which can make better use of the firm's resources than the former family and its members were able to.

Interestingly, the research by Westhead and Cowling (1998) provides no clear evidence that family businesses outperform non-family businesses, and that suggests an
interpretation that at least to start with, both successions and transfers to non-family members should be regarded as viable and sound options for families facing possible ownership changes. However, as Dyer and Sanchez (1998) found, family business researchers have been mostly preoccupied with challenges in relation to successions. The option to sell the family business has seldom been on the research agenda, likely in part due to the underlying assumption that these cases belong to the failure category, but also for the simple reason that family business researchers have regarded family internal transfers as more interesting; they are proposed to offer more promising research topics than situations where the family business is sold to a non-family buyer. Regardless of the reasons behind this imbalance and the great interest in successions, the intention with this thesis is to challenge this imbalance within the family business research field, and that decision was taken mainly for three reasons. Firstly, many family business owners themselves seem to classify transfers to non-family members as a viable option, and since Brockhaus (1994) finds it important for family business researchers to focus on aspects that are of high importance for family business owners themselves, it seems logical to narrow down the definition of the term failure and to pay some more attention to those families who decide to give up ownership control by selling it to a non-family buyer. It also seems somewhat strange that the transfer of a business owned by a single entrepreneur is the ultimate evidence of entrepreneurial success (Longenecker et al, 2000), but when a business family engages in similar activities, the outcome of the process is more likely to be labeled a failure. Secondly, these families, which for whatever reasons decide to give up control of their businesses are a large group, since Beckhard and Dyer (1983) found that about 70% of all businesses are sold or closed down after the death or the retirement of the founder. Thirdly, a transfer of the family business to a non-family member is likely to be a totally different process from succession. Changes in management and ownership will take place in both cases, but there will be differences in terms of how rapidly the processes are completed, and a transfer to a non-family member will usually imply a much clearer break in the relationships between the older generation and the business than in an internal family transaction (Hiltunen, Turunen ja Pasonen, 2000). All this together implies that both family business researchers and business families about to sell the business cannot only rely on research about successions when they look for support in order to learn more about transfers of family businesses to non-family members.

Business families will need support when they start to prepare themselves for a transfer of the family business to a non-family member because as with successions (Upton and Heck, 1997), transfers of family businesses to non-family members can also fail. For example, a transfer of a family business may result in loss of key employees and important external relationships may die out (Steier, 2001). If there is a merger, the integration of different cultures may cause problems that turn out to be difficult to manage successfully (Lohrum, 1996). For many other reasons a transfer of a business might not be the success that its new owners have expected, but one of the more interesting remarks related to this issue is also that selling entrepreneurs often seem to be unpleasant with the outcome of a transfer process (Petty et al, 1994; Birley and Westhead, 1995). The entrepreneurs might be disappointed with the advice they get from involved intermediators, but they can also be disappointed with the situation after the actual transfer. They might find that the business has been a large part of their life, and that it is difficult to find some new meaningful activities to focus on. Some
entrepreneurs find managing money much more difficult and less enjoyable than they have expected (Petty, 1997). They miss the daily challenges within the small business environments and the joy of handling the challenges in a successful manner. Several entrepreneurs appear to deal with these problems by starting up new businesses, or by taking the role of investor as venture capitalists in other companies (Rosa, 1998).

Quite clearly it is not easy for a single entrepreneur or a founder to totally give up the control of one's own creation, which in addition is often a large part of one's life (Neubauer, 2003). It seems also like the single entrepreneur is not the most appropriate unit of analysis in studies involving family businesses (Winter et al, 1998). The reason for this opinion is simple since, by definition, other family members are part of the business. Several other family members might also have contributed to the development of the family business (Dyer and Sanchez, 1998), and therefore they also need to be part of the analysis of family business transfers. An example of this challenge is given by Chua, Crishman and Sharma (1999) in their overview of different interpretations of what the term controlling owners might stand for in a family business context. Naturally the controlling owner could be one individual, but there are several other different possible interpretations. Hence the other most important interpretations of controlling owners are therefore 1) two persons, unrelated by blood or marriage, 2) two persons related by blood or marriage, 3) a nuclear family, 4) more than one nuclear family, 5) an extended family, 6) more than one extended family, and 7) the public. The mere existence of all these different variations of the term controlling owner implies that a focus on the single entrepreneur as the main data provider with respect to activities in the family business is too narrow. Such an approach might lead to a biased view of how the business is managed or how life continues after the transfer is completed, and therefore other actors need to be part of a family business analysis (Zahra and Sharma, 2004). Of special importance is the spouse of the CEO, which family business research has largely ignored (Poza and Messer, 2001). CEO spouses remain in the background of most of the stories of family businesses, although Danco (1981) found that spouses are leading actors in family businesses. The role of the spouse might include that of working partner, retirement counselor or mediator. The spouse is also often the actor who can ease the tension created between the founder and the children (Rosenblatt et al, 1985). Spouses can handle this typical situation differently, and Poza and Messer (2001) even identified six different spousal roles that can appear during the succession period. It is reasonable to assume that spouses will have to deal with similar tensions in families where the business is sold to a non-family member, and therefore they also need to be part of the unit of analysis in studies of such transfers.

The spouse is one key actor in family businesses or families involved in businesses, but next-generation family members should also be part of the analysis. The potential successor is a natural choice in this respect, since the natural key actors in succession processes are the founder and the successor (Fox et al, 1996), although other next generation family members might also hold positions within the business family or the family business, which may be endangered due to a possible transfer of the family business to a non-family member. Some of the children might be employed in the family business, although they might not be potential successors (Lansberg, 1999). These next-generation family members might also own some shares in the business, and their position will change if the business is sold. The likely future scenarios are many,
but in relation to this, the simple truth is that there is not sufficient information about business families and how all their members view a transfer of the family business to some non-family buyer. Likewise, there is no major research revealing how all the different family members view their life situations after a transfer is completed. Some initial information is provided by Kenyon-Rouvinez (2000), who found that families might cover the loss of the family business by starting up a new business. Pellegrin (1999) did also a comprehensive work on the transfer of family businesses, but regardless of these contributions, there is not much research on transfers of family businesses to non-family buyers. Some research on transfers of small firms in general can be found (Birley and Westhead, 1989; Bleackley et al, 1996), but these studies often lack the family business dimension.

1.2 Research questions

The main research questions in this thesis have emerged as a result of a review of family business research, and this review has sorted out four general observations, which together function as the basis for the actual formulation of the research questions. For example, this implies that one of the starting-point for the formulation of the main research questions is the circumstance that family business researchers have published a lot of research with a focus on family internal transfers like successions. Transfers of family businesses to non-family buyers have received less attention (Brockhaus, 2004). A second important observation is that a transfer in which the family transfers the control of a business to a non-family member, appears to be different from transfers within a family, where the control remains within that family (Mickelson and Worley, 2003). The most obvious differences are a clearer break in the relationships between the first generation and the business, and most often a much shorter time span for the actual transfer of ownership control (Hiltunen et al, 2000). There might also be other differences, but these are among the most obvious and important ones. An additional and interesting remark is the circumstance that there is likely to be a huge number of family business transfers within the next years (Valtionevuoston kanslia, 2003), where the buyers are non-family members, which also makes the task of learning more about transfers of family businesses to non-family buyers even more important for family business researchers.

Two other important observations that have played crucial roles in the process of formulating the main research questions of this thesis are more related to the period after the actual transfer is completed. Firstly, there will be changes within the business family after a completed transfer. Individual business family members might no longer have positions as managers, owners or even employees after the transfer, and that might be a fairly tough change for the individual business family members. Another major change will be in the availability of financial capital, and as research (Petty, 1997) has showed this change is not always a pleasant one. Entrepreneurs have often realized that money cannot compensate for the life that they have left behind by selling their companies. Other things matter and this might become more self-evident during the period after the transfer is completed. However, family business researchers have presented very limited empirical evidence on how the selling entrepreneurs actually
experience this new situation, and especially how the whole business family with all its members experiences this new situation (Pellegrin, 1999; Kenyon-Rouvinez, 2000). This brings forward another important observation upon which this thesis relies, and that is the importance of the family and all its members as crucial elements in family businesses and business families. There are family businesses, because there is a family involvement in the business through ownership, management or employment, and there is not a *family* involvement unless several different family members are part of the business. The single lead-entrepreneurs can give their view on the family, the family business or the business family, but then there is an obvious risk that valuable information from other family members might be lost (Zahra and Sharma, 2004). Therefore, family business research, at least in this specific context with its focus on transfers of family businesses, would benefit from including data collected from several business family members, and with a focus on experiences of the business transfer.

Finally, Kenyon-Rouvinez (2000) has shown that some business families have decided to set up a new business after they have sold a family business. These re-creators found that the business was the glue that kept the family together, and by selling the business, the situation within the family changed. In such cases, a simple option for the business family to deal with the emerging problematic situation was to re-create the previous state in the business family by setting up a new family business. This thesis, however, is built on the presumption that not every business family will choose that option. Each and every business family with all its members is likely to experience transfers differently, and that will also be reflected in how business families reorganize themselves after completed family business transfers. For example, some business family members might have to make decisions about their future careers, since the family business is no longer a secure employer. The majority owner and his spouse may decide to retire, but family members representing the next generation are usually not in a situation where they can end their job careers. They need new challenges, but there exists no major empirical evidence that suggests what kind of challenges those family members pick up, or how this new situation affects the whole business family in general. This lack of knowledge is itself a challenge for family business researchers, and at the same time it offers an opportunity to cover some white spots (Neubauer and Lank, 1998) in the family business research track.

One of the main ideas with a thesis is to cover some new ground. By letting the above four general observations, which were developed from a family business research review, form a unity, we obtain an idea of what kind of new ground this thesis could cover. By taking this reasoning a step further, we obtain a formulation of *the overall mission of the thesis, which is to increase understanding about transfers of family businesses to non-family buyers*. With this ambition as the starting-point, the following research questions become relevant:

- How do business family members view family business transfers?
- What is of importance for business family members when a family business is sold?
- What changes for business family members when a family business is sold?
The formulation of the research questions shows, to begin with, that the primary focus is on individual business family members. Having individual business family members as the main sources of empirical material in this thesis does not imply that every family member is a key informant. The key persons are the individual family members previously involved in the family business through ownership, management, employment, or board membership. These family members form a business family, and that is therefore the main unit of analysis in this thesis. More detailed information about the actual definition of the business family is provided in chapter two (2). The decision to focus on the individual business family members is an important decision, because it is assumed that every individual business family member will experience the transfer differently due to different roles in the family business, and these potential differences are difficult to detect unless the individual business family members themselves are the primary data sources.

Naturally, the way the research questions are formulated also indicates that one crucial aspect of the thesis is the period after the transfer of a family business is completed. This decision leads to a new interesting sub-question, and that is what actually changes when business families take the step from a family business system environment to an environment in which the business family is no longer part of the family business system environment. In order to systematically approach this new question, the idea is presented that family business researchers can increase their understanding of such changes by looking at the family business and its transfer through a capital lens. The capital lens is introduced in chapter four (4) of this thesis. That chapter includes more information about this approach to the research topic, but in general the idea is that individual business family members can experience family business transfers differently, and that these differences are more readily apparent when they are studied through a lens consisting of particles like different capital forms. For example, some individual business family member might experience the transfer as something great, since it makes it possible to cash in everything they have put into the family business for a very long period (Mickelson and Worley, 2003). In other words, there is a change in relation to financial capital for at least one individual business family member. For other individual business family members a transfer might mainly imply a change in how their own human capital can be used, while a third family member might face a change in their personal portfolio of relationship capital due to the family business transfer. In that respect, a transfer might imply a change of workplace, or that an individual business family member must give up contacts with customers and other important actors. The environment both within the family and outside the family is also likely to change as a result of a family business transfer, and therefore social capital also is part of the capital lens.

Finally, the formulation of the research questions indicates that some business families will be different from other business families, and this will be apparent in how the business families reorganize themselves after the completed transfers. A completed transfer implies that business families have totally given up ownership, and for some business family member that can be the final phase in an entrepreneurial career. For other business family members it is perhaps just an interesting opportunity to continue their own entrepreneurial career in other business areas on their own, or together with some other family members. Kenyon-Rouvinez (2000) has acknowledged the
opportunity that the entrepreneurial activities might continue within the business family although a family business is sold, but what about all other options that business families have? It is not totally clear that entrepreneurial activities continue to live forever in business families (Davis and Herrera, 1998). The formulation of the research questions indicates that in fact there are several different options that business families can exercise after a completed family business transfer, and therefore the ultimate goal with the thesis is to find out how business families choose from these options, and perhaps also why some business family have decided to reorganize themselves in the manner chosen.

1.3 Research objectives

With the main research questions as the starting point, this thesis tries to offer four main contributions. Firstly, the aim is to reduce the strong existing imbalance in favour of successions as interesting research topics among family business researchers. Basically, family business owners have three different exit routes (Havunen and Sten, 2003), and by presenting and analysing empirical material collected from Finnish business brokers, business family members and business families, family business researchers hopefully get a more nuanced view on the different options open to business family members who are about to give up control over their family business. Family business owners themselves also apparently prefer in some cases to relinquish control over the business instead of keeping it in the family (Smyrnios et al, 1997), and in that sense it seems as unrealistic for family business researchers to keep hold on the presumption that only successions are promising and interesting exit routes or research topics.

Secondly, this thesis contributes to the family business research field by further highlighting the importance of input in the family business from business family members other than the entrepreneurial founder. The lead entrepreneur may be the key individual, but every individual business family member contribute in his or her own way to development of the family business. There is research (Poza and Messer, 2001) where family business researchers acknowledge other family members as important, but there is still space for more family business research, where the researchers follow this approach through the whole research process. For example, family business researchers do not always collect data material from several individual business family members (Winter et al, 1998; Zahra and Sharma, 2004). Multiple voices are important in the context of this thesis, and therefore, the approach to rely only on the founder for information about the behaviour of these actors is simply not enough. Other business family member might experience a business transfer differently, and that is why several business family members are part of the data-collection process in this thesis.

Thirdly, this thesis aims at continuing on the research track, which Kenyon-Rouvinez (2000) has opened up for the family business research community. Her thesis was important for the family business research field, since it highlighted the importance of choosing the business family as unit of analyses. She used that approach in her studies on serial business families in particular, but the intention with this thesis is to show that business families might, at least in theory, also reorganize themselves in other ways
after a completed family business transfer. This implies that one of the aims with the study is to come up with a wider view on how business families reorganize themselves after a family business transfer is completed. One such option might, for example, include business families that totally split up after a transfer is completed, a choice which had not previously been acknowledged as a future scenario for business families that have sold a family business. In this respect, the thesis just take previous research a step further, and it gives a broader view of the options available for business families after they have sold a family business.

As a fourth contribution, this thesis aims to provide a tool that business families themselves can use in internal family discussions about the future ownership and management structure of the family business. Different surveys (Grant Thornton, 2002; Valtioneuvoston kanslia, 2003; Finnvera Oyj and Suomen Yrittäjät ry, 2004) show that the number of Finnish families facing this decision-making situation is alarming high, and thereby there is a need for assistance. Naturally, each business family will have their own problems to deal with, but on the whole, most business families will have to deal with the same fundamental questions. In other words, this thesis relies on the idea that business families are already expected to go through business, legal, and financial due diligences during the planning process for a family business transfer (Blomqvist et al, 2001), but the theoretical discussion and the empirical findings in this thesis will now also make it possible for business families and its members to do a personal due diligence. The implications of a family business transfer will most likely be experienced differently by the individual business family members, but in order for each individual business family member to prepare themselves for such a change a personal due diligence might be of great support. This is perhaps the most important contribution of this thesis, since as Brockhaus (1994) argues there is a need for family business research from which family business owners can really benefit.

Finally, it is obvious that families from different countries will be in slightly different situations. This was also one of the underlying assumptions behind the decision to include only Finnish cases in the thesis. Cultural, legal and social environments will be different from country to country, and this will be reflected in the decision-making procedures within families. But, regardless of this fact, it is likely to be easier to approach the problem with national differences, once the theoretical platform has been developed and tested in one European country.

1.4 The structure of the thesis

This thesis consists of seven main chapters, and the first chapter is an introduction and a general overview of the key aspects in the thesis. Some ideas about why family business transfers need to be studied more thoroughly were presented, and that discussion also formed the basis for formulation of the research questions. Chapter two focuses on the selection of main unit of analysis in family business research. That question has for several reasons received much attention lately within the family business research field, and therefore a chapter about selections between different units of analyses is in order. The chapter ends with the suggestion that the business family and its members should
be the main selected unit of analysis in this research project. Chapter three includes an overview mainly of research on successions. This field is popular among family business researchers, and it has also something to offer researchers with an interest for transfers in family businesses to non-family buyers, since those kinds of transactions also involve the key elements of a succession; changes in ownership and management. In addition, this chapter is vital for the thesis, since one of the objectives is also to report on differences between processes like successions and transfers to non-family buyers.

Chapter four is the main theoretical chapter, and it focuses mostly on family business transfers. The chapter also gives some idea of how to study family business transfers, and where to start such a research process. There the basic idea is that business family members are involved in value-creating activities while they are active in the family business. A transfer of the family business will most likely put an end to many such activities, and the interesting question is how individual business family members experience such dissolutions of personal involvement in different value-creating activities. The chapter ends with the suggestion that family business researchers could use a capital lens when they study these kinds of questions. The capital lens developed in chapter four includes financial, human, organizational, relationship and social capital. Chapter four also includes an overview of several different options that business families, at least in theory, have when they try to reorganize themselves after a family business transfer. Nine different potential reorganization alternatives are presented, and the major dividing line between two different groups of business families is the option of whether to set up a new business after the transfer.

The methodology discussion is included in chapter five together with background information and justification for made decisions in relation to the selection and analyses of the empirical material. A critical overview of the methodological procedures is also presented. A specific emphasis is put on the positioning of the researcher. The different data sets are presented in chapter six. The first section in that chapter focuses on the interviews with the business brokers. Preliminary interpretations of those interviews are presented before the section about the business family member interviews. That section is also ended by preliminary interpretations of those specific interviews before the presentations of a retired and a new starting business family. Chapter six ends with an overall discussion about the interpretations of the interview material, and it is proposed that the famous three-circle model by Tagiuri and Davis (1982) should be complemented with a fourth dimension, the personal household. The thesis ends with chapter seven and its content about conclusions and reflections on research procedures together with ideas on the value of the thesis, and what are the next logical steps. That chapter also includes a suggestion regarding how personal due diligence during family business transfers could be designed.
2 FAMILY, FAMILY BUSINESS AND BUSINESS FAMILY

Selection of the main unit of analysis is not a self-evident choice for family business researchers. If they want to focus on family businesses and family involvement, they have several different options to exercise, but in all its simplification, the major choice is between the family, the business, and the family members involved in the business (the business family). Variations or combinations of these options are possible, but in general, there are these three major options. Each option has its own characteristics, and the main idea with this chapter is to present the challenges behind each of the three units of analyses; family, family business, and business family. In the empirical part of this thesis, the business family with its members will be the main unit of analysis.

2.1 Family

When researchers try to learn more about entrepreneurship, the individual is often the main unit of analyses (Crampton, 1993). This approach does not seem to be optimal in situations where the focus of the analysis is on family businesses. These businesses are family businesses due to family involvement, and families are more than just sums of the individual parts (Wright and Leahey, 1998). This implies that family business researchers should focus more on the members in the family instead of trying to understand the behavior of one single individual, who is usually the founder, in order to learn more about family businesses. This decision to include more than one individual or family member into the data collection and analysis provides several opinions and more data about a specific phenomenon within the field of family businesses (Zahra and Sharma, 2004). However, this approach creates some challenges for family business researchers, since families can be defined very differently, and hence, which individuals are parts of a family is not always self-evident. The typical and perhaps most common definition of a family is to present it as unit or group of people in which there is a father, a mother, and one to two children (Silva and Smart, 1999). There are also other possible family definitions. Astrachan, Klein and Smyrnios (2001:22) give their contribution to this discussion by defining a family as "a group of persons including those who are either off-spring of a couple (no matter what generation) and their in-laws as well as their legally adopted children". Membership in a household is also often used as the criteria for being a family member (Römer-Paakkanen, 2002), but usually the household concept does not have to be equivalent to the family concept (Rogers, 1990). Individuals may share a room or an apartment without being a family.

Wright and Leahey (1998) deal with the family definition problem by presenting their Calgary Family Assessment Model, CFAM. This is a multi-dimensional model, and it has its origin in system theory, cybernetics, communication theory and change theory. The model as such has three main categories; structural, developmental and functional. To begin with, in terms of the structural category, the key question is which individuals is part of the family. In that respect, Wright and Leahey seem to follow the guidelines of Stuart (1991). He tries to define families by stating that in order to qualify for being a family, five criteria should be fulfilled: 1) the family is a system or a unit, 2) the
members can be, but do not have to be, related to each other, and they can, but they do not have to, live together, 3) the unit could include children, but this is not a necessity, 4) the feelings and relationships between the members include future commitments, and 5) the unit prioritizes protection and socialization of its members.

The research by Stuart (1991) and Wright and Leahey (1998) gives researchers a platform for building their own family definitions, but perhaps the most important contribution is that it shows the great variety in respect to different types of families. For example, a family researcher, who mainly uses only the third criteria in the list by Stuart (1991), where children are an important element, will end up with several different types of families. Naturally, within such a definition there are traditional households consisting of a married couple and children living under the same roof, but as statistics from Finland shows in Table 1, there is great variety in how households are defined nowadays. There are couples without children living together, and there are an increasing number of single parents living with, or without their children.

Table 1 Different types of families in Finland in year 2004

<table>
<thead>
<tr>
<th>Type of household</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Married couple, no children</td>
<td>471 962</td>
<td>33,3</td>
</tr>
<tr>
<td>Married couple with children</td>
<td>475 705</td>
<td>33,6</td>
</tr>
<tr>
<td>Couple living together and with children</td>
<td>111 294</td>
<td>7,9</td>
</tr>
<tr>
<td>Couple living together but with no children</td>
<td>177 095</td>
<td>12,5</td>
</tr>
<tr>
<td>Mother living with children</td>
<td>154 851</td>
<td>10,9</td>
</tr>
<tr>
<td>Father living with children</td>
<td>29 192</td>
<td>2,1</td>
</tr>
<tr>
<td>Registered male couple</td>
<td>325</td>
<td>0,0</td>
</tr>
<tr>
<td>Registered female couple</td>
<td>357</td>
<td>0,0</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>1 429 781</td>
<td><strong>100,0</strong></td>
</tr>
</tbody>
</table>

Source: Statistics of Finland (2005)

All the different categories in Table 1 represent different forms of households, but since the membership in a household is one way of defining families, the categories in Table 1 also represent different forms of families. Clearly, a categorization of families based on membership in a common household is also a potential start for the family definition also in this thesis, but such a definition has its weaknesses. For example, children who have recently moved to their own apartments would no longer be part of the original household, and hence they would no longer be, according to family definitions based on memberships in common households, members of the same family. That distinction between family and not family member is simply too strong in studies of family businesses, where next generation family members in this typical life situation might be very valuable for the family business. One solution to this could be to not focus so much on common households, but on households in the family. However, that again creates the problem of which households should be included and which households should be excluded, when the family is defined.

The problem with family definitions based on membership in households can be solved by simply shifting the focus from the household towards the possibility that the individuals themselves define their own family. Wright and Leahey (1998) have
followed this approach themselves, and it has two strong advantages. Firstly, it takes away the focus from the household, and it focuses on the actual family instead. This implies that one family might include only one household, while other families might consist of several different households. A second strong advantage with letting individuals define their families by themselves is that it relieves which persons an individual believes are important to him. That is also a good start for family business researchers who try to capture the structure of a family involved in business activities.

Not only will the structure of one family be different from the structure of other families, but families might also be different, since the individuals in each family will have their own history and personality (Chin, 1977). The individual family members will be of different age, and they will view their surrounding world in different ways. One simple explanation for this is that they grew up during different times, and they have different parents, and they have different social environments. All this will have an effect on how the individual family members function together as a family. Consequently, each and every family will differ from each other, and these differences will have their origin in the fact that every individual is unique, the combination of family members is unique, the history of the family is unique, and the way in which the family organizes itself is unique. Families will also differ in terms of how the family members distinguish between right and wrong within their own family (Maturana and Varela, 1992).

This is exactly what Wright and Leahey (1998) cover in the two remaining categories, the developmental and the functional, in the Calgary Family Assessment Model. Gersick, Davis, Hampton and Lansberg (1997) partly touch upon the same aspects in their three-dimensional development model along the family axis, as Carter and McGoldrick (1988) do in their overview of the family life-cycle. Life-cycle models usually include a certain number of different phases, and it might in some cases be difficult to draw the line between different phases. Nevertheless, it is evident that a family with young children will face totally different challenges than a family where the children are grown-ups, and who have moved away from the family nest. Likewise a family that has gone through a divorce-process will be totally different from a happily married family (Glick, 1989). This kind of family life-cycle information is important for family researchers, because these aspects might also have an influence on how the family acts as a family¹. In other words, family business researchers need to get some kind of feeling for the family life-cycle, because that can explain the behavior of the family, or the behavior of a single individual family member. For example, if a next generation family member is living with his wife and children in another area of the country and the children have recently started in a new school, the next generation family member might be reluctant to move back and join the family business, although there might be a need for it. Without an understanding of the importance of the family life-cycle, this kind of behavior could be more difficult to understand, but in the light of the developmental category in CFAM, it is easier to understand and accept.

¹ Wright and Leahey (1998) refer to these facts as the functional aspect of the family, while Morgan (1996) refers to it more as family practices. This could include everything from a focus on the routines in everyday life to how the family makes decision about topics that involve every individual family member or how the unit should actually function as something that every family member likes to be a part of.
Table 2 Challenges with different types of family definitions

<table>
<thead>
<tr>
<th>Key components</th>
<th>Potential weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>“group of people”</td>
<td>Who are members of the group and who are not?</td>
</tr>
<tr>
<td>“household”</td>
<td>What about those who have left the household?</td>
</tr>
<tr>
<td></td>
<td>Which households are in focus?</td>
</tr>
<tr>
<td>“couple and children”</td>
<td>What about when children start to have children?</td>
</tr>
<tr>
<td></td>
<td>What about situations where the parents are divorced?</td>
</tr>
<tr>
<td>“define themselves as a family”</td>
<td>What about different opinions among potential family members?</td>
</tr>
<tr>
<td>“different life-cycle phases”</td>
<td>Where to draw the line between different phases?</td>
</tr>
</tbody>
</table>

The information in Table 2 gives an overview of challenges with different types of family definitions, and it is evident that families are complex study objects, since there are several approaches to the definition of families. This makes family research challenging, and one really big challenge is that it is not always apparent which actors are actually parts of a family. By following a more objective definition (Morgan, 1996) of a family, a researcher can have fairly strong arguments about who is part of a family, but when moving further and further away from the core in the family, it will be more difficult to draw the line between family and non-family. For example, will the son of an uncle’s daughter still be a member of the family, or is it then more appropriate to talk about an extended family or just a relative? Naturally, regardless of these questions, a more objective definition of a family is a good starting-point for family researchers, but from a more subjective point of view it clearly shows one of the problems in research about families. Even an additional reason for this is the view that individuals in a larger family context might themselves have different opinions about which individuals are actually part of the family. For example, in-laws might often feel that they were not part of the core family, especially in larger families (Hall, 2003). By following an objective definition of the family, these individuals are members of the family, but by applying a more subjective definition of the family, it is not equally evident that the in-laws view themselves as members of the family. This circumstance brings forward a key point for family researchers; this is the importance of collecting data from several family members. Neglecting this issue, mostly by interviewing only one family member, can lead to totally wrong conceptions about who are members of the family, and how the family functions. Hence, a crucial part for family researchers, but also for family business researchers, will be to clearly define who are actually members of the family. In addition, the researcher should try to secure access to each family member to collect data. In the context of this thesis, this implies that the starting-point for a family definition will be a more subjective definition of families, and therefore a family is defined as a group of people where the members of the group refers to themselves as members of the same family. The criteria for being a family as presented by Stuart (1991) will be an important tool in trying to define and identify the family members, but as Wright and Leahey (1998) suggest, there will be an opportunity for each potential family member to state their opinion about the structure of their family.

2 The original family members may not categorize the in-laws as members of the original family, which thereby might also exclude these persons from future positions in the family business (Moores and Barrett, 2002).
2.2 Family business

There are many options open when researchers are trying to define the family, and the same is true of the family business. How to actually define the family business is certainly one of the natural core ingredients in family business research. In this respect, family business research mirrors early entrepreneurship research by having difficulties with definitions (Brockhaus, 1994). Littunen and Hyrsky (2000) argue that to date there is no widely accepted definition of a family business, and in addition, Wortman (1995) finds that each family business researcher appears to develop a definition that suits his or her own specific needs. This lack of a common family business definition creates some problems, and one of them is the difficulty with international, comparative research (Astrachan, Smyrnios and Klein, 2001). If every researcher develops his own family business definition such comparisons will often not be that reliable or useful. However, a future scenario with only one very general and broad family business definition creates other type of problems. One such problem is related to the often quoted facts about how important family businesses are for national economies (Shanker and Astrachan, 1996). Figures stating that family businesses account for roughly half the work force or 80-90% of all businesses are not rare (Gandemo, 1998). It is impressive that family businesses are supposed to account for such a high share of the total business population, but at the same time this takes away some of the uniqueness of family businesses. For example, one cannot expect that 80% of all businesses in Finland (Koiranen, 2002) will to a large extent have same characteristics only due to the circumstance that they are characterized as family businesses. The structure of ownership will be different as the number of employees or family members, who are involved in the business. Following the same line, there will be different principles for how things are done in different family businesses. All this together takes away some of the essence of having one broad definition of family businesses.

Clearly there are problems with family business definitions, but there are also still some kinds of agreement between family business researchers on what kinds of elements are important in family business definitions (Brunåker, 1996; Westhead and Cowling, 1998). The most common element in family business definitions is family ownership. Family business definitions with a strong focus on ownership often include the prerequisite that the family owns 50% or more of the shares (Fenton-O’Creevy et al, 1989). Other family business definitions highlight the importance of family involvement in the management of the business, and if family members are actively involved in the management of the business, it is a family business (Daily and Dollinger, 1992; Riordan and Riordan, 1993). However, most family business researchers seem to prefer definitions where both the ownership and the management elements are present. These definitions usually state that one or more families should hold a certain amount of controlling power, and that family members should have an influence on the management function of the business (Donelley, 1964; Rosenblatt et al, 1985; Smyrnios and Romano, 1994; Cromie et al, 1995; Reynolds, 1995).

Two other elements that have started to become more important in definitions of family businesses are the intention to transfer the business to the next generation, and the statement by owners and managers that they themselves perceive the business as a family business (Brunåker, 1996; Grant Thornton, 2000b). Some researchers regard the
willingness to transfer the family business to the next generation as one of the key aspects in family business definitions (Ward, 1987), while others see it more as an additional aspect of the question of ownership and management involvement (Gasson et al, 1988; Brunåker, 1996). Another option for researchers to define the family business is to let the informants themselves make the judgment about where to draw the line between family and non-family businesses. If the informants then regard the business as a family business, it is classified as a family business (Grant Thornton, 2000b). This is a convenient way of solving the family business definition problem, but it usually has a strong weakness in terms of the decision by the researcher to only ask one of the family members whether they regard the business as a family business. That person is usually the individual who is the controlling owner or manager of the business, but in reality, other family members might have totally different views on the status of the (family) business.

Quite clearly, regardless of how a family business researcher decides to define family businesses, it is easy for other family business researchers to criticize the definition. Firstly, if one takes the dimension of ownership as the main criteria, the key question will be how much must a specific family own before it is enough for being a family business owner? The family might in fact own less than 50% of the shares, but still be in control in businesses where the ownership structure is highly fragmented. Secondly, definitions where the intention to transfer the business to the next generation is an important element can also easily be criticized. For example, it seems somehow inadequate not to categorize a business as a family business when both parents and children are owners and involved in management and business operations, but when their intention is to sell the business. In all aspects it might be run like a family business, but just for the lack of intention to transfer it to the next generation, it will not, in accordance with some family business definitions, be categorized as a family business. Slightly similar peculiarities are businesses run by married couples without children or with very young children. In these kinds of businesses, the total family might be dependent on the income from the business, but according to some family business definition, this will not be a family business, since only one generation is represented in terms of ownership and management (Javefors Grauers, 2002).
Table 3 Challenges with different types of family business definitions

<table>
<thead>
<tr>
<th>Key element</th>
<th>Challenge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Majority ownership</td>
<td>A family can easily control a business with less than 50% of the votes if the ownership structure is fragmented.</td>
</tr>
<tr>
<td>Management involvement</td>
<td>Families can own 100% of their companies and they can make all the major decisions, although some non-family member is the CEO of the company.</td>
</tr>
<tr>
<td>Ownership and management</td>
<td>It is somewhat strange to define a business with only one employee and who at the same time is the sole owner of the business, as a family business.</td>
</tr>
<tr>
<td>At least two generations</td>
<td>Is it not a family business if three siblings run a company together?</td>
</tr>
<tr>
<td>involved</td>
<td></td>
</tr>
<tr>
<td>Succession intentions</td>
<td>A business can be fully-owned by a family and the CEO might be a family member, but the family might prefer a transfer to a non-family buyer instead of a family member.</td>
</tr>
<tr>
<td>Family members define the</td>
<td>Which family members should have the opportunity to state their opinions about the family business definition?</td>
</tr>
<tr>
<td>business</td>
<td></td>
</tr>
</tbody>
</table>

Table 3 includes some of the examples of the problems with family business definitions, but Brunåker (1996), Shanker and Astrachan (1996) and Astrachan et al (2001) have offered some new insights into this discussion, and they all together have turned the discussion about the definition of family businesses in a new direction. Brunåker (1996) acknowledges the importance of ownership, management and involvement of more than one generation as parts of family business definitions, but in addition he presents the idea that the organizational structure can tell even more about family involvement in a business. Brunåker uses the concept of family operated businesses, and the underlying idea is that the family business can be distinguished by the way it is organized. Five forms of organizational structure are presented ranging from synthetic organizations to professional businesses. In between fall categories like owner-managed business, family-operated business and family-owned, professionally-operated business. The five structures can be compared over four dimensions: ownership, how principal actors are related, how power is legitimized, and what the principal actors provide to the business.

The way Brunåker approaches the problem with family business definitions has three major strengths. Firstly, like many other family business definitions, it includes the elements ownership, management and next generation family members, and hence it maintains the strong linkage to other family business studies. Secondly, as Brunåker himself writes "thus my research focus is on the family, but not as a passive supporter to the founder or the entrepreneur. The family is seen as an organizing unit where its members take active part in the daily running of the business" (Brunåker, 1996 s. 16). In other words, the definition of the family operated business accepts the strong role of the founder, but it also highlights the importance of the contribution from other family members. Further, another strong element with his definition is the notion of different forms of family-owned businesses. The definition differs between owner-managed, family-operated-, and family-owned, professionally-operated business. The first
category represents businesses that are organized between partners, while the second category covers businesses organized within a closed family group. The third category represents organizations where ownership and management are more separated, and professional managers run the business. These thoughts are well in line with the work by Johannisson and Forslund (1998) on ideologies in family businesses.

The work by Brunåker is an important contribution to discussion about the definition of family businesses for two major reasons. Firstly, it is important for family business researchers because it highlights the problem, which is a side-effect of official statistics about family businesses. Such statistics may argue that 80-90% of all businesses are family businesses, but it seems unrealistic to believe that these family businesses have many characteristics in common. The businesses will be different and so will the families. Some families (while others not) will be highly involved in business operations, and they (while others not) will have strong opinions about how the business operations should be planned. With such circumstances, it is more useful to categorize family businesses into different types of family businesses. Koiranen (2002) also gives his support to this approach by stating the importance of finding smaller, more homogeneous groups of family businesses instead of a large heterogeneous group. Astrachan et al (2001) have also focused on this aspect, when they developed their F-PEC scale. The background to the scale is found in a disbelief that former family business definitions can take the family business research any further, and the notion that there needs to be some agreement on the family business definition before there can be some more rigorous, international, comparative family business research.

The F-PEC scale comprises three sub-scales: power, experience, and culture. The main idea is not to categorize businesses as family and non-family businesses, but to report or to determine the extent and manner of family involvement in and influence on the business. From the perspective of power, families can influence a business via the extent of their involvement in ownership, governance, and management. In concrete figures, one can capture this aspect in terms of voting control, number of seats on the board, or the total number of family members serving as managers in a business. Within the experience dimension, the focus is on generations and their involvement in the business. The support for this aspect is evident since a firm that is led by the seventh generation is somewhat different from a start-up, although it may otherwise fulfill the criteria for being a family business. More in detail, this subscale focuses on generation of ownership, generation active in management, generation active on the governance board, and number of contributing family members. Finally, the culture sub-scale covers the dimensions that overlap between family and business values and family business commitment.

The F-PEC scale is a new approach in the discussion of family business definitions, and it has not yet been empirically tested to any larger extent. Nevertheless, it has some strong elements. The greatest advantage is by far the idea that one should not differentiate too heavily between family and non-family businesses, but focus on the level of family involvement or influence in the business. This is a logical new approach,

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3 In the view of the authors, there are three important dimensions of family influence that should be considered: Power, Experience and Culture. These three dimensions, or sub-scales, comprise the F-PEC, and index of family influence.
since, once again, taking into account the statistics about family businesses, there will be differences between businesses involving families in this aspect. Another strong advantage of the F-PEC scale is that it builds a platform for comparative international research. Family business researchers have a tendency to come up with their own family business definition (Wortman, 1995), and this creates fragmentation, which is a problem for comparative research.

The introduction of the F-PEC scale can mitigate the problem with comparative research, but the scale has also its drawbacks. It is not particularly useful for a family business research community searching for one common definition that could be used for the purpose of determining the share of family businesses in relation to the total number of businesses. For such a purpose the scale is fairly complex, and therefore it might also take some time until it is refined and widely applicable among family business researchers. Still, the preferred family business definition in this thesis is influenced by the F-PEC scale, but that is because it takes the discussion about family businesses somewhat closer to the development that has taken place in family research. Within family research, there seems to be a shift from more objective definitions of families towards more subjective definitions of families (Morgan, 1996). The introduction of the F-PEC scale has created the same movement among family business researchers. This implies that subjective definitions of family businesses have started to receive more attention. Family business researchers still consider ownership, management and family commitment as important elements in family business definitions, but the line between family and non-family businesses is no longer the most interesting part of the family business definition. Instead, it is more relevant to focus on the level of involvement among family members, but also on whether family members view the business as a family business. In that respect, there is a shift from the top layers towards the bottom layers of elements in family business definitions as presented in Figure 1.

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4 In Finland a family business working group has presented their view on the family business definition to the Ministry of Trade. In their view, a business is a family business if its founder(s) or its buyer(s) on their own or together with spouses, parents, children and their children control the majority of the business. The control can be direct or indirect. At least one of the members from the family should also be involved as an employee, manager or board member in the company. Ministry of Trade and Industry publications 16/2005.
The shaded area in Figure 1 highlights aspects of importance in subjective oriented family business definitions, and since there is an on-going change towards a more active use of family business definitions with such elements in general, that approach is also followed in this thesis. Consequently, from a family point of view, a family business will in this thesis be defined as a business where a family holds ownership and is involved in management, but where the family members involved themselves also view the business as a family business. The main reason for this specific family business definition becomes evident in the next subchapter on business families.

2.3 Business family

In studies about family businesses, one natural focus is on families, but in reality, the focus has fairly often been on the founder of the family business (Upton and Heck, 1997). Still, other family members are important in the family business, because they are also likely to have been involved in entrepreneurial activity within the family business (Beckhard and Dyer, 1983). The founder may be the main contributor to the development of the business, but in many cases there would be no family business without the creative input of other family members. Recent research has started to acknowledge the role of the spouses (Peltonäki and Peltonäki, 1998; Poza and Messer, 2001; Javefors Grauers, 2002; Römer-Paakkanen, 2002), but also other family members might contribute to the development of the family business. Crampton (1993) supports this view by stating that entrepreneurs have traditionally been seen as the ultimate individuals, but she continues that it is more important to focus on the entrepreneur's connection than isolation. Entrepreneurship takes place in a social context, and in terms of family businesses, it implies that the family and its relationships become important. Rosa (1998) also supports this view in his study of habitual entrepreneurs. His conclusion was that it might be directly misleading to focus on the habitual entrepreneur alone. The family context must not be neglected in the search for explanations of different behaviors.
So far, the decision to focus on the whole family and all its individual members seems equally logical for the family business researcher, given the characteristics of family businesses, but there is also the possibility that some family members have no interest whatsoever in the family business. They may not be interested in ownership or employment in the business, since they have other promising work-life career opportunities (Platen, 1995). Neither will a family business transfer necessarily have such a big impact on the lives of these individuals. They do not have to worry so much about the actual transfer process or the outcome of that process. Family members with some formal connection to the family business are in totally different positions. For example, the initiative to a transfer of the main control in the family business might be at hands of the founder (Sharma et al, 1997), but other family members might also be involved in the transfer in several different ways. Some family members may own shares in the family business, or they may be part of the management team, or they may hold other positions in the family business. For these family members, a transfer of the family business might result in the loss of a job or in the opportunity to cash in shares (Hall, 2003). Consequently, these family members face a bigger change in their lives due to the family business transfer than the family members with no formal connection to the business. This is also the main reason why the business family becomes such an important unit of analysis in this thesis.

According to Kenyon-Rouvinez (2000), Davis was among the first to use the term business family, and it has been loosely defined as a family which owns a business or invest together. Kenyon-Rouvinez herself focused more on serial business families, and in her opinion a business family is a serial business family if at least one family member in the recreation of the family business had close ties to the business that was sold. When relating this definition of business families to research by Wright and Leahey (1998), the definition seems to rely too heavily on the contribution of one single individual. However, Kenyon-Rouvinez is not the only one who has presented vague definitions of business families. Carlock and Ward (2001) are also strong supporters of the importance of having the business family as one of the main units of analyses, but neither do they offer a distinctive definition of the business family. From their reasoning one can understand that they refer to business families as families involved in businesses, but no more rigid definition is offered.

The business family is clearly a term that is still loosely defined, but by studying the ongoing debate about the definition of the term family business, it is logical that it will take some time until a more rigid definition of the term business family is established. Consequently, it is not easy to draw the line between only family member and family members as part of the business family, although a tie-model by Neubauer and Lank (1998) gives some valuable advice on how the business family could be defined. Their tie-model includes the following spheres: owner, management, board of directors, and family. To some extent these spheres overlap, since one family member may be both a member of the board and a manager in combination with ownership stakes. Another combination could include persons being employed and members in the family. In fact, Neubauer and Lank suggest fifteen different variations of combinations. This thesis acknowledges that they all may exist, and therefore a business family will be defined as a group of people who refers to themselves as members of the same family, and where
Given all the possibilities for how family members qualify for being part of a business family, it also follows that there may exist several different types of business families. Some business families may consist of only two persons who are married, and they are usually referred to as copreneurs (Javfors Grauer, 2002), while other business families may consist of several family members (Emling, 2000; Stidler-Karlsson, 2001). Transfers of family businesses including these two extremes will be totally different cases, and therefore some form of categorization of business families is needed. Gersick et al (1997) found that it is not possible to grasp all kinds of family business variations along the business, ownership and family-axes in their three dimensional developmental model, but they did find that their model with a few broad categories was useful in predicting what kinds of challenges family businesses and family members face at different points in time. The categorization of business families in Figure 2 is based on the same underlying assumption. It is difficult to cover up for all forms of business families, but it is felt that the three categories one generation, multi generation, and business families that have succession experiences are a good starting-point in trying to differentiate between business family categories facing potential family business transfers.

Figure 2 A categorization of business families

5 Inclusion of the word ‘formally’ in the definition may have its drawbacks. It is not a problem in relation to ownership and management or the board, because there a certain degree of formalisation is needed, but it might be a weakness in relation to employment. The main reason for this is all the spouses that support the family business with their work in the shadows (Hall, 2003). These people contribute to the development of the family business, but due to the business family definition suggested in this thesis, they might be excluded from the business family. However, the line has to be drawn somewhere, and in reality this is not a serious problem. If the spouses get paid for their work, they fulfil the criteria of having a formal relationship to the family business, and thereby they are also members in the business family. If they do not get paid, the business family definition suggested here will also make this aspect more explicit for the business family. On the other hand, that may be a good thing for the spouse, and also lay the foundation for a fruitful discussion within the business family about possible change in this matter.

6 Their three-dimensional developmental model has three dimensions: ownership, family and business. Each dimension has 3-4 stages. The ownership dimension is divided into the stages Controlling Owner, Sibling Partnership and Cousin Consortium. The family dimension is divided into the stages Young Business Family, Entering the Business, Working Together, and Passing the Baton. The business axis is divided into the stages Start-Up, Expansion/Formalization and Maturity.
The categorization in Figure 2 focuses on situations where business families are thinking about changes in management and ownership structures, and it relies on a few assumptions, for example most business families will consist of only one generation of family members when a new business is started. Quite often it might be the husband in the family who starts the business together with his wife, and she might be an owner or an employee (Moores and Barrett, 2002). This is the business family category with the simplest structure. A large part of all family businesses are lead by such business families (Peltomäki and Peltomäki, 1998), and they will not always enter into one of the two other business family categories as in Figure 2. The second category, multi generation business families, is also fairly common among family businesses. In these business families, family members from at least two generations are part of the business family. The children may have entered the business as employees, or they may have become shareholders in the business, and thereby they are qualified for being part of the business family. Following the family developmental dimension in the model by Gersick et al (1997), this would be what they refer to as the stage The Working Together Family. At some point in time, the children might take over majority control of the company and become the leaders of the family business. At the same time, the first generation starts the process of relinquishing control of the business. This family has then entered the stage The Passing The Baton Family as referred to in the model by Gersick et al (1997). In these cases, the business families have left the multi generation category in Figure 2, and entered into the category called business families that have succession experiences. The other option in this specific situation is that the children realize that there is no future for them in the family business and decide to cut all their relationships to the family business, while their parents might still continue with the business for a while. In such cases, the multi generation business family will not become a business family that has succession experiences. It will return to the one generation business family category. However, a business family that has gone through a succession will always be a succession experienced business family regardless of how many generations are involved in the family business further on.

The business families are presented and categorized in accordance with Figure 2 in this thesis for mainly three different reasons. Firstly, as previous research has stated, most family businesses do not go through any succession process (Beckhard and Dyer, 1983). The owners and the managers in the family business may even have no such intention at all (Smyrnios et al, 1997), and this implies that such a business family will never experience a succession. Several family business researchers have concentrated on why family businesses never succeed in the succession process (Hautala, 2001), but this categorization model shows that succession is only one option. The business family may decide to remain a one generation or multi generation business family without the intention of going through succession, but this does not imply that the business family fails to become a business family that has experienced succession. They may also

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7 The stage The Entering The Business Family also partly captures the same situation, but perhaps it is not so fully adopted as in the stage The Working Together Business Family.

8 A business family that has experienced succession will remain such a business family once it has entered this phase in Figure 2. The main reason for this is that this business family has an experience which a one generation or multi generation business family will never have, and that is the experience of letting go, although the business is still run by the same business family.
decide to exercise the option to sell the family business or close it down instead, and they are entitled to do that without being labeled a failure for so doing.

Secondly, the new proposed categorization of business families shows that business families may not go through a succession process, but it also shows that the family is part of the main unit of analysis. Every category includes the term family and that takes the focus away from the founder. This is another development route than Gersick et al. (1997) have in their three dimensional developmental model, at least along the ownership axis. The ownership axis in that model includes the stages controller-owned, sibling partnership, and cousin consortium. The first stage tends to focus too much on the controlling founder, although other family members are also likely to have contributed substantially to the development of the business or may be owners of the business. For example, in one generation business families, spouses can own large parts of the family business, but by using the label "controller-owned", these family members do not receive the attention they deserve. The situation is somewhat similar with the second stage on the ownership axis in the three dimensional developmental model: the sibling partnership stage. The next generation in the family may be the new leaders in the business, but often the majority of the shares are not given to the next generation family members until one of the parents dies (Hall, 2003). This implies that the label "sibling partnership" is often too narrow, since family members from other generations in the family might also be heavily involved in the ownership of the family business. The decision to use the category multi generation business family makes it easier to cover situations like this, since the focus is more on the whole business family than on some of the key actors in the family.

Finally, a third reason why the proposed categorization of business families in Figure 2 is useful in this thesis is related to the selection of cases. As stated earlier, the complexity in family businesses becomes greater when there are several family members from different generations involved in the business operations. The simple reason for this is that family members from different generations are in totally different phases of their lives (Gersick et al, 1997). Members from the next generation may be preoccupied with their future career and family planning, while family members from other generations are likely to be more interested in retirement and all the challenges that change brings along. These differences are important to understand when analyzing business families, since it will also influence the behavior of the family members within the context of the family business (Davis and Tagiuri, 1989). The younger generation may be more interested in riskier, expansive investments while the older generation may prefer to maintain the status quo or to focus on smaller, gradual development. The famous three-circle model by Tagiuri and Davis (1982) does not bring forward these life-cycle dimensions in an explicit manner, but by using the label multi generation business family the researcher is immediately aware of the differences in life-cycles. Clearly, multi-generation and business families that have succession experiences are complex units of analysis, but at the same time they offer really interesting and tough challenges for family business researchers, who want to increase their understanding for family businesses. Therefore, this thesis will also follow the same approach as Hall.

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9 A one generation business family will not have to deal with these differences in life-cycles, but naturally it is also important for family business researchers to realize this difference when they shift their focus from multi generation business families to one generation business families.
(2003) did in her thesis. The main share of informants in this thesis will be business family members from multi generation or business families that have succession experiences business families due to their high potential for rich and interesting data.

2.4 Summary

This second main chapter has focused on three potential main units of analysis for family business researchers: the family, the family business, and the business family. Each unit of analysis has its own strengths and weaknesses, but one common trait for them all is the challenge of how to actually define them. Although the core of the three separate units is fairly easy to identify, one of the toughest challenges for family business researchers is to draw the line between belonging to and not belonging to the unit of analysis. As a result, there are no ultimate, single, or precise definitions of the terms ‘family’, ‘family business’ or ‘business family’. This implies that the key challenge for family business researchers is not to present the definition of a family, a family business or a business family, but to present their definitions of family, family business or business family. Consequently, in this work, a family is defined as a group of people, where the members of the group refers to themselves as members of the same family. A family business is defined as a business, where a family has ownership and is involved in management, but where the family members involved also view the business as a family business. Finally, a business family is defined as a group of people who refer to themselves as members of the same family, and where every one is formally at least owner, manager, employee or member of the board in a family business. The remaining chapters of this study will mostly focus on the business family and its members.
3 SUCCESSIONS AND BUSINESS TRANSFERS

This chapter focuses on changes in the ownership and management of family businesses, and it is based on the idea that there are two substantially different scenarios open for business families that are thinking about the future of the family business after the present owners and managers are no longer involved in the business. The first option, and often the most preferred option, is to transfer ownership and management control to the next generation of family members within the already established business family. The first sections in this chapter focus on this option, and it includes a review of succession research and of the typical challenges for families that are thinking about completing the succession process.

The second major option for business families thinking about the future of the family business in terms of ownership and management changes is to totally give up the control, and to sell the business to an actor who is not a member of the business family. The latter parts of this chapter focus on that option, and the underlying idea in those sections is that a family business transfer is something totally different from a succession. In order to highlight that statement, the chapter is also ended with a comparison of family business transfers and successions. In addition to presenting such a comparison, the idea with this chapter is to show that family business researchers have shown substantial interest in the actual change process and the planning phase prior to these kinds of change processes, but that the post-transfer period has received less attention.

When reading this chapter, it is important to remember that successions and business transfers include both ownership and management change processes. These two changes may happen simultaneously, but that is not necessary always the case (Havunen and Sten, 2003). For example, sometimes families maintain ownership control for generations, but then they give up management positions. The reasons behind that decision might differ, but it is nevertheless often a huge challenge for business families to recruit a non-family member as the new CEO of the family business (Poza, 2004). Several issues might go wrong during such processes, which could be the core topic in a separate study (Brockhaus, 2004). However, the focus in the empirical part of this thesis is on pure successions and/or total family business transfers. Hybrids, in which the business family likes to maintain ownership control but gives away management positions would add too much complexity to the selection of cases and empirical analysis. The vast majority of the business families interviewed also represents family businesses where it would not have been financially possible to recruit a person who would function only as CEO. It is important to be aware of the challenges of recruiting non-family CEOs, but since within the frame of this thesis it is in most of the cases only a theoretical option, this specific discussion is not included in this chapter or in the thesis.
3.1 Changes in ownership and management within business families

Successions are perhaps the topic in family business literature that has received most of the attention from researchers (Upton and Heck, 1997; Dyer and Sanchez, 1998; Dyck et al, 2002). One of the reasons for this is the fact that the succession appears to be, by far, the largest change process that business families will face during their career as owners or managers in family businesses (Lane, 1989; Ayers, 1990; Sharma et al, 1997). Another possible explanation to the large interest for successions is the often present underlying assumption within family business literature that family businesses should stay within families for generations; not doing so signifies failure (Emling, 2000; Winter et al, 2004). Although the reasons behind these succession-related failures may differ substantially, Morris et al (1997) structure the potential sources of these problems in their conceptual model on the determinants and outcomes of family business transitions.

Their model suggests that there are three sets of determinants behind successful family business transitions; the preparation level of heirs, the nature of relationships among family members, and the types of planning and control activities engaged in by the management of the family business. Most of the succession literature focuses on some of these elements, and especially planning and control activities have received attention from family business researchers (Upton and Heck, 1997). In this kind of research, the underlying assumption is that succession is a process more than an event. The process includes several difficulties, and therefore family businesses should start planning for successions well in advance (Morris et al, 1997). These succession plans should basically include elements such as introducing the second generation into the family business and retirement plans for the present owners and managers (Havunen and Sten, 2003). More specific features within these broad categories are the timing of the succession, methods for introducing the next generation into the family business, involvement of outside consultants in the preparation and execution of the succession plan, and the use of external members on the board of the family business (Johansson and Lewin, 1992). All these questions are complex, and therefore family members need time to implement the changes. In addition, in order to cope with the emotions that the change arouses within the family and the business system, planning well in advance appears advisable for business families.

However, family businesses seldom plan for succession (Ward, 1987). Surveys indicate that succession planning occurs in only between 20 to 40% of all family businesses (Mandelbaum, 1994; MassMutual, 1995). Resistance to succession planning appears to be relatively strong, and there may be several reasons for it (Lansberg, 1988). Quite often the main reason for the unwillingness behind the succession planning is the entrepreneur himself (Sharma et al, 1997). This is easy to understand due to the strong linkage between the entrepreneur and the business, but the resistance to succession planning can also have its origin in the behavior of other stakeholders in the family business (Lansberg, 1988). The spouses can discourage succession planning, because they fear that a substantive discussion about the future of the family business will disrupt family harmony. The family business may also be an important part of the spouse's own identity, and a succession may imply that she has to relinquish many roles that she has played during her business career. Other family members may resist
succession planning, since they have difficulty in talking about inheritance and the financial future of the family. Younger family members may also feel uncomfortable with succession planning, since it brings forward the fears of parental death or separation and abandonment.

Actors outside the actual business family may also fear changes in the family business, and hence they do not start succession planning (Lansberg, 1988). Managers and employees often feel that they have established relationships with the founder and they fear changes in these relationships due to the introduction of the next generation members into the family business. The potential successor may have the needed competencies and skills for running the business, but is seldom able to entirely replace the entrepreneur in the eyes of the employees or more experienced managers. Other owners in the family business may also try to avoid initiatives for succession planning, since changes in the ownership structure and the management positions may cause uncertainties about the future return on investment. Customers, suppliers and other partners may also want to preserve the status quo. Their relationships to the family business have been established by communicating with the founders, but the introduction of a successor into these relationships may cause resistance among these actors (Steier, 2001). Handler and Kram (1988) summarizes all this resistance in their model about resistance towards succession planning, and they argue that although there are several different sources to resistance towards succession planning, many of them have some relationship to the founder of the family business. The initiative for succession must come from that individual, and as a result of that statement, family business researchers have shown great interest in the founder's role in the succession process (Sharma et al, 1997).

3.1.1 Successions from the perspective of the founder

Fox et al (1996) argue that management of successions in family-owned businesses is based on six key relationships: 1) the business and its key stakeholders (family and external), 2) the incumbent CEO and the business, 3) the successor and the business, 4) the successor and the incumbent, 5) the successor and the key stakeholders, and 6) the incumbent and the key stakeholders. Each relationship is crucial for the successful management of the succession process, but most analysts of the succession process limit their attention to the incumbent and his key relationships (Lansberg, 1988). This is clearly a natural starting-point, since the initiative to a succession process is largely dependent on the founder of the business (Sharma et al, 1997). Previous research also indicates that one of the major problem sources in succession processes is that the founder has problems in relinquishing control over the business (Upton and Heck, 1997). This behavior is also easy to understand in the context of what the business usually means to the founder.

Firstly, entrepreneurs often have a strong need for control (Delmar, 1996). This may be the reason why they started their business, and letting go implies giving up that power (Dyer, 1986). Secondly, the business is often more or less a part of the entrepreneur's own identity. Succession then implies that founders have to give up a part of
themselves, and that is like talking about one's own death (Beckhard and Dyer, 1983). Thirdly, the entrepreneurs are often emotionally attached to their company as to a child or a mistress (Davis and Tagiuri, 1989). Other reasons to resistance in relinquishing control over the business include the loss of heroic stature and mission (Sonnenfeld, 1988). Neither may the entrepreneur be able to select one of the children as the new leader of the company because of rivalry among them (Johansson and Lewin, 1992). The entrepreneur may also be doubtful about the capability of the potential successor (Krylborn, 1997). However, despite all these potential difficulties with relinquishing control over the family business, there are entrepreneurs who retire from involvement in the family business operations. These entrepreneurs often belong to one of the following categories: monarchs, generals, ambassadors, or governors (Sonnenfeld and Spence, 1989).

Monarchs have serious problems in letting go of control over the family business. They retain close control over strategic decisions, and they do not step aside until they are more or less forced to do so. Generals also belong to the category of founders who feel they are being forced out of the family business. They differ from monarchs, since they also have the intention of retaking control over the family business, which was so wrongly taken away from them. The ambassador is more willing to give up control and to step aside. These leaders are more often found in larger firms, and they usually remain within the firm after the succession by having a seat on the board. Governors rule more for a specified time, and when it is time to step aside, they do so. Neubauer and Lank (1998) do also present their view on different departure styles, and it is heavily influenced by the work of Sonnenfeld and Spence (1989). Their categories are the hedonist, the ambassador, the mentor, the general, and the monarch. The hedonist departs voluntarily from the family business, and he usually takes up activities like sports and hobbies. The mentor also cuts his ties to the family business, but he is around when the next generation members need him. Unfortunately, the most frequent departure styles seem to be the ones labeled monarchs and generals (Sonnenfeld and Spence, 1989; Neubauer and Lank, 1998).

Successions are difficult to complete successfully, since many founders resist letting go of control over the family business. However, the situation might be even more complex when the family business is a sibling partnership or a cousin consortium (Lansberg, 1999). In these successions, timing is very crucial. In sibling partnerships, it is always a question of who should retire first, and the one who does so may fear that the other siblings will develop the business in an inappropriate manner, since they are now totally in charge. These kinds of tensions may be difficult to deal with, but the option where they all, at the same time, retire can also be very painful for the future development of the business. Non-sequential retirements can leave serious deficiencies in skills at the senior level, and that is why planning is even more crucial in these kinds of succession processes. The situation is somewhat different in cousin consortiums. Such organizations are often highly complex, and there are often several options open for the generation of family members, which is about to retire. The family business may consist of several branches, and this allow several family members to hold seats on boards for a certain period, which may be one of the ways to deal with the tension that succession processes bring along. However, regardless of how many family members are involved in the succession, two crucial aspects seem to emerge in succession processes.
Successions are always tricky, but by having clarity about timing and planning for retirement, it may be easier to complete (Lansberg, 1999).

### 3.1.2 Successions from the perspective of the next generation

The focus on the entrepreneur, or the founder, is strong within studies on successions, but there is also an extensive interest in the next generation. The intention to join the family business has been a major topic within this kind of research and factors related to the level of intention to join the family business are often age (Handler, 1990; Birley, 1991; Thomassen, 1992), birth-order (Lansberg, 1988; Goldberg and Woolridge, 1993), gender (Lyman et al., 1985; Meffert, 1990; Dumas, 1992), level of involvement while growing up (Alcorn, 1982), the entrepreneur's unwillingness to let go (Handler, 1990; Navin, 1991), and the size of the family business (Birley, 1991). Some other studies focusing on the successor have been directed more to how the successor develops as a leader (Fiegener et al., 1994), and how the second generation is introduced into the family business (Brunåker, 1996).

The introduction of the second generation into the family business does not happen overnight, and this brings forward another dominating issue within succession studies. Most researchers agree that the succession is more of a process than an event (Upton and Heck, 1997), but it is the relationship between the founder and the successor, which is the key issue during this process (Morris et al., 1997). If there is a healthy relationship between these two key players, the entrepreneur can gradually give up his ownership and business involvement, while the successor gradually increases his involvement related to the same elements. This is also a golden opportunity for the two persons to learn to know each other even better, and for the next generation members to learn more about the business. If everything goes well, there are no surprises during this process, since they both have the same kind of information about the business and its future (Howorth et al., 2003). Handler (1990) describes this process as the "succession dance", where responsibility and control are gradually shifted from the entrepreneur to the successor. Churchill and Hatten (1987) follow similar thoughts when studying the different life-cycles of the entrepreneur and the successor, and how these affect the outcome of the succession process. They find that the human life-cycles of both the founder and the successor are of high importance in successions. The two actors will be in quite different phases of their lives during a succession process, and this has consequences for the outcome of the process. Age is important within this aspect too, and succession appears to be more likely to succeed if the entrepreneur is within the age range of 51 to 60 years, while the successor is 23 to 33 years old (Davis and Tagiuri, 1989).

Longenecker and Schoen (1978) also represent the view that successions are processes, and that these processes have several different phases with their own characteristics. However, typical of this kind of research is that it focuses on relationships between fathers and sons. Gender issues have not received much attention in relationship to this aspect, but still some findings can be reported. Meffert (1990) finds that many owners prefer to sell their businesses instead of passing them onto their daughters. Maybe partly
for this reason, Birley (1991) finds that most female students in her study had no intention at all of joining the family business. Some daughters may have the intention of joining the family business, but they usually face several difficulties. One of the main difficulties is that they are not taken seriously about their intentions (Korman and Haber, 1991). Other daughters are classified as ‘daddy's little girl’, although they have the needed skills and competencies for doing a proper job. They might also find themselves most often excluded from major business decisions that affect their jobs, or they are not simply informed about facts that are important for their jobs (Dumas, 1992). Despite these difficulties, some daughters make it to the top in the family business. However, most of these were not considered for an employment in the business until some crucial event took place. In addition, if they got the job in the family business under such circumstances, their employment was often regarded as temporary.

### 3.1.3 Challenges during the period after the succession

Previous research on successions shows clearly that the dominant view is that successions are processes not events. During this process, next generation members will learn more and more about the family business through their increased involvement in it, and there appears to be three levels of involvement (Stavrour, 1999). The first level includes discussions at home around the family business and entrepreneurship in combination with part-time employment in the business. The second-level includes full-time employment in the business, but with no larger responsibility for the family business as such. The third level then includes the appointment of the offsprings to leadership roles and responsibilities of their parents in the business. All these three stages are covered fairly well by previous family business research, but there appears to be no major research activities focusing on the period when the succession process is expected to be completed (Harvey and Evans, 1995).

Somehow the succession literature appears to assume that a successful succession process ends with the transfer of the power and responsibility from the incumbent to the successor (Harvey and Evans, 1995). From one point of view, this is not understandable, since the succession process usually continues for a very long time, and the first generation will in many cases stay onboard for a very long time although there has been a shift in command (Hambrick and Mason, 1984). Hence, it is not that easy to precisely determine when the succession process has started and when it is completed. Still, when a next generation family member is officially appointed as the manager of the family business, it can be argued that some kind of post-succession period has started. The incumbent may still hold on to his ownership stake (Davis and Harveston, 1998), but the situation is different in the family business, since it is now the next generation that is formally in charge of the business operations. This is a new situation for several different stakeholders, and it can therefore create certain tension during the post-succession period.

One potential problem during the post-succession period is the notion among the younger generation that the older generation is always looking over their shoulders
(Harvey and Evans, 1995). The successor does not get the physical freedom from his or her parents to fully develop, and thereby it will be difficult for the successor to develop into the future leader of the family business (Handler, 1990). The first generation may not directly interfere in the business operations, but sometimes it is enough that the incumbent is physically present in the business. Another problem that may occur is within the relationship between the successor and other key stakeholders in the company. For example, older employees may take the view that they do not report to junior (Niemi, 2005). Other problems can be related to changes in the organizational culture due to changes in the management team. Successions as such symbolize change, and if the succession is completed within a relatively short time-period, employees can have difficulties with the working environment, which in the longer run can create problems for the successor and bring further tensions into the family. Closely related to this problem source is the principle of changing a winning formula (Harvey and Evans, 1995). A new generation may bring with it new methods and principles, and this may be hard for both the incumbent and the employees to accept. From a successor point of view, this can be very difficult to accomplish, since in many cases, the employees might still feel that it is the first generation that holds the veto power. On the other hand, it can be the other way around; employees appreciate new ways of organizing work and they cannot understand why the first generation must still be around. This potential situation will be a real challenge for the first generation, and that can also put some pressure on family harmony (Birley, 2002).

From an organizational point of view, it is obvious that things can develop in totally different directions after succession is completed. Everything may go perfectly well, or then there may be all kinds of tensions between different key stakeholders. When one tries to address this problem from a family point of view, there is not much research to rely on. Dunn (1999) is an exemption, and she approaches the problem by focusing on family relationship dynamics and anxiety. Her basic hypothesis is that a change such as succession will create tension within the family system, and families will deal differently with this anxiety depending on their ability to manage their personal anxiety about the transition, which reflects the level of anxiety of the family system. Since families will differ in behavior as an extension of being composed of different individuals; families will cope with this anxiety in different ways. One possible approach is to rely on problem-solving mechanisms that have proved to function earlier. In other words, the change occurs, but the family deals with it by resuming a previous pattern of functioning in the system. The change may have implied that something has changed, but otherwise everything continues as normal, since that creates equilibrium within the family. A typical example of this would be a business family that reports that they have completed the paperwork about the succession, but in practice, everything continues as normal. The other approach is to actually realize and accept that there is a change within the family that will lead to a new set of relationships. This so-called second-order change is usually what separates families able to deal with changes from those that have more problems in accepting them (DeSchazer, 1984).

The research by Dunn (1999) on changes within families is interesting, and it is especially one aspect that needs some further comments. She finds that families deal with changes differently, since they are different as families, but she also states that one of the key components behind these differences is the individuals themselves. This is
the case, since one of the central challenges in a family business is the management of the competing self-interests of individuals who occupy constituent positions somewhere in the ownership, business and family-systems (Ward, 1987). In research about successions and post-succession periods, this is an extremely important issue. Previous research has indicated that the perspectives of individual family members can vary significantly (Poza et al, 1997), and it then also seems reasonable to assume that this will be reflected in preparations for the personal disengagement from the family business and the period after the succession, from a family point of view. This also implies that individual business family members might have their own personal opinions on the degree of success with the succession due to their own personal agenda, but unfortunately, previous research give no proper evidence for what this could actually mean. One can assume that individual family members will have different personal agendas during a succession process, but what they look like has not been entirely revealed. This is partly a challenge that this thesis picks up in its empirical part.

3.2 Business transfers

The fourth option in the ownership-management matrix as developed by Neubauer and Lank (1998) includes the option that entrepreneurs exit from their venture. As with successions, the actual transfer of a business is a process of its own. The process has different phases, and the first phase is often some kind of triggering event. Something happens that makes the entrepreneur start thinking about a potential business transfer. This triggering event can have something to do with personal motivation or with the business itself (Graebener and Eisenhardt, 2001). The entrepreneur can have health problems or search for new challenges or the business may face a need for more investments, for which the entrepreneur has no resources. Regardless of the reasons behind the triggering event, as within successions, it takes time to prepare for the actual decision-making. It is often difficult to take the decision to sell the business, but once the decision is taken, the actual transfer process is fairly straightforward. According to Hiltunen et al (2000), the next natural steps after the decision to sell the business is made, are to hire an expert to handle the transfer process, define the object for transfer, find potential buyers, negotiate with buyers and finally close the deal. Naturally, the process is somewhat different if it is the entrepreneur who is contacted by a prospective buyer.

The phases in which an expert is recruited and the object of the transfer defined are important in a transfer process, but since most aspects of these phases are of a more technical character, the phase to find potential buyers is a more interesting one for research. When business owners have reached the decision to sell their business, they have several options regarding how they sell the business and to whom they sell it. They can transfer the total business to the next generation members within the family (succession), or they can keep a part of the business within the family, but sell shares to employees or to the management team of the business. They can also sell the entire business to employees or to the management team, and they can sell parts or the whole business to someone not previously involved in the business. They can also sell the business or parts of it to venture capitalists or angels, or they can sell the business to
another business owner. They can make an IPO, or they can simply decide to sell some parts of the actual business, but to close down the company itself (Johansson and Falk, 1998). The list could go on, but most business owners do not have all these options, since they are small. In reality, few business owners can cash in through an IPO or by selling to venture capitalists or business angels. The most likely buyers are employees or managers in the company, or some other entrepreneur within or outside the specific industry.

The option chosen will be largely dependent on the reason for selling the business, the condition of the business, and the interest among the present owners in the business after it is sold (Wikholm, 2002a). If the owners merely want to cash in, they may prefer to sell to a buyer who buys the business for strategic reasons. This kind of buyer is more likely to pay more than buyers that buy for strictly financial reasons (Longenecker et al, 2000). However, some research (Petty, 1997) indicates that a high price from the perspective of the selling entrepreneur is not the most important issue in a business transfer. Selling entrepreneurs seem to prefer new owners who can further develop the business in the same way as the selling entrepreneur would have developed it (Graebener and Eisenhardt, 2001). They seem to want somebody who thinks in the same way, take good care of the employees, and decides to keep the business facilities in the same premises. However, it is not easy to find such buyers, since most potential buyers are persons who are not well known to the sellers (Howorth, et al, 2003). In addition, buyers might often also have difficulties in obtaining detailed information about the business that is for sale, and this might also further complicate a potential business transfer.

An optimal situation for prospective sellers is to have several potential buyers who fit the desired profile for the prospective buyer. However, nowadays and especially for small business owners, this is most often not the case (Wikholm, 2002b). Firstly, the timing may be wrong. Entrepreneurs may be willing to sell the company at a certain time because they have identified promising windows of opportunity elsewhere. However, this window may be closed before their own existing business is sold. There might simply be no buyer around who is willing to pay the price that the entrepreneur believes the business is worth. Another source of problems in transfer processes is the close relationship between the entrepreneur and the business. Firstly, the finances of the owner’s household and the business might be so highly integrated that it is difficult for a prospective buyer to see the real value of the business (Hiltunen et al, 2000). Secondly, the business and the entrepreneur are often more or less the same unit, and if the entrepreneur prefers not to continue working under the supervision of the new owner, the prospective owner foresees too many difficulties in running the operations himself and decides not to buy the business. In addition, it might also be risky to buy a family business, since family business entrepreneurs might decide at the moment of selling that they are so emotionally attached to their business that they are unwilling to give up control. Those entrepreneurs who themselves have bought the business could be expected to have fewer difficulties with this issue, but that is not necessarily the case (Longenecker et al, 2000). It always appears difficult to give up one’s own creation.

The selling process may be painful for the seller, but the time after the transfer also includes several challenges. Some entrepreneurs stay in the business after the transfer,
because it is part of the deal, but these entrepreneurs often become disillusioned quickly and leave prematurely (Longenecker et al, 2000). Entrepreneurs who have sold their businesses also appear dissatisfied with the process. Petty et al (1994) found that some entrepreneurs who have sold their businesses were significantly disappointed with the acquisition process and the final outcome. They argued that they noticed afterwards how important the business had been for them personally. Moreover, they also found it more difficult to manage money than businesses. However, a part from these observations there is not much written about entrepreneurs and their behavior after a business transfer is completed. There are some exemptions to this, and perhaps most of them can be found in literature on serial- and multiple entrepreneurship.

3.2.1 Serial entrepreneurship

Entrepreneurship researchers have not shown great interest in transfers of businesses (Howarth et al, 2003), despite the idea that a successful transfer is to some extent the final evidence of a successful career as an entrepreneur. Still, there are such studies, and one particular type concerns serial entrepreneurship. There are several definitions of serial entrepreneurs, but usually a distinction is made between serial and habitual entrepreneurship (Rosa, 1998). Habitual entrepreneurs (MacMillan, 1986) are entrepreneurs who have previous experience of setting up businesses and may be running several businesses simultaneously, while serial entrepreneurs follow a pattern of divesting and investing (Alsos and Kolvereid, 1998). Previous research has often compared serial and habitual entrepreneurs with each other together with novice entrepreneurs (Westhead and Wright, 1998). In general, the underlying hypothesis is that there is a positive relationship between prior business start-up experience and enhanced performance of businesses owned by serial entrepreneurs. The hypothesis can also readily be tested, since the necessary empirical material exists. Birley and Westhead (1993) found that the percentage of new business founders with prior experience in starting a business varied from 11.5% to 36%. Studies covering other countries have also reported high figures for the existence of serial and multiple entrepreneurs (Ronstadt, 1984; Schollhammar, 1991; Kolvereid and Bullvåg, 1993).

The main reasons why there might be a difference in performance between serial and novice entrepreneurs are mostly found in differences in experience, and among others Lamont (1972) found that more experienced entrepreneurs were more likely to gain access to external funding and to put together a venture team with a more balanced portfolio of skills and competencies. Alsos and Kolvereid (1998) also found that parallel founders were more likely than novice founders to actually set up a business. McGrath (1996) also offers an explanation for why entrepreneurs with previous experience are more likely to set up new businesses. The explanation is within the social capital in the form of powerful networks that individuals may have created through the existence of a business. Ronstadt (1986) presented similar thoughts by suggesting that the process of setting up a business opens the eyes of the entrepreneur to new opportunities.

Although research on serial entrepreneurs is largely focused on comparisons of different groups of entrepreneurs, it seems to offer no rigid explanation for why serial
entrepreneurs exist. Independence or a need to control can be a reason why an individual sets up a business (Delmar, 1996), but other reasons may appear as the reason behind multiple start-ups (Westhead and Wright, 1998). One possible explanation for why an entrepreneur sets up several businesses can be the simple reason that the entrepreneur needs several sources of income. This phenomenon is common in the countryside or rural areas, where farmers may set up other smaller businesses as a mean to deal with seasonal fluctuations. Another explanation for the existence of multiple entrepreneurs is found within management literature (Rosa, 1998). In these situations new ventures emerge more as a result of managing resources and maximizing wealth instead of entrepreneurial activities. Some other possible explanation for the existence of multiple entrepreneurs can be found within family system theory. Rosa (1998) mentions this possibility in his study of entrepreneurial processes in relation to reported problems with the selection of unit of analyses. Some of his cases were family businesses, and he found that the decision to focus solely on the entrepreneur in these cases could lead to biased results. In order to avoid such problems, he suggested that business clustering should not be analyzed just from the viewpoint of the entrepreneur, but also from the perspective of the whole family as a group.

From a family system theory approach, a possible explanation to the existence of serial entrepreneurs is found in relation to emergence of imbalances in the family system as a result of the exit from the family business. Since family systems are based on the underlying assumption of homeostasis (Dunn, 1999), an approach to return to the balance that existed within the family system prior to the transfer is to start up a new business. This could also explain why entrepreneurs often sell companies when they grow and become more difficult to manage. In such situations, the entrepreneur faces new challenges with which he may not be comfortable, and this may also create tensions within the family system. A short-term solution to this problem is then to sell the business and to start up new activities, which again are much easier to control. On the other hand, this facilitates the establishment of the emotional equilibrium that used to be present within the family system. Some business families tend to behave in this manner, and Kenyon-Rouvinez (2000) refers to them as serial business families.

3.2.2 Serial business families

Kenyon-Rouvinez (2000) is among the first researchers to study what she refers to as serial business families. The term refers to families that have sold their original family business and at a later stage go back into business together by re-creating an operating family business. Her main study consists of nine case studies from different countries, and the underlying assumption is that there are no major differences between serial entrepreneurs and serial business families in terms of the three-stage re-creation process. This process includes the following phases: the selling stage, the interim stage, and the re-creation stage. The potential differences between the serial entrepreneurs and the serial business families are primarily examined in terms of the characteristics of their involvement in the business and their motivations to start a new business.
Her research is explorative, and she comes up with some preliminary findings that suggest differences between serial entrepreneurs and business families. One such major difference is the length of time before a reinvestment is made. Serial entrepreneurs make new investments at much higher speed than serial business families. The families often wait up to five or six years after the sale of the original business until they make new investments. A further difference between the two categories seems to be that serial business families tend to stick to their original industry sector, while they re-create their family business, while serial entrepreneurs concentrate more on different sectors. There are also differences in terms of the motivation behind the re-creation processes. Serial entrepreneurs often have no desire to retire. They have a need for independence and enjoy the challenge of starting up new businesses. Serial business families usually start new businesses because they want to stay together as a family, and they want to provide work for the next generation. Based on her review of previous research, Kenyon-Rouvinez continues by stating that serial entrepreneurs appear to be more short-term minded than serial business families. Serial entrepreneurs tend to leave the business after the transfer, while the business family usually stays for a longer period in the business after the completed transfer. Consequently, it appears that serial entrepreneurs are not as possessive about their businesses as serial business families, and they tend more often to turn into venture capitalists.

The work by Kenyon-Rouvinez is important for the development of theory within the field of family business research, although some of her findings need to be commented. Firstly, she focuses on business families and she has rich material in her cases. The material, however seems to primarily reflect the opinions of the dominating family member in the business family. Unfortunately, there is no list of the interviews in the appendix in her thesis, but comments in the text suggest that she has focused on one person in the family. Through conferences and seminars she has been in contact with other family members as well, who may have verified the picture of the business family, but there is no indication that this is the situation in every single case. From a business family perspective, this is a shortcoming, since there is the possibility that other business family members view the situation within the family somewhat differently (Crampton, 1993). By including other family members on a more systematic basis, the case material could have contributed even more to increased understanding of serial business families.

Another reflection on the results in the thesis by Kenyon-Rouvinez is related to the issue that her nine cases represent several different sizes and nations. She is aware of this shortcoming, and the conclusion section includes a reflection on the need for further research on serial business families in national and cultural contexts with a more homogeneous basis. This thesis follows that suggestion by selecting case-material from a single country. Reflections on the constellation of the business families are an even more promising aspect of her results. Her findings indicate that the family members who work together during the selling stage are usually not the same as those working together during the re-creation stage. This indicates that one family may include several business families, and that the constellation of these business families may change as time goes by. This finding also suggests that there is an interest in finding out why some individual family member chooses not to be part of a serial business family after a transfer. The valid explanation for such behavior cannot be found without including
every business family member in the analysis. Kenyon-Rouvinez is aware of these aspects, and it is part of her section on future research. That part also includes the need for more research on why other families do not re-create a business after the transfer of the original family business. This statement argues for the existence of several options for business families after the transfer of a family business. In that sense, this thesis picks up the challenge with, which Kenyon Rouvinez left us in her work on serial business families.

3.3 Summary

If business families want the family business to continue after that the first generation withdraws they have only two options. They can transfer the ownership and management control to the next generation business family members, or they can sell it to an actor from outside the business family. Regardless of which option they exercise, the business family will face a change process that will pose quite a challenge to complete. Both successions and family business transfers include the same kinds of elements during the actual process, but they differ in many aspects of these elements. Examples of this are found in Table 4. Successions and business transfers are compared in terms of the business, information asymmetry, the next manager, management and ownership, length of the transfer process, timing of change, personal disengagement and combination of resources from family and business. The actual comparison is made from the perspective of the first generation business family members who are selling.

Table 4 Differences between successions and business transfers

<table>
<thead>
<tr>
<th>SUCCESIONS</th>
<th>ASPECTS</th>
<th>TRANSFERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wants the business to continue within the same family.</td>
<td>The business</td>
<td>Wants the business to continue without major changes.</td>
</tr>
<tr>
<td>The business is often known to the successor.</td>
<td>Information asymmetry</td>
<td>The business can be fairly unknown to the buyer.</td>
</tr>
<tr>
<td>The new manager is well known to the first generation.</td>
<td>The next manager</td>
<td>The new manager can be unknown to the seller.</td>
</tr>
<tr>
<td>Management can be transferred before ownership</td>
<td>Management and ownership</td>
<td>Management and ownership are often transferred together</td>
</tr>
<tr>
<td>The process can take several years.</td>
<td>Length of transfer process</td>
<td>The process is often shorter than a year.</td>
</tr>
<tr>
<td>Better chances if it follows the life-cycles of two generations.</td>
<td>Timing of change</td>
<td>It can take part at almost any stage in the life-cycle of the seller.</td>
</tr>
<tr>
<td>The seller can hold on for years.</td>
<td>Personal disengagement</td>
<td>The seller let go fairly quickly.</td>
</tr>
<tr>
<td>Can continue to be highly integrated.</td>
<td>Combination of resources from family and business</td>
<td>Needs to be clearly separated.</td>
</tr>
</tbody>
</table>
The aspects that are presented in Table 4 are derived from the review of previous research in this chapter. The table includes several interesting remarks. Firstly, in the light of previous research it appears that a family business transfer will be quicker and more permanent solution than succession. In successions, the sellers (first generation business family members) can hold on to the business much longer, and ownership control can be exercised for a much longer period than in business transfers. A second interesting remark is that there is much more research to back up statements on successions than those about business transfers. Evidently, there is a clear need for more research on family business transfers. Finally, in both successions and business transfers, the focus is most often on the lead entrepreneur and the successor (buyer). What remains uncovered is the question of how other business family members view the process, and especially how they perceive the personal disengagement from the business and the post-transfer period. What happens with all the other family members who have been involved in the family business? The next chapter will deal more with that issue, and some new thoughts are presented with the intention of finding out more about what business family members really perceive as important when family business transfers are on the family agenda.
4 DISENGAGEMENT FROM THE TRANSFERRED FAMILY BUSINESS

This chapter focuses on family business transfers. The main interest is in business families that have been involved in sold family businesses, and how these business families and their members disengage themselves from the family businesses after the completed transfers. The starting-point is that, in accordance with stakeholder theory (Freeman, 1984), individual business family members might deal with this change process very differently. The proposition is that the business family members will follow one out of two major potential routes; either they will be involved in setting up a new business, or they will, at least temporarily, choose not to set up a new business after the family business transfer. Each of these two options also has its own variations, which indicates that business family members might reorganize their lives very differently after family business transfers.

The disengagement of the former business family members from the transferred family business is studied from the angle of how they in retrospect view their earlier involvement in different value-creating activities within the context of the former family business. Key dimensions in that analyses are financial, human, relationship, organizational, and social capital. This implies that the major aim with this chapter is to use these different capital forms in the construction of a capital lens, which can be used to increase understanding of how and why business family members disengage themselves from a family business. This capital lens will be used as a tool in the analysis of empirical material collected from Finnish business brokers and business family members, as presented in chapter six.

4.1 Systems undergoing changes

A system is a set of components and the relations between them (Arbnor and Bjerke, 1997), and the main system in this thesis is the business family system. The components in this system are the individual business family members, and they are related to each other in two different ways. Firstly, they are members of the same family system, and secondly, they are members of the same business system. In that respect, the business family can be categorized as a subsystem of the family business system. One can also argue that the family business is the system environment for the business family system, and then one key challenge in studies about family business transfer is to determine what happens with the business family system when the system environment changes.

A change such as a family business transfer will create some anxiety within the business family system and among its components (Dunn, 1999). The change will also create a need for action, and this action can be of different kinds for several reasons. Firstly, one of the central challenges for family businesses, and business families is to deal with the competing self-interests of the individuals in the business family system (Lansberg, 1983; Tagiuri and Davis, 1996). These competing self-interests exist, because the individuals per se are different kinds of actors, but also because they have different
positions in the business family system through their involvement in ownership, management, or the board of the company. Hence, the individual business family members or the components of the business family system will most likely perceive a family business transfer differently, and as a consequence, they will also represent different opinions on how the business family should adapt itself to some new system environment after the family business transfer. Secondly, as mentioned earlier, system changes may be first- or second-order changes (DeSchazer, 1984). In system terms, a first-order change means that the system merely re-creates the system equilibrium by using previous patterns of functioning. Within the context of a family business transfer, one example of this would be that the business family decides to set up a new business in order to reach the normal situation. A second-order change is a situation where the new system is observably different from the previous form of the system. For example, a second-order change would exist where only some of the former business family members continue as components in the business family system and set up a new business. Due to the mere existence of these two options, a business transfer may create anxiety among the business family members, and it may not be obvious how this new situation should be handled by the components in the business family system.

Quite clearly business family systems and these components can adapt to new system environments differently, and when trying to understand more about how this actually happens, and what might be of importance for the individual components in this change process, the model in Figure 3 can be of some help. The model includes three central areas; triggers to change, disengagement, and the outcome or new system environment. It is influenced by the work of Dunn (1999) on successions, and it follows same kind of thinking as Sharma et al (2001) used in their paper on succession processes, and as Petty et al (1994) followed in their study of acquisition transactions.

Figure 3 Towards an increased understanding of family business transfers

The model in Figure 3 is built up around three key components; trigger, disengagement, and outcome. However, from the perspective of the thesis, it is the capital lens that is the ultimate key ingredient. The capital lens is presented in more detail in chapter
4.1.2.2, but at this stage, let us say that the capital lens is one way of looking at the family business transfer process. When researchers use the lens, they put on glasses with crystals of different capital forms, and thereby the vision is that they can increase the understanding of change processes like family business transfers. In other words, the researcher can expect individual business family components to view the change process differently, but in order to learn more about how they actually do this, the researcher can use the capital lens and thereby “force” the component to look upon the transfer process in retrospect from the perspective of different capital forms like financial, human, relationship, organizational and social capital. The results of such a procedure are presented in chapter six, but before entering that chapter, a more detailed discussion on triggers to change, the capital lens, and potential new system arrangements is needed.

4.1.1 Triggers to change

In a succession, the triggers to change are usually that the current owners and managers face retirement or have health problems (Johansson and Falk, 1998; Gersick et al, 1999). This accentuates the transfer, and if there are willing and able successors within the family, the succession process can be completed, and there will be a future shift in both ownership and management (Havunen and Sten, 2003). The basic processes are the same during every succession process, but individual succession processes are likely to differ from each other due to differences within the business and the family. In general, the actual outcome of the succession process, from the point of view of the individual family members, might differ from family business to family business depending on factors like propensity of the incumbent to step aside, propensity of the successor to take over the business, succession planning, agreement to continue the business, and acceptance of individual roles (Sharma et al, 2001). As a starting-point, family business transfer processes aiming for transfers to some non-family buyer can have their origin in the same triggers as successions, but since there is perhaps no ready and willing successor within the family, the business must be sold to a third party. Triggers to change may also be the facts that business family members might want to prioritize other investments or they find themselves in a situation, where there is not enough financial capital for further development of the business (Birley and Westhead, 1989). Some family member might simply be bored or tired of the routine or lack of challenge (Bygrave 1997). Still factors such as age, poor health, and relocation of a family member or other personal reasons seem to account for about half the businesses sold (Goldstein, 1990).

Triggers to change can be of a different kind, and for a researcher it is logical to begin his study about change processes like transfers of family businesses by showing some interest in the triggering event. As Sharma et al (2001) and Petty et al (1997) have indicated in their own research, the trigger is expected to have some influence on how the business family continues to plan for its future after the transfer is completed. However, as within succession, before the triggering event actually forces the business family to take some action related to the start of the transfer process, or actually makes it to complete the process, there may be exit barriers to cross. Family business research
has shown that one such exit barrier is the fact that entrepreneurs often have difficulties in relinquishing control over the business that they have built up (Handler and Kram, 1988; Lansberg, 1988; Sonnenfeld, 1988). For those, who experience it as a problem, it appears mostly to be a problem of a more psychological character (Handler, 1990). The entrepreneurs are often so closely linked emotionally with the business that a separation between the business and the entrepreneur implies that the entrepreneur has to give up a part of himself when the succession occurs (Gersick et al, 1999). Researchers can expect that successions are different from transfers to non-family buyers (Sharma et al, 2001), but the same kinds of resistance is likely to occur in the processes around business transfers. A transfer includes an even more definite and in some cases quick end to involvement in the business, and that can be emotionally tough for the former lead-entrepreneur (Hiltunen et al, 2000).

Exit barriers are not barriers faced by only the lead-entrepreneur during a disengagement process. The successor is also likely to face exit barriers (Upton and Heck, 1997), and Lansberg (1988) argues that in order to understand the overall impact of successions, it is necessary to differentiate between the perspectives of the different stakeholders. Founders, spouses and every single next generation member may have their own interests to cover during a succession process, and researchers with an interest in succession processes should not neglect these aspects. The same is likely to be true in transfers of family businesses to non-family buyers. Consequently, when the business family is the main unit of analysis in studies about business transfers, the discussion needs to be broad in terms of both involved actors as potential exit barriers.

Redlefsen (2002) has made a contribution in this respect in his study of exits among family shareholders. His starting-point was family businesses still under control of families, but where during the lifecycle of the family business, some family shareholders had decided to give up their ownership. The explorative study including 55 case studies indicates that those family shareholders who prefer to leave the family business will face three different exit barriers. Firstly, as other family business researchers have indicated (Handler and Kram; 1988, Sonnenfeld, 1988; Graebener and Eisenhard, 2001), there are psychological barriers. These barriers include aspects like employment, entrepreneurial freedom, prestige and position in the society, identity and family membership, historical imperative to stay within the business, fringe benefits and finality of the exit. Other exit barriers include economic barriers. These barriers include aspects like reception of adequate dividends, compensation, a potential increase in company value, and the opportunity to influence the strategy of the firm. Further on, family shareholders may also face legal barriers, when trying to leave the business family system. Typical examples of such barriers include rights of first refusal, the existence of notice and payout periods, and valuation of shares. These kinds of exit barriers are more likely to be found in larger firms, and consequently, one can expect that larger firms have better and more established procedures for dealing with them. Still, the barriers can also exist within smaller family businesses and in addition, the lack of an internal market for shares can in particular be regarded as an exit barrier in smaller family businesses.

The research by Redlefsen focuses on larger family businesses still under the control of business families, but regardless of this, the research has some qualities that are also
useful for the purpose of this study. Firstly, there are different kinds of exit barriers. Psychological barriers are perhaps the most often mentioned barriers in family business research, and they may be significant in transfers involving smaller businesses, but there are also economic barriers. This leads to another important reflection based on the research by Redlefsen, and that is the fact that exit barriers may appear during different stages of the succession or transfer process. The psychological barrier might hinder the start of the change process, but there are also cases where this barrier has stopped a potential transfer just prior to signing of the contracts (Hiltunen, et al, 2000). Economic barriers can typically also emerge at the end of the change process. Everything might be settled in principal between the seller and the buyer, but if the buyer cannot arrange the financing, the deal cannot be successfully completed (Wikholm, 2002b).

The aspect of economic barriers also brings forward another crucial factor, and that is the importance of money or financial capital. A natural focus in business transfers is money, but for business family members this can be of second-order importance (Longenecker et al, 2000). Aspects like partly giving up identity and family membership can be much higher exit barriers than non-optimal financing arrangements. A fourth strength of the research by Redlefsen is that it acknowledges that individual family members may perceive potential exits differently. Some family members may gladly want to exit the business family system, while other family members may gladly want other family members to leave. Regardless of the scenario, the point is that business family systems change in many different ways. An exit does not have to imply that all components of the system leave the system, and this is also important to remember in studies of transfers of smaller family businesses. Such a transfer might create a scenario where every component (business family member) leaves the business family system, but that is not necessarily the case. Some business family members may decide to remain within the business family system, and why they may decide to do so, is discussed in the next chapter.

4.1.2 Viewing system changes through a capital lens

Selling a business or a firm is something totally different than selling some property like a car or a bicycle. The valuation will be more difficult when the transfer includes a business, and the level of complexity of the actual transfer is also much higher. Still, in all its simplicity a business transfer involves two major actors; the buyer and the seller, and they will have their own view of the actual transfer and the object for the transfer (Hiltunen, et al, 2000). The buyer may be interested in a good title at the lowest possible price, favorable payment terms, a favorable tax basis for resale and depreciation purposes, warranty protection against false statements of the seller, inaccurate financial data and undisclosed or potential liabilities (Goldstein, 1990). The seller will be most interested in the best possible price, getting his or her money, favorable tax treatment of gains from the sale, severing liability ties, past and future, and avoiding contract terms and conditions that he or she may not be able to carry out. With such so totally different interests amongst the key actors in a transfer process, it is no wonder that business transfers include negotiations where all kinds of aspects of the deal are discussed.
One crucial part of the negotiation process, from the buyer’s perspective, is to secure that one really has correct information about what one is about to buy (Wikholm, 2002a). Usually this is realized through a due diligence process. Such a process might consist of different kinds of due diligence, where business, legal, financial and environmental considerations are in focus (Blomqvist et al, 2001). The idea is to get a true and fair view of the object for the transfer through the due diligence and thereby also some idea of what a fair price for the business might be. Unfortunately, due diligence may forget crucial aspects of family business transfers, and that is why the next two sub-chapters will focus on another kind of due diligence that puts the business family in centre. That approach will be more theoretical than other types, but the main idea remains the same, and that is to learn more about the actual object in a family business transfer and the process around the actual transaction. However, the focus is slightly different, since it focuses on the business family and its members. The next sub-chapter includes some idea of what might be of importance in due diligence from the perspective of the buyer. The following sub-chapter will present the perspective of the seller, and what a business family gives up when it sells its family business. By learning how both the buyer and the seller sides look upon the object of a transfer through a more theoretical due diligence process, the ambition is that family business researchers can learn more about family business transfers and their characteristics.

4.1.2.1 Different forms of capital

In order to increase the understanding of what a buyer actually acquires, when he buys a business, the object of the transfer can be studied from the perspective of the resource-based view of the firm. During the final decades of last century, a diverse set of researchers developed this new view on strategy, which emphasized resource efficiency rather than the generally accepted competitive forces (Wernerfelt, 1984; Peteraf, 1993). This so-called resource-based view grew strongly in the 1980, and is based on two fundamental assumptions (Barney, 1991). Firstly, building on the work by Penrose (1959), one assumption is that firms can be described as a collection of resources, and different firms will possess different sets of resources. This is the assumption of resource heterogeneity. Secondly, some of these resources are either costly to copy or inelastic in supply. This is the assumption of resource immobility. Giving these two assumptions, the main challenge for firms will be to develop a set of resources that offer values to customers in a way with which no other firm can compete. In other words, firms will have a sustainable competitive advantage and render above average returns if their resource set is valuable, rare, imperfectly imitable, and without a strategically equivalent substitute (Barney, 1996).

If a buyer studies a potential transfer object by using this view, one of the first main challenges will be to determine what kinds of resources there are in the business. The resource-based view has received criticism for its way of conceptualizing resources (Ehrnrooth, 2002), but on a general level, a resource audit would group resources into the categories financial, physical, human and organizational capital (Barney, 1996; Johnson and Scholes, 1997). Out of all these capital forms, financial capital is the easiest capital form to gain some insight about (Johannisson, 2000), and all different money resources fall into this category. Basically, financial capital could be anything
from the entrepreneur's own capital and retained earnings to bank loans. Physical capital is a wider category of resources, but most typically it includes machines and equipment, raw materials, computers, buildings, and even the firm's geographic location (Ghemawat, 1986). Human capital puts the individuals in focus, and this resource category captures training, experience, judgment, intelligence, relationships, and the insights of individual managers and workers in a firm (Becker, 1964). Close to this category is organizational capital, since it is an attribute of collections of individuals. This resource category may include a firm's internal reporting structure, planning, controlling and co-ordinating systems, culture, and reputation (Tomer, 1987). To conclude, taking this approach, the transfer of a business will from the perspective of the buyer lead to a situation where the buyer through a transaction acquires control over a collection of resources. The main challenge in the due diligence stage will then be to find out as much as possible about the quality of these resources in order to learn what value they have for the buyer, but also to determine an appropriate price level for gaining control over them.

The first challenge for prospective buyers might be to identify the main categories of resources they are about to eventually gain control over, but it is at least an equally large challenge to determine the value of these resources, and thereby in the extension to come up with a value for the total business. One approach to find out the value of a business is to study different kinds of financial information about the business and its business environment. In other words, the value of a business is in its assets (Edvinsson and Malone, 1997). These assets can take many different forms, but basically assets are everything owned by a company that has money value. Following this line, there first are current assets (Johnson and Scholes, 1997). These kinds of assets are fairly liquid, and they are likely to be consumed within the ongoing year. Fixed assets have a much longer life-span, but they can also be transformed into money by a simple shift in ownership. A third category of assets is investments, which can capture stocks and bonds. The fourth type is intangibles, and they are more problematic from a valuation point of view. These assets have no physical existence, and some examples include patents, brands, good contacts, or corporate image (Johnson and Scholes, 1997).

Although intangibles are a challenge for those who want to estimate the total value of a business, a lot has happened on this frontier during the last decade. One very influential category of researchers argues that by in addition to showing an interest in the financial information about a company, one should also show an interest in the intellectual capital within a company (Roos et al, 1997). This approach relies more on a knowledge-based view of the firm instead of a resource-based view of the firm, and that brings with it a shift in focus towards processes and assets, which are not normally shown on the balance sheet of a company. Sveiby (1989) deals with this balance sheet challenge by introducing the invisible balance sheet. He uses terminology like individual, customer and structural capital in order to capture the hidden values of a company, and other authors (Edvinsson and Malone, 1997; Stewart, 1997) have followed the same kind of reasoning, although they may to some extent have used slightly different terminology. Still, the idea is the same, and that is that financial capital is not the only origin of the total value of a company. There are other capital forms
contributing to the total value of the business, and some of the most common such capital forms are presented in Figure 410.

Figure 4 Capital forms of interest for business buyers

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FC = Financial capital, MC = Monetary capital, PC = Physical capital, IC = Intellectual capital, HC = Human capital, SC = Structural capital, OC = Organizational capital, RC = Relationship capital.

Source: Based on The IC distinction tree (Roos et al, 1997 p.57)

Figure 4 includes several different forms of capital, and the idea is that they are all part of the business system, and that they are thereby part of the total value of the business. The first major distinction between different categories of capital is the one between financial and intellectual capital. Financial capital appears in the form of monetary and physical capital, and these can all be found in the balance sheet of a company. The intellectual capital side is what Sveiby (1989) refers to as the invisible balance sheet, and there are several different capital forms on that side. Within intellectual capital the first major distinction is between human- and structural capital. Basically, one can say that structural capital is what is left in the company when the personnel (human capital) go home for the night (Roos et al, 1997). Structural capital has two dimensions, an external and an internal dimension. The external dimension brings forward the value of the relationships, which involve external actors like customers or suppliers. Often only the term customer capital is used, but this thesis will focus on the label ‘relationship capital’, since that more effectively brings out the issue that companies may also have valuable relationships with actors other than customers. This is also more in line with the decision embedded in stakeholder theory to use the business family as the main unit of analyses. The internal dimension of structural capital focuses on processes in the company, and on a more detailed level there may also be different forms of capital within this dimension. However, this thesis will use only the label organizational capital for these forms. The assumption is that an even more detailed level of internal structural

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10 Roos et al (1997) discuss human capital in terms of competence, attitude, and intellectual agility. Structural capital is divided into relationships, organisation, and renewal and development. This study will focus only on human capital without more detailed division between different capital forms. Within structural capital, the focus will be on relationships and organisation. The reason for these decisions is the fact that the focus in the study is on the business family and not the family business. If the actual business had been in focus, a more detailed division of the capital forms could have been accentuated, but it is felt that this is not necessary when the focus is on persons leaving the family business.
capital is not necessarily needed, since the focus is more on the business family system than on the business family system.

To sum up, based on the idea of different capital forms that have been developed within the framework of the knowledge-based view of the firm, with its own origin in the resource-based view of the firm, Figure 4 presents the capital forms that should be of major interest to buyers of businesses. For them it would be worthwhile to study these different forms of capital during a due diligence process in order to learn more about the value of the business. Naturally, the same approach is true for managers involved in any business. It does not have to be preparation for a transfer, but the idea of viewing businesses as collections of different capital forms is what managers can use to improve the performance and thereby the value of the company that they are representing, regardless of whether there will be a transfer of the business or not. However, the interesting question within this study is how business family members analyze their own position in terms of these capital forms, and with a scenario in mind that they themselves will no longer be an active part of the organization in which these capital forms are present in their current form.

4.1.2.2 Involvement in value-creating activities

The object of a transfer is what buyers and sellers of a business have as a common interest. They both try to determine the value of the business in order to know how much to pay for it, or alternatively how much to ask for it. The previous subchapter tried to present some ideas on how buyers could proceed in trying to do so, but this chapter will look more into the same process from the perspective of the sellers. Naturally, no major differences are likely to be found, since the object of the transfer is the same. Business families can also use the same kind of due diligence process as buyers while they are still involved in business operations and when they try to increase the value of the family business. This implies that business family members, while they are still owners of the company or involved in the business through management, employment, or membership in the board, will be involved in value-creating activities. For example, business family members directly or indirectly create value for their customers, since they are involved in business operations. They may work together with customers, and since they interact with customers they build up customer or relationship capital for their own business. The business family has also overall responsibility for improving internal processes in the company and also the infrastructure of the company. In other words, business family members have responsibilities that are reflected in changes in the level of organizational capital. During their business family career, the individual business family members may also train themselves or otherwise develop their own competencies even further, which is reflected directly in their own human capital. Following the same reasoning, their own activities may also involve investment decisions, and through those activities there might be some changes in the financial- or physical capital portfolio of the family business.

Continuing on the line that business family members are involved in building up the capital base of the family business while they are still active in the company, one natural question will be what actually happens within the family business when family
members end their own personal involvement in those processes? From both the perspective of the buyer and the seller, this is an important question. To begin with, the buyer must try to evaluate the importance of the input from the individual business family members. The result of that investigation may also often imply that buyers expect the former manager to stay onboard for a certain time-period after the actual transfer is completed (Hiltunen et al, 2000). Thereby the actual transfer of the control is expected to go smoother, and the risk of destroying or decreasing levels of capital is smaller (Steier, 2001). From the perspective of the seller, this is also significant, and it might even be much more significant than the sellers themselves know in advance (Longenecker et al, 2000). Naturally, it is important for sellers to be aware of the level of different capital forms in order to learn more about the total value of the business, but here the idea is presented that potential sellers must also analyze the business transfer from a slightly different perspective. It might be at least equally important to understand what value individual business family members put on the opportunity to be involved in the processes of increasing capital levels in the family business. This is a shift in the focus in comparison with the previous sub-chapter, and it means that it is not only the capital levels per se that are perhaps the most important. It may be the case that involvement in the processes of creating that capital or its value is also an important issue for the business family and its individual family members.

Taking the perspective of the individual sellers, it might be the case that the involvement in value-creating activities, as reflected in levels of different capital forms, may be of different importance depending on which capital form is in focus. For example, perhaps some business family member values more the opportunity to use and develop organizational capital, while other business family members may be more interested in being part of the process aiming at increasing the relationship or customer capital level of the family business. Both options are possible in practice, but the problem for the moment is that there is no available knowledge about how individual business family members look upon the value of actual involvement in these different value-creating processes, especially when it comes to situations where family business transfers are likely to happen, and where the individual family members are likely to no longer be part of these processes. In order to at least start the search for such knowledge, the focus will once again be turned to the different forms of capital that were presented in chapter 4.1.2.1. The focus will now be on the seller’s perspective, and the procedure for how this process is actually started is pictured in Figure 5 on the business family and different forms of capital. The figure includes a funnel filled with the different capital forms that have been found to be connected to the total value of a business according to the literature, and they have also been presented and discussed in the previous chapters of this thesis. In the context of this chapter, the idea will be to once again review these different capital forms, but now with the intention to determine what their importance might be for individual former business family members and especially in the situation where a transfer of the family business is accentuated. In other words, the idea in this chapter is, by means of the business family filter in Figure 5, to find those capital forms that need to be part of a capital lens that is then used later on as a tool for studies of family business transfer processes, where the overall aim is to better understand how business families disengage themselves from the family business and how they reorganize their lives during the post-transfer period. Consequently, it is important to
bear in mind that the focus is now more on the value of being involved in value-creating activities than on the actual different capital forms per se.

**Figure 5 The business family and different forms of capital**

Financial capital per se is a natural focus in studies of family business transfers, but it is also of interest when the focus is on the value of being involved in value-creating processes. In relation to financial capital and business family members, the question becomes what is the importance of having an opportunity to make money or to have access to money? From one point of view, the answer is obvious. Entrepreneurs may have seen an opportunity and by setting up a business, they have created the possibility to make money from that opportunity. Entrepreneurs seldom say that this is the most important reason for setting up a new business (Huuskonen, 1992), but it is still one of the possibilities. In that sense, the business itself is a system designed for reaching the objective of making financial capital, and in a broader context to increase the total value of the business. However, entrepreneurs more often set up businesses because it is a way of making a living (Smith, 1967). In this respect, the business is still a system for making money, but the ambition is on another level than for entrepreneurs who want to make a fortune. Still, in both cases, involvement in the creation of financial capital is of high value to the entrepreneurs, since it allows them in most cases to make a living. It is up to the empirical part to show whether business family members are likely to miss this opportunity, and for whom it does not have such high importance.

It seems obvious that financial capital should be one of the capital forms that pass through the business family filter and become part of the capital lens that will be used for more detailed studies of business families who have sold their family businesses. However, as argued by Roos et al (1997), financial capital is the sum of two parts: monetary and physical capital. Monetary capital refers to money as euros and cents, while physical capital refers more to resources like buildings and property. Naturally,
sellers are not likely to miss the opportunity of creating value in terms of physical capital, but since the finances of the family business and the household in many business families are so closely linked (Römer-Paakkanen, 2002), physical capital should not be ignored in studies of family business transfers. For example, it is not uncommon that buyers only buy parts of the family business. Physical capital in different forms can be excluded from the actual transfer, and what happens to this capital during a transfer should not be ignored. Neither is it uncommon that one finds cars, summer cottages, or other resources within the company that are not necessarily important for the core business (Siikarla, 2001). For individual business family members, access to these resources in the form of physical capital can be of high importance. They are most likely not important because former business family members miss the feeling of actually creating this physical capital, but some of the physical capital can have such an importance that the former business family members do not want to relinquish control of it. Typical examples can include different forms of real estate that the business family has built itself. Hence, often only the business is sold, while the real estate remains under the control of the former business family, but perhaps within a new company. The buyers of the business may rent this real estate from the former business family and in that sense, the former business family will, thanks to having control over some physical capital, still have the opportunity to be involved in creation of new financial capital through rent. Hence, it is also natural to include financial capital in the form of both monetary and physical capital in the capital lens that is about to be used for more detailed studies of former business families as presented in chapter six.

Financial capital is important during business transfers and business families might show considerable interest in this aspect, but as Petty (1997) and Graebener and Eisenhardt (2001) have shown, financial capital does not appear to be the most important form of capital in business transfers. In fact, managing money sometimes appears to be fairly dull; other challenges are needed, or in other words, other forms of capital may become important. Some former managers or entrepreneurs may have sold their businesses, but what they really like to do after the completed transfer is to set up and run some new businesses. To rephrase this, former managers or entrepreneurs like to use their human capital for something more than just managing money. They simple have liked what they did, and they know that they are good at it, so why not use the human capital that they have developed? Human capital is also something that they always carry with them, since by human capital one usually understands the skills and capabilities of the individuals. From the perspective of the business family and its individual members, the question of human capital may also be important in different ways for different business family members. Due to the existence of different life-cycle phases, a younger generation business family member can perhaps not yet stop working after the family business transfer, and he or she may need to start working on a new career while the first generation can use their experiences in totally different ways, like becoming business angels or members of boards (Havunen and Sten, 2003). However, human capital will definitely be a capital form that should be integrated into the capital lens. Human capital is naturally also present in organizations due to the personnel of the organization, but in the context of this study the focus will mostly be on the human capital of the individual business family members. The presumption is that family business members are seldom involved in family businesses because they have an
opportunity to develop the human capital of the personnel. That development process is an important part of business development, but as a value-creating process per se, the presumption is that it is more promising in the context of this thesis to focus on the human capital of single individual business family members only.

Previous research (Petty, 1997) indicates that the opportunity to be able to use and thereby to create human capital is important for entrepreneurs who have sold their businesses. However, human capital is only one part of intellectual capital. There is also structural capital, which includes aspects like relationships and organization (Roos et al, 1997). Some researchers have chosen to divide these categories into even more detailed levels of capital forms, but since the focus in this thesis is more on the business family and their disengagement from the family business than on the actual business, a more simplified interpretation of intellectual capital is used here. This implies that in accordance with the terminology developed by Sveiby (1997), intellectual capital is divided into human and structural capital. Structural capital will be regarded as the total of relationship and organizational capital.

From the perspective of the selling business family, the value of being involved in developing structural capital may be important for some former business family members. Among smaller businesses it is not uncommon that the majority of sales is direct sales and personally handled by the owner/manager (Longenecker et al, 2000). For these kinds of business family members it is likely that it is an important challenge to “do business”, which can be understood here as meeting customers, fulfilling their needs, and making deals. This can be the challenge that business family members like to meet and in that respect, business family members might put a value on actual involvement in these kinds of processes, which in other words is like putting value on building up the relationship capital of the business. However, this is of low importance for both the customers and the individual business family members, unless organizational capital is also under their control. From the perspective of the seller, and the scope of this study, this might imply that there are individual business family members who highly value the opportunity of being part of an organization and improving its ability to perform well. In the context of the system approach (Arbnor and Bjerke, 1997), one can even argue that perhaps some business family member see it as valuable to be involved in developing and improving organizational capital, and in the extension the value of the family business.

Organizational capital is the final capital form that will be included in the capital lens. This implies that out of all the different capital forms that were included in Figure 5, the business family filter will let through financial, human, relationship and organizational capital. Other capital forms could also be included, but in order to keep down the number of capital forms in the lens, the labels monetary, physical, intellectual, structural, and customer capital will not per se be part of the capital lens. However, in practice they are also included, since financial capital consists of both monetary and physical capital. Following the same logic, customer, structural and intellectual capital are indirectly included in the lens as well. For example, customer capital is included in relationship capital. Structural and intellectual capital are also indirectly present, since structural capital is the sum of relationship and organizational capital, and structural capital together with human capital are the key components of intellectual capital. It
would be possible to reduce the number of capital forms in the lens even further by using only structural capital instead of relationship and organizational capital, but since the two latter forms of capital better highlights the internal- and external dimension of structural capital, the decision is to maintain both relationship- and organizational capital in the lens.

All this together implies that the presumption for the remaining part of the thesis is that individual business family members are part of a system, a family business, and they may try to increase the total value of that business by trying to increase the levels of different capital forms. Naturally, they may also put a value on the actual involvement in the different value-creating activities behind these capital forms. This means that they may regard it as valuable for themselves to be involved in the actual activities of trying to increase the level of different capital forms like financial, human, relationship and organizational capital. In addition, there is also another potential interpretation of the interest among individual business family members to be involved in a family business. Alternatively, one can imagine the situation where individual business family members put a value on being part of the larger or the whole system, the family business. In other words, being a business family member can have a value of its own, and in relation to this, the idea is presented that in addition to all the capital forms (financial, human, relationship and organizational capital) that have been identified as important elements in the capital lens under development, another capital form, social capital, could be an important complement to further strengthen the usefulness of the capital lens. Therefore, social capital is the final capital form in Figure 5, which will be let through the business family filter.

Social capital as such is a challenging concept (Coleman, 1988), but it most often circulates around elements like networks, actors, relationships and resources (Adler and Kwon, 2002). The basic idea with social capital often seems to be that actors are active in social environments. Individuals establish relationships with other individuals, and by being part of these relationships, individuals gain access to different kinds of resources. Individuals will build up their own networks or set of relationships, which implies that different individuals will have different opportunities to gain access to different kinds of resources. These relationships, which create opportunities to gain access to resources is at the core of social capital. Yli-Renko (1999) describes the same reasoning by simply referring to social capital as "who you know", while for example human capital is "what you know". This implies that relationships definitely will be one of the key elements in social capital. Actors and resources are still key ingredients in social capital, but if there are no relationships, the creation of social capital will be difficult. However, relationships can be important both in terms of number and in terms of their strengths (Steier, 2001). Granovetter (1985) captures this characteristic by the differentiation between strong- and weak ties. Strong ties are emotionally intense, frequent and they involve multiple types of relationships, such as those with close friends and families. Weak ties are not emotionally intense, infrequent, and restricted to one narrow type of relationship, but still weak ties might provide a unique source of information or resources. This shows that both strong and weak ties are important for individuals, but as an extension of this reasoning, there also exists structural holes (Burt, 1992).
Structural holes exist between two actors, when there are no connections between the two actors (Burt, 1992). At a first glimpse, structural holes may appear as something, which should be avoided, but Burt states the opposite. He argues that the best networks are wide and rich of structural holes. That only implies that people are grouped in clusters that do not overlap, and thereby a greater number of ties can be accessed and network efficiency can be improved. An individual in such a network does not have to know everyone in the network to access the resources of the whole network. The point made by Burt is important, because it highlights not only the importance of being part of networks, but also the importance of the position in the network. As an extension of that, it is not only the own position in the network, which is important, but also the kind of access to resources, which the position can render. Lin et al (1981) partly describes this by referring to social resources. These kinds of resources are equivalent to persons controlling resources, which a specific individual in the network needs.

So far it appears natural to focus on networks, relationships, actors, and resources when discussing social capital, although one also needs to be aware that there is both an external and an internal viewpoint on social capital (Adler and Kwon, 2002). If one follows the external viewpoint, the natural focus is on the network and on the kinds of resources available to an actor through his position in that network. Here, focus is on the actual positioning in the network and on the effects of it. Adler and Kwon (2002) describe this as the benefits of social capital and one of the benefits is access to information. A strong position in the network will provide better opportunities to acquire valuable and correct information. Another benefit due to the position in the network is related to influence, control, and power. In other words, thanks to a position in a network, an actor has a stronger position that is apparent in terms of influence, control, and power. A third benefit has a more internal viewpoint, and that is the benefit of solidarity. In that respect, strong shared values and membership in a community is regarded as the benefit of social capital.

Based on the brief introduction to social capital, it appears that social capital theory has a lot to offer when the focus is on business families, who are about to sell their businesses. Firstly, from an internal viewpoint, the business family itself is a network of individual business family members. This implies that there are relationships between the members, and that these members most likely share a common language. Secondly, they are also likely to trust each other highly, and Carlock and Ward (2001) take this as far as presenting a balance sheet of trust for business families. In these respects business families may have something that Leana and Burren (1999) refer to as organizational social capital. Organizational social capital is realized through a member's level of collective goal orientation and shared trust, which create value by facilitating successful collective action. In that sense, organizational social capital is an asset that can benefit both organizations and their members. On a more detailed level, organizational social capital consists of the components associability and trust. Associability implies the willingness and ability of members in an organization to subordinate their own individual goals and ambitions to collective goals and actions. In this sense, it is not enough to form a group for having organizational social capital. Organizational social capital exists only, when the individuals subordinate their own personal goals and agree on common goals.
The same can be applied to business families. Family members involved in a business make up a functioning business family only when they can agree on goals for the business family. Family members may have their own personal agenda, but through the establishment of a business family, these personal goals will be of lower priority than the common goal. From the viewpoint of a family business transfer, the transfer can imply that this setting will change totally. The transfer can create a situation where the business family as a network of individuals ceases to exist and that can imply that the level of social capital decreases, or that the social capital from an internal viewpoint ceases to exist. It is up to the empirical part of the thesis to find out more about how individual business family members look upon this problem. Some previous research (Kenyon-Rouvinez, 2000) has, however, shown that at least in some cases, business families value membership in business families so highly that they decide to re-create the environment in which they were operating. Research has not shown that this is true for any business family, and that makes it worthwhile to learn more about this aspect of social capital.

From an internal point of view, a business transfer may have consequences that are reflected in the level of social capital, but as Adler and Kwon (2002) argue, researchers too often choose an internal or external viewpoint, while it is more fruitful to include both viewpoints. In that respect, it becomes a challenge here to determine how individual business family members look upon the possibility of also losing benefits of social capital like flow of information, influence, power, and control. Some family business research (Upton and Heck, 1997) has shown that at least for the lead entrepreneur, this can be a potential problem. To them a business transfer can imply that they lose their position in the society, and therefore have less power and control. Naturally, the transfer of a family business can also imply that some individual family members also lose their personal business network, but that is already reflected through involvement in the creation of relationship capital for the family business. However, a long involvement in business operations can lead to situations in which actors in business networks become friends, and in that respect a business transfer can also lead to a decrease in social capital if the personal network goes with the business and its new owners. Still, it is an empirical challenge to find out more about how individual business family members actually feel about these aspects of a family business transfer.

To sum up, the discussion of different capital forms at this stage has brought forward a number of capital forms that may be of interest for researchers with a focus on business families and their situation during and after a family business transfer. Figure 4 includes a presentation of these capital forms, and firstly, there is financial capital. In the specific context of this thesis, the focus is on how business family members look upon the value of being involved in activities that creates or gives access to financial capital in the forms of physical and monetary capital. Secondly, creation of financial capital relies on the existence of human capital, and that is the second major capital. Here, one should understand the value individual family members put into having the opportunity to use and develop their own human capital in the setting of the family business. Thirdly, as intellectual capital consists of human and structural capital, structural capital is also of high importance in studies of family business transfers. Given the external and an internal dimension of structural capital, this implies that focus will be on both relationship and organizational capital. From that perspective, it is possible that
individual family members highly value the opportunity of being involved in customer relations and thereby also increasing the relationship capital of the business. The same is true for organizational capital. Finally, there is the social capital category. In accordance with the thoughts presented by Adler and Kwon (2002), there is also an external and internal dimension of this capital form. The external dimension focuses on the linkages between the actors in the business family and the external environment, while the internal one is focused on the membership in the actual business family.

By putting together the five capital forms (financial, human, relationship, organizational and social capital) into a capital lens, or why not in the glasses of the researcher, the idea is that researchers, when using this capital lens, can learn more about how individual business family members themselves look upon family business transfers. However, when using the capital lens, one need to understand that the actual family business transfer will be different from case to case depending on the actual family and the actual business. Different business families are likely to arrange their new lives differently after a family business transfer, and the individual business family members might have different opinions about these changes due to different roles in the family business and earlier involvement in value-creating activities. Examples of such value-creating activities are included in Table 5.

### Table 5 Potential importance of capital forms in the capital lens

<table>
<thead>
<tr>
<th>Capital forms</th>
<th>Potential value for business family members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial, monetary</td>
<td>Having access to money or the opportunity to make money in the forms of dividends, compensations, salaries, or valuation of shares.</td>
</tr>
<tr>
<td>Financial, physical</td>
<td>Having access to real estate the family members have built themselves, property, cars and summer cottages.</td>
</tr>
<tr>
<td>Human</td>
<td>Having the opportunity to run a business, not to manage money.</td>
</tr>
<tr>
<td>Structural, relationship</td>
<td>Having the opportunity to meet with customers and to do business.</td>
</tr>
<tr>
<td>Structural, organizational</td>
<td>Having the opportunity to improve the internal business system and its processes.</td>
</tr>
<tr>
<td>Social, external</td>
<td>Having the opportunity to be in the centre in the current network position and thereby have power and control. Having the opportunity to be somebody in the society. The membership can also be an important element of the personal identity.</td>
</tr>
<tr>
<td>Social, internal</td>
<td>It might be important to have the feeling of belonging somewhere. This belonging might also be an important part of the family identity.</td>
</tr>
</tbody>
</table>

Seen from the perspective of each individual business family member.
The included examples have been discussed earlier in this chapter during the review of literature and previous research on business transfers. The examples are presented in the right hand column in Table 5, and they have been linked to the respective capital forms in the capital lens. In that respect, Table 5 includes information about how previous observations and findings about business transfers can be linked to the recently developed capital lens. However, in order to take this process further and to come up with new insights, and thereby also to increase understanding how selling business family members look upon the importance of having been involved in these value-creating activities during their family business career, the next natural step in the research process is to shift the focus towards what business families might actually do after a completed business transfer, at least in theory.

4.2 Potential new system arrangements

Within the system approach, the main idea is not to generate hypotheses, and verify or reject them through testing, but to present even better descriptions of systems (Arbnor and Bjerke, 1997). Within the context of this specific study, it implies that one of the goals is to give better descriptions than previous researchers have presented, of business family systems after these systems have gone through family business transfers. The presumption is that such business families will change the design of their systems, originating from the family business environment, to new systems, which better fit into the new system environments. Consequently, this chapter will focus on what kinds of new systems arrangements, at least in theory, are likely to be found in studies focusing on systems like business families that have completed family business transfers. The interview material presented in chapter six will give an empirical insight into this matter, but prior to that, with inspiration from previous research, some possible typologies of reorganized business family systems are presented. These system forms are mostly tools for categorizing the empirical material in this thesis, and thereby facilitate a deeper analysis of that material. The starting-point for the categorization of the business family systems is that business families basically have only two major options to exercise when they have sold a family business. They can choose to start up a new business, or they can choose not to start up a new business. Another important remark is that business families might be in a situation where they sell their only family business, or where they sell one of the family businesses in their business portfolio.

4.2.1 Business families that set up new businesses

Researchers with an interest in transfers of small businesses or family businesses often seem to have shown an interest in cases where the entrepreneur or the business family decides to set up a new business after a completed business transfer. The best known research with a specific focus on such business families is the research of Kenyon-Rouvinez (2000), and her ideas also heavily influence the suggested typology of business families in this study. To start with, she has already presented one type of business families, and that is the re-creators. Her underlying idea with re-creators is that
these business families represent families who for various reasons have sold their family business, and then after a transition period they start a new business together. However, her case studies show that business families re-create family businesses differently. In some cases, the business family members did not change in number, while in some cases the number of business family members decreased. Other cases included combinations of smaller fractions of former business families resulting in new combinations of business family members, and thereby also new forms of business family systems. All these different forms of possible combinations differ slightly from each other, and the idea behind the suggested business family typologies in this thesis is that business families also have several options to exercise after family business transfers. Consequently, based on the ideas of Kenyon-Rouvinez (2000), a suggested typology for categorization of business families, which start up new businesses after completed family business transfers, is presented in Figure 6.

**Figure 6 Post transfer business families with new businesses**

![Figure 6](image)

The main idea with the categorization of business families presented in Figure 6 is that from the system perspective, there may be changes on two different levels or in two different dimensions of the business family due to a family business transfer. Firstly, there may be changes on the business level. That implies two-sided options; the business family can decide to continue with their existing business or to start up something totally different. In other words, business families may in theory decide to prioritize a re-creation of the environment in which they had previously operated or they may decide to re-create the business family system, but to put it into a new system environment. The other kind of possible change when business families decide to set up new businesses is within the business family system itself. In that respect, one could imagine that there are two potential scenarios in terms of a first-order change (DeSchazer, 1984).

To begin with, a business family may, in theory, decide to continue with all the same actors who have previously been involved in the former family business operations. In these kinds of cases, it is more like business as usual, although the business environment may change. Secondly, there might also be some changes within the business family. Some members might exit the business family, while others might enter the business family. For example, some family members may decide to quit their entrepreneurial career, while other family members continue to be active in business. Alternatively, one can imagine that some next generation family members enter the
already operating business family. Here it is important to notice that although all the same actors are still active within the business family, the relationships between them can change, and business family members may have new roles in the business family, which is now operating within a new business environment. However, the focus on changes in Figure 6, which is reflected in the actual composition of the business family, will mostly be on changes involving the actors, and not so much on changes in roles.

Given the categorization in Figure 6, and the starting-point that there may be changes in two dimensions, business and family, there are, in theory, four potential re-organizing options open to business families that decide to start a new family business after a family business transfer. By moving from left to right in Figure 6, the first option for business families is to start up a new similar type of business and with the same business family members. These business families are here called re-creators, but one should notice that this label is much narrower than the re-creator definition used by Kenyon-Rouvinez in her thesis. In this context, re-creators are likely to start up a new business after a transition period of some years, or they will start up their new business at some new geographic location. The reason behind this behavior is the non-competing clause that is often part of a transfer agreement (Hiltunen et al., 2000). The members of the former business family are simply not allowed to start up a similar business before some years have passed by. Re-creators are not expected to press for changes either in the terms of business nor in the constellation of family, but where there is a change in the latter dimension; there will be a new business family, which is here labeled re-starters. These kinds of business families continue with the same kind of business as within the previous family business, although there will be changes among the components of the business family. A typical scenario would be a family business where the business family sells the family business, and where after a transition period, the next generation decides to set up a new similar business without the involvement of the first generation. A third option for business families that decide to start up a new business is to continue with the same business family, but to start up a new kind of business. These business families are typical serial business families, and they like to be in business. They know they cannot continue with the same kind of business, but instead they start up a business in a new system environment. Finally, there are situations, where there are changes in terms of both business and family. These cases are labeled new starters, which symbolizes that the business family has been reconfigured and a new business family is also active within the new system environment.

To sum up, in theory there might be four different scenarios when business families have sold a family business, and then decide to start up a new business after the transfer. The four scenarios are the categories re-creators, re-starters, serial business families and new starters. Naturally, there may be some role modifications among the individual business family members in the categories re-creators and serial business families, but for the moment the critical point is whether there are some changes like introduction of totally new members or some decrease in the number of business family members involved. One should also bear in mind that the idea with this categorization is not to predict how business families will behave after a transfer, but the goal is to understand how, and perhaps why, business families exercise specific options. Naturally, the introduction of a business family categorization like this also makes it easier for selling
business families to identify their reorganization options after family business transfers prior to the transfer.

4.2.2 Business families that set up no new businesses

When the focus is shifted to the scenarios where former business families decide to set up no new businesses after family business transfers, the procedure behind the categorization of business families follows the same format as cases where a new business is set up, but with one exception. This is the need to take into account the whole business portfolio of the selling business family. This is important, because one can assume that the reorganization of business families is different in situations where the only family business is sold in comparison with situations where one of several businesses is sold. Otherwise, this section also builds on the idea that there can be changes in terms of both business and family dimensions of business families, when a family business is sold. All this together creates five theoretical scenarios around which former business families can reorganize themselves when they do not set up a new business after a family business transfer. These scenarios are presented in Figure 7.

Figure 7 Post transfer business families with no new businesses

Moving from left to the right in Figure 7, there is first the opportunity that the business family does not set up a new family business after a family business transfer, since the family members prefer to focus on other businesses in the business portfolio of the family. A typical example of this would be families which have split their business into two firms. In these kinds of situations, the actual business operations are often owned by one firm, while the other firm owns the real estate where the firm operating the business is the rent holder. In a transfer situation, where the focus is on the business operations, this could imply that the firm where the business operations are placed gets new owners, while there are no major changes in the structure of the real estate firm. Naturally, families can also own other kinds of businesses, but these are the most typical examples among the category called consolidators. Assuming that no new business is set up, since there are already other businesses within the family, but where the transfer also creates new constellations within the other business families, there is a scenario called re-organizers. For example, this could be situations where a business is sold, since the first generation faces retirement, but where the decision is made to keep
the control of the real estate firm in the family. The only change is that the first generation also withdraws from this company, while the next generation members continue to run this firm.

When a business family sells a family business, it actually has the options to sell only the business (operations) or the whole firm and all its shares (Goldstein, 1990). In that respect, one potential scenario is that a business family only sells the business, but it continues to run the firm, where there are perhaps other business operations going on, and over which the business family does not like to relinquish control. In these kinds of cases, the business family continues with the same business or the same firm, though there might be some changes in the business family dimension. If there are no changes in the business family either, there will be a scenario, which falls under the category business modifiers, but if there are some changes in the business family, these cases will fall under the category family modifiers. Beyond these four options, there is also the possibility that the business family sells the family business, because the business family members face retirement, and they have no intention whatsoever of starting a new business, or in continuing with other businesses in the business portfolio of the family. These kinds of cases fall under the category retired.

The above five scenarios or types, of new business family systems, which can occur after a family business transfer and where the business family does not set up a new business, cover changes in terms of both business and family. However, one should be alert to some additional details. Firstly, the categorization focuses on business families and by definition business families includes several persons. This is important, since it has some implications for researchers who like to use this typology in their studies of family business transfers. For example, it is possible that the business family decides to retire while a single individual business family member decides to set up a business of his own or together with a non-family member. These kinds of cases will still be regarded as retired in the context of this thesis, since the business family unit as such ceases to exist. A second really crucial issue to keep in mind is the distinction between the firm and the business. Business families have the options of selling the business or the firm, and depending on their exercised option, the future scenarios will be somewhat different. Finally, one should also note that business families may move from one business family category to another. For example, a business family may become consolidators after a family business transfer, but after a transition period, they may also decide to sell these companies, and have thereby entered the category retired. How business families actually make up their minds about these decisions is the topic of chapter six, but before that, the focus will be on methodology aspects.

4.3 Summary

This chapter has focused on how a researcher can try to learn more about family business transfers from the perspective of the selling business family. The main interest may be in the disengagement from the family business and the period after the actual family business transfer, but in order to learn more about that, a researcher needs to show some interest in the triggers to the transfer process, and how the different business
family members, in retrospect, look upon their own personal involvement in the former family business system. Potential sellers may focus on the total value of different capital forms in a business when they try to determine a proper price for the business, but the main idea in this chapter has been to shift the focus towards the personal involvement in value-increasing activities behind these capital forms, and then mostly from the perspective of the individual selling business family members. It has been suggested that the most crucial capital forms in such an analysis are financial, human, relationship, organizational and social capital. All these capital forms can be put together in a capital lens, which researches with an interest in family business transfers can use as a tool in their research work.

A transfer of a family business will put the former business family into a new system environment, and there are, in theory, nine potential scenarios in respect to this change. Changes in the dimensions business and family, together with the decision to start a new family business or not, will have an influence on how the reorganizing business families are positioned within these theoretical scenarios. One cannot exactly predict into which scenario a selling business family will fall, but the mere presentation of the theoretical scenarios could be of help for business families planning family business transfers, and also for researchers who need help in organizing their empirical material consisting of selling business families.
5 METHODOLOGY

This chapter includes an overview of the methodological procedures in this study. The system approach is the basic methodological approach, but this chapter also focuses to a large extent on interpretations. The interpretation pattern of the researcher is revealed, and the reader obtains an overview of how the text material has been produced in this thesis. This chapter also includes a discussion about narration sources, how they have been identified, and what kinds of challenges such sources bring with them for a researcher with a qualitative approach. Qualitative research is also interpreted by the reader, and the presentation of the researcher’s personal reflection about his own interpretations is intended to make it easier for the reader to enter his own interpretation process. Such a reflection process ends this chapter.

5.1 The system approach

Arbnor and Bjerke (1997) differentiate between three methodological approaches in business research, analytical, systems, and actors. System theory has a strong foothold in family business research (Kets de Vries, 1996), and this thesis also relies on that basic methodological approach. In system theory, the focus is on different systems; this means that a researcher who tries to apply the approach will focus on a set of components and the relations among them. For a family business researcher, there are several different systems to choose from, although the focus is typically on the two major sub-systems: the family and/or the business. An alternative approach is to lift the analysis a level, and to choose the family business as the main system for analysis (Whitside and Brown, 1991). However, the decision has been made to take another route in trying to find the appropriate system unit that can help researchers towards a better understanding of how family members behave during a family business transfer and eventually disengage themselves from the family business. Consequently, the decision was made to focus on the business family sub-system, which indicates that the interest will be on the components, the business family members, who are involved in a family business prior to a family business transfer. In order to qualify for being a component in such a sub-system, the expectation is that the family member is at least an owner, an employee, a manager and/or a member on the board of the family business in focus. Naturally, it is expected that these components regard themselves as members of the same family, and that they are involved in the same family business during a specific period. The business family is in focus in this study, and that is for mainly one reason. This is the sub-system that faces the toughest pressure for change during family business transfers. The family business will most likely continue as a business system after the transfer, and the former business family sub-system will be replaced by some new ownership and management constellation. The components of the family system will not change at all due to the family business transfer. For the business family it is different, since everything will change. This system may lose its connection to a specific system environment, and that may even lead to the dissolution of the whole sub-system, which also makes it interesting to study.
The ambition with a system approach is to develop better descriptions of systems studied (Arbnor and Bjerke, 1997). This implies that the idea is to create richer interpretations of how different systems behave in different system environments and under different circumstances. In the context of this study, it means that the idea is to gain a better understanding of how these sub-systems, business families, behave when they are leaving the former system environment, the family business, and entering a new system environment. This research approach also implies that the study will partly take both a structural and a processual perspective (Arbnor and Bjerke, 1997). It is structural, since the focus is on the actors, or the components in a system. In order to see how a system changes over time and eventually reorganizes itself, the focus must be on some elements, and in this study it is on the business family members and their roles in the family business. The interesting part is to learn more about how these roles change over time due to a family business transfer, and that is the processual perspective. The assumption is that a family business transfer will force business family members through some kind of change process, but how the business family members perceive these changes, and how they react during and after the family business transfer process is a question-mark prior to the fieldwork. The individual business family members are the key narration sources (Alvesson and Sköldberg, 2004) when determining what happens when a family business is sold, but the major result discussion also concentrates on how the whole business family system changes due to the family business transfer. In that respect it can be argued that both individual system components and the whole system is studied in order to increase the understanding for how sub-systems like business families behave during family business transfer. In other words, the study focuses both on the whole (the business family) and the parts (individual business family members), which is typical of a hermeneutic research process (Radnitzky, 1970).

5.2 Positioning of the researcher

One of the themes within the frame of a hermeneutic process as presented by Alvesson and Sköldberg (2004) is the preunderstanding – understanding circle. This is a crucial ingredient in qualitative research where the aim is to increase understanding of something like transfers of family businesses to non-family buyers. This implies that the researcher himself needs to be aware of his own preunderstanding, when he tries to increase his understanding of a phenomenon. This is crucial, since it will affect the final description of the data material and the final text version of the research report. Hence, it is crucial to describe the overall position of the researcher because otherwise it may be difficult for the reader to evaluate the interpretations of the text material produced by the researcher in his work. Without such a description it will also become difficult to judge whether the researcher has derived a trustworthy ending to the research process (Hall, 2003).

Although it is not possible to give a thorough and explicit description about the total level of preunderstanding as in a situation prior to involvement in data analysis, this section will at least provide information about the contextual understanding gained (Holmlund, 1997) during the research process with a focus on ownership and
management changes in Finnish family businesses. To begin with, I myself have gone through a succession process, which implies that I have some kind of inside information about successions. However, in retrospect, I was fairly young at the time of the succession, and I perhaps did not fully understand what it was all about. In addition, I had no interest whatsoever in the family business, and since my older brother was willing to continue with the business operations, the actual succession process was fairly straightforward. My second major contact with family businesses and successions happened in 1999, when I received a proposal from the Centre for Continuing Education at Swedish School of Economics and Business Administration in Vaasa. The proposal focused on a programme for business families planning for successions, and I played a major role during the programme development and the actual delivery of the programme. The programme included twelve business families, and it ran for about a year. A second full version of the programme was completed in 2001.

Since then I have also been involved in similar programmes at other universities. However, the major step forward in terms of the development of my contextual understanding happened in 2003. That year, I wrote together with a colleague from another university, a manual for families that were planning for successions or business transfers. The manual was developed and tested during a training programme for consultants in Lapland, and since then, the manual has been used in six new similar programmes in Lapland. In addition, I have also met with many business families during different seminars in several cities all over Finland. During the writing process, I have also been a member of the research and training committee of the Family Business Network Chapter in Finland. During the same period, I have also been teaching courses about family businesses and ownership and management challenges in family businesses at Swedish School of Economics and Business Administration. Parts of those courses have also been to help students to write succession plans for their own family businesses. All in all, I have to some extent been in contact with more than 100 business families during the research process, excluding those that are part of the empirical material in this study.

In my opinion, it can be argued that I have gained substantial contextual understanding related to family business transfers during this on-going research process. It is not possible to describe it in all detail, but it is important for the reader to be aware of it, because it can in some situations help the reader to follow the logic of the argumentation in this report. The reader will not always have the same kind of understanding of the text as the writer, and that may cause a situation where certain interpretations may be perceived by the reader as merely intuitive interpretations. The best approach for the writer to tackle this problem is to be honest about the research process and its different elements. That is also why I prefer to further highlight two important events or phases during the research process that have had a major impact on the design of the final text version. The first major event during the process, and which pushed the research process in its final direction, was an internal research seminar at our own department in the Swedish School of Economics and Business Administration in Helsinki. At that time, my research focus was more on successions than business transfers, but one of the professors in the seminar room asked why successions are important. Until then I had not questioned that starting-point, but the comment by the professor made me realise how occupied we can be with our preunderstanding. After
that day, the aim with the research became much clearer, and the thesis started to take its future shape. The second major step during the research process was the work with the succession and business transfer manual in Lapland. The feedback during the writing process made me realise two things of importance. Firstly, we received much positive feedback about our work, and that helped me realise how important this work was for business families. Secondly, it was the first time I started to reflect on my own understanding of these topics. I noticed that I had learned a lot during the research process so far, but I also realized that there was still a lot to learn. However, I personally experience that I have clearly developed my understanding for family business transfers to non-family buyers, and if I would start a similar research process today, my level of preunderstanding would be completely different in comparison with what it was in 1999, when this research project got its start.

5.3 Exploration of family business transfers

The family business transfer topic is previously not that well researched (Kenyon-Rouvinez, 2000), and then it quite naturally gets an explorative touch. The decision to go for explorative research also makes it worthwhile to enter the data field as early as possible. One has to get access to primary data sources as soon as possible in order to start forming an understanding of the topic. However, as a researcher within the field of family business transfers, one is not totally without support from previous research. System theory stresses the importance of analogies (Arbnor and Bjerke, 1997), and successions can be defined as fulfilling this criterion in the study. Successions focus to a large extent on elements during ownership and management changes, which also can be anticipated to be of high importance during family business transfers. However, these two processes are not totally the alike due to differences on the buyer side (Sten, 2004), and therefore it becomes important for a researcher within the family business transfer field, and with an explorative starting-point, to move back and forward between data and literature in order to assure progress in some sort of quality. In other words, abductive reasoning (Lundberg, 2000) becomes a logical way of working through the research challenge.

One key challenge for researchers is the creation of a meaningful combination of theory and empirical material in order to find the answers to stated research questions (Alvesson and Sköldberg, 2004). Most often the researcher chooses between a deductive or an inductive approach depending on whether one wants to stress theory or data as the starting-point in the process of this combination work (Arbnor and Bjerke, 1997). However, an alternative approach, an abductive approach, is becoming more interesting to researchers. One reason behind the interest in this approach can be that it in many situations from the perspective of the researcher is not that easy to categorize something as purely inductive or deductive when looking upon the research process in retrospect (Hiiilos, 2004). A researcher might find oneself in a situation where one moves back and forward between theory and data in order to come up with plausible explanations of observed phenomenon, and if then the research process is honestly reported to readers as it has been conducted and also perceived by the researcher in
retrospect, the abductive approach easily becomes the reported research approach regardless of the original intentions with the process.

The idea of moving between data and theory in order to come up with new ideas of what one is actually observing is at the core of abductive reasoning (Lundberg, 2000). In that respect it is important to describe the sequences of moving back and forward between theory and data. In other words, one should lift forward the systematic combining of these two areas and try to show how the decision pattern behind this combination work has resulted in what is presented as plausible interpretations of the observed phenomenon. Lundberg (2000) would perhaps say that the researcher, by moving between theory and data, tries to make sense of the outcome of the research process, not only for himself but also for the reader. An alternative approach to this is to describe abductive reasoning as putting a jig-saw puzzle together.

When one puts a traditional jig-saw puzzle together, one has, thanks to the motive, the advantage of knowing what the end-product will look like. The frame is perhaps built to begin with, and then one just puts all the other pieces somewhere within the frame. One also has access in the beginning to all the needed pieces, and the pieces have their final form from start. The only challenge is to put everything together. A thesis based on abductive reasoning has similar working elements as a process of putting a jig-saw puzzle together, but with three major exemptions. Firstly, the picture or the motive is not known in full detail in advance. One usually has an idea of what it might look like, but the actual process of putting all the pieces together will reveal the final motive of the jig-saw puzzle. Secondly, one usually starts the research process with the development of a frame, but the systematic combination of theory and data during the process may result in a need for changing the actual frame later on. Thirdly, abductive reasoning implies that one knows in advance neither the exact number nor the exact shapes of the pieces. That will also be a result of the hermeneutical process during the research phase. All this together makes it challenging to base a thesis on abductive reasoning, but at the same time it gives good possibilities to actually come up with something new and interesting for both the academic and the business field (Coffey and Atkinson, 1996). Especially for that reason, the decision was made to follow the logic of abductive reasoning in this study, although the early beginning of the research process looked more like a process based on a deductive approach. This implies that during the research process a literature review was the first stop, and based on the increased understanding about family business transfer resulting from those text interpretation efforts, the next step was to find primary sources, which could give more information about family business transfers. Birley and Westhead (1989) have conducted a study in Great Britain, and they used business brokers as informants, and that seemed as the most rational choice also in the early stage of this research process. A literature review had resulted in the first version of the jig-saw puzzle frame, and the idea emerged that perhaps interpretations of interviews with business brokers could contribute the other pieces that were needed in to complete the jig-saw puzzle on family business transfers including non-family buyers.
5.3.1 Business brokers as narration sources

Business brokers were thought to be sources rich of information about successions and business transfers. The brokers were believed to have relevant inside information about these change processes, and they seemed like the most obvious and logical narration sources (Alvesson and Sköldberg, 2004) before approaching the actual business families. It was also assumed that it will not be easy to gain access to business families that have sold their businesses, but perhaps business brokers could function as intermediates in this respect. Delimitations in chapter one narrowed the focus to Finnish transfers of family businesses, and thereby the aim became to contact or find Finnish business brokers. These brokers should also mainly have experience from transfers of smaller or medium-sized businesses. With these criteria as the starting-point, and with support from business journals and an Internet search engine, a first sample of Finnish business brokers emerged. I also wanted some geographical diversity, and therefore business brokers from different parts of Finland were contacted. The only exception was Lapland. This part of the country was not part of this sample, since most of these potential business brokers had already been involved in the writing of the succession and business transfer manual by me and a colleague as earlier described. These business brokers were assumed to be too familiar already with my way of thinking, and the assumption was that they would most likely not give further insight to my research, since they already had contributed to the development of my contextual understanding. All in all this approach led to a situation, where I finally got a group consisting of twelve business brokers from different parts of the country. A higher number of business brokers were contacted, but several said no due to their own time restrictions and unwillingness to reveal information about their clients. The semi-structured interviews with the business brokers were conducted during the period February 2003 – April 2005. The interviews took anything between 1 and 2 hours. Some basic background information about the business brokers interviewed is included in Table 6.

Table 6 Group of interviewed Finnish business brokers

<table>
<thead>
<tr>
<th>Firm</th>
<th>Geographical scope</th>
<th>Number of employees</th>
<th>Source of origin</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Helsinki</td>
<td>5 employees</td>
<td>Talouselämä (journal)</td>
<td></td>
</tr>
<tr>
<td>2. Helsinki</td>
<td>13 employees</td>
<td>Kauppalehti (journal)</td>
<td></td>
</tr>
<tr>
<td>3. International (Helsinki)</td>
<td>12 regional offices</td>
<td>Kauppalehti (journal)</td>
<td></td>
</tr>
<tr>
<td>4. International (Helsinki)</td>
<td>3 employees</td>
<td>Internet</td>
<td></td>
</tr>
<tr>
<td>5. Helsinki</td>
<td>2 employees</td>
<td>Talouselämä (journal)</td>
<td></td>
</tr>
<tr>
<td>6. Turku</td>
<td>12 regional offices</td>
<td>Internet</td>
<td></td>
</tr>
<tr>
<td>7. Turku</td>
<td>2 employees</td>
<td>Internet</td>
<td></td>
</tr>
<tr>
<td>8. Helsinki</td>
<td>1 employee</td>
<td>Internet</td>
<td></td>
</tr>
<tr>
<td>9. Kokkola</td>
<td>1 employee</td>
<td>Internet</td>
<td></td>
</tr>
<tr>
<td>10. Helsinki</td>
<td>4 employees</td>
<td>Internet</td>
<td></td>
</tr>
<tr>
<td>11. Helsinki</td>
<td>3 employees</td>
<td>Internet</td>
<td></td>
</tr>
<tr>
<td>12. Pori</td>
<td>1 employee</td>
<td>Internet</td>
<td></td>
</tr>
</tbody>
</table>

11 Small and medium-sized businesses refer to businesses with no more than 250 employees.
No names are presented, since every business broker was offered the opportunity to participate without having their names revealed. Prior to the actual interviews with the business brokers, two pilot interviews were conducted; one with a business broker and one with a selling business family member. The purpose was to test the semi-structured interview guide, but also to look for possible unidentified key-areas that needed to be discussed in order to develop the understanding for family business transfers. The interview guide, which was used in interviews with business brokers, is presented in Appendix 1.

The interviews with the business brokers were heavily based on Figure 3 and especially the disengagement from the family business. The idea was to determine how business brokers believed selling business family members experienced these transitions. While moving through the interview list it also became clear that the saturation level was reached during the 8th interview. Same issues started to emerge, and comments by the informants also indicated that the researcher himself had reached a knowledge level that indicated a strong familiarity with the studied issue. Despite this feeling of saturation, another four interviews were conducted in order to verify this feeling. After these four final interviews, the analyses of the text material from these twelve interviews were the next logical step. The preliminary interpretations of these interviews indicated that based on my preunderstanding and input from research about succession processes, there was still a need for some other kind of material or new perspectives. Therefore, the next logical step in data collection was to start interviewing selling business family members from different parts of Finland.

5.3.2 Business family members as narration sources

Business brokers gave some new insights about family business transfers, but these interviews also showed that there is a clear need for interviews with selling business family members in order to further increase the understanding of family business transfers. Business families consist by definition of more than one family member, and the idea behind interviews with business families has also been to hear multiple voices from business families that have completed family business transfers. Multiple voices do not only include different family members like fathers, mothers or children, but also business family members in different roles within the family business. The presumption is that an owner may perceive the family business transfer differently than a business family member who is only an employee, and therefore one needs to listen to multiple voices. When a researcher studies business families, the ultimate goal is to interview every business family member, but in this second data-gathering phase, the goal was to hear different business families and different kinds of business family members. At this stage I did not feel fully prepared for total business family interviews. There were still too many open question marks after the interviews with the business brokers, so I decided to interview some business family members from different business families before I went for the total business family interviews. These third level interviews are categorised as case stories, and they are presented in the final parts of chapter six.
It is not easy to find selling business family members who are willing to share their experiences about family business transfers, but the plan was to reach them through different kinds of intermediaries. Business brokers were typical such intermediaries, and most of the business family members were found through these informants. Journalists or business consultants have been other intermediaries, and through all these intermediaries, I managed to get access to seventeen different business family members who have been involved in a family business transfer. These persons, as presented in Table 7, represented eleven different business families. The semi-structured interviews with these business family members were conducted during the period April 2003 to June 2005. The interviews took anything between 1 and 3 hours. No names are revealed, since every business family member was offered the opportunity to participate without presenting their name or the name of the business. The interview guide, which was used in interviews with the business family members is presented in Appendix 2.

Table 7 Overview of interviewed business family members

<table>
<thead>
<tr>
<th>Business family</th>
<th>Interviewed business family members</th>
<th>Reason to transfer</th>
<th>Business family after the transfer</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Father and mother</td>
<td>High age and bad health, no willing successor</td>
<td>Retired</td>
</tr>
<tr>
<td>2.</td>
<td>Father and older daughter</td>
<td>Too many years in business and no willing successor</td>
<td>Family modifiers</td>
</tr>
<tr>
<td>3.</td>
<td>Son</td>
<td>Willingness to cash in but no willing successor</td>
<td>Retired</td>
</tr>
<tr>
<td>4.</td>
<td>Father and mother</td>
<td>Poor future for the business and no willing successor</td>
<td>Retired</td>
</tr>
<tr>
<td>5.</td>
<td>Son</td>
<td>No willing successor</td>
<td>Business modifiers</td>
</tr>
<tr>
<td>6.</td>
<td>Son</td>
<td>High age and no willing successor</td>
<td>Retired</td>
</tr>
<tr>
<td>7.</td>
<td>Father and Mother</td>
<td>High age, bad health and no willing successor</td>
<td>Retired</td>
</tr>
<tr>
<td>8.</td>
<td>Father and Mother</td>
<td>No potential successor</td>
<td>Retired</td>
</tr>
<tr>
<td>9.</td>
<td>Father and Mother</td>
<td>High age and no potential successor</td>
<td>Serial Business Family</td>
</tr>
<tr>
<td>10.</td>
<td>Daughter</td>
<td>Disputes among siblings on how to develop the business</td>
<td>Retired</td>
</tr>
<tr>
<td>11.</td>
<td>Father</td>
<td>No potential successor</td>
<td>New Starters</td>
</tr>
</tbody>
</table>

The intermediates did the initial contacts to the business families, which are part of the second data set, but the intermediates were instructed about what kinds of business families I wanted to include in my sample. Following principles of theoretical sampling (Silverman, 2005), the intermediates received guidelines about preferred business families. These guidelines included the following criteria, 1) a Finnish small or medium-sized family business, 2) the whole company or some major business operations sold to a non-family buyer, 3) at least two business family members involved...
in the business prior to the transfer, 4) if possible, two business family members should represent two different generations, and 5) at least one year should have passed since the business transfer. No major criteria were set in terms of industry, age, or geographical localization within Finland.

It was necessary to rely on intermediates in order to gain rapid access to selling business families, but this approach also had its potential weaknesses. To begin with, there is always the risk that intermediates, especially business brokers, recommend cases where everything has gone well from the perspective of the business broker. The business broker might have a personal job interest in recommending only such cases, and this is a common problem within, for example, venture capital research (Lehtonen, 2000). The theoretical sampling procedure was one way of trying to deal with this problem. The intermediates were given a fairly detailed list of what kinds of business families I was looking for, and this could to some extent help in avoiding problems with the dependence on intermediates for data accessibility. Another method was to only include one business family per middlemen. The desired state was to find different kinds of cases, and at the end it turned out that there were also very different business families included in the sample. There were, from the perspective of the selling business families, both successful and unsuccessful family business transfers. However, regardless of the outcome, the selling business family members were willing to discuss very openly all kinds of matters related to family business transfers. Some business family members opened up all their documentation about the family business transfer although I was a total stranger to them and met them for the very first time. However, this kind of openness is not unusual within studies of business families, since at least Hall (2003) had the same kind of experiences.

Despite the fear that the use of intermediaries would provide undesirable cases, the intermediaries worked satisfactorily for the goals of this study. The intermediaries provided cases with good opportunities to learn more about family business transfers, and at least in terms of the recommendations made by business brokers, one issue which also occurred during the interviews with the business brokers was confirmed, and that was related to the knowledge about the composition of the business families. Business brokers most often work with majority owners, and they are not necessarily in contact with many other business family members, which may create a situation, where they do not have full information about the total business family and all its members. That turned out to be the case in terms of the selection criteria on desired involvement from business family members representing two different generations. Several intermediaries stated that both generations were involved in the business, but interviews with business family members did not confirm this assumption in all the cases. In several business families it was only members from the first generation, who were involved in the former family business. This was a problem in terms of the objectives of the thesis, but at the same time it confirmed the assumption that business brokers do not always have full information about business families and their individual members. In order to get that information, one needs to approach every individual business family member, which also has been the idea behind the third data set in this thesis.

From the beginning, the idea with the interviews with selected business family members was to find some business families where it was possible to interview every business
family member, and thereby to get a better description of the business family system and how it reacts to family business transfers. At the end it was possible to achieve this, but it took a much longer time than expected to reach this point due to the problems with the cases that the intermediates recommended, and which they believed matched all the criteria in the purposive sampling strategy. Fortunately qualitative research gives the opportunity to change the size of the sample during the research (Silverman, 2005), and that implied that the second data set filled with interviews together with business family members became a bit larger than originally planned. One option would have been to choose a certain numbers of business family members and to drop out the rest from the research project, but the decision was made to include every interview with business family members. The rational here was that one can learn something new from every single interview, and then it is more correct to include, than exclude, what from the beginning could have been classified as interviews, which did not fit into the original research plan.

5.3.3 Cases on selling business families

‘How’ and “why” have been two important words during interviews with business family members, and these words are also the main reason to why this report includes cases. Another important reason for this selection is the decision to focus on business families. Interviews with single individuals from different business families could have accentuated different data collection strategies, but cases seem to be the most obvious selection due to the stated research questions and the chosen framework. Exploratory research is also often linked with cases (Yin, 2003), and family business researchers have also frequently used case studies in their work (Brockhaus, 1994). Some impressive work by Kenyon-Rouvinez (2000), Hall (2003), and Nordqvist (2005) only further confirmed that the use of cases would also be an appropriate decision in this context. They would make it even easier for the readers to follow what a family business transfer may be about, and they would also offer an opportunity to show that business families face similar challenges during their change processes although the actual outcome may be very different. This also fits well with the ambition to show how many different opportunities business families have except from successions when they are thinking about ownership and management changes.

One of the most crucial steps in studies which include cases is the case selection (Yin, 2003). The third data set consists of two case descriptions involving two different business families which have sold a family business. The decision was made to include two studies, because this was regarded as the minimum number for giving some insight about the different options selling business families have, when they disengage themselves from a sold family business. The second data set gave some insight into that issue already, but in order to fully meet the need to hear multiple voices, and most preferably from every involved business family member, the decision was to end the data gathering process with two case descriptions. Originally, the idea was to include three case descriptions, but since the second data set grew larger than originally planned, the decision was made to include only two case descriptions in order to keep the length of the report under control. Chapter four in this thesis includes a theoretical
categorization of business families which have gone through a family business transfer, and the minimum requirement was to find business families, which represent at least two of these different scenarios. That was also possible to achieve, and the two different business families, which are presented in chapter six represent business family categories as the retired business family and new starters. The two business families have been reached through the use of intermediates. Each single business family member has been interviewed in both cases and extracts from every interview are included in the case biographies. The interviews with members of these two business families were conducted during the period November 2004 – September 2005. The two business families are presented in more detail in relation to the case descriptions in chapter 6.3.

5.4 Interpretation and reflection

The aim of this thesis is not to explain something about family business transfers, but to increase understanding (Arbnor and Bjerke, 1997) about business families and how their individual members handle disengagements from sold family businesses. In order to reach that goal, interpretations of different kinds become crucial elements in the research process. This means that it becomes important to see the collected and presented material as something (Ödman, 1991). The material tries to tell something about the phenomenon studied (Hall, 2003), and it is the task of the researcher to present what he believes the material tries to say about, in this context, family business transfers to non-family buyers. However, it is not enough to present the suggested interpretations as such; one needs also to present how one has reached such interpretations. This is not always an easy task, since interpretations do not happen during some specific phase of a hermeneutic process; they are constantly present (Holme and Solvang, 1991).

The researcher (writer) will always have more information than the reader about the research process, and one cannot expect the researcher to present every activity which has been conducted during the research process (Arbnor and Bjerke, 1997). Still, a researcher who follows a qualitative research approach should at least report the major decisions during the overall interpretation process (Alvesson and Sköldberg, 2004). This thesis includes several decisions which have had a major influence on how interpretations have been reached and how the final material is presented. The five decisions that have had the greatest impact on the final product, giving the research questions, are 1) the outline of the literature review, 2) the development of the capital lens, 3) the development of the interview guides and the selection of empirical sources, 4) the decisions about which extracts from comments by interviewed persons should be included, and 5) the presentation of the overall interpretations and reflections based on the included extracts from comments by interviewed persons. These decisions have been crucial for the outline of the final report, and how they have contributed to its final design is presented in Table 8.
Table 8 Interpretation pattern

<table>
<thead>
<tr>
<th>STARTING-POINTS</th>
<th>EMPIRICAL MATERIAL</th>
<th>INTERPRETATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Literature on successions and business transfers. The interpretations of that resulted in an interest in different forms of capital and the business family filter. This again resulted in the development of a capital lens. At this stage theoretical types of selling business families also emerged.</td>
<td>Interviews with business brokers. The interviews focused on topics like preparations for family business transfers, disengagement from the family business, and the period after the family business transfer.</td>
<td>There are exit barriers to cross during family business transfers. Preservation of the business is important. Strong focus on the majority owner. Business brokers do not have much information about how other business family members handle their personal transition during family business transfers.</td>
</tr>
<tr>
<td>Interpretations of business broker interviews. A need for finding business family members and to hear their personal opinions. Highlighting the need for multiple sources.</td>
<td>Interviews with business family members, which focused more and more on personal role transitions.</td>
<td>Concepts like relational rationality, role innovations, role absorption, entry barriers and exit barriers start to emerge more clearly from the material.</td>
</tr>
<tr>
<td>Interpretations of business family member interviews. A need to go back to the famous three-circle model and its characteristics.</td>
<td>Cases of selling business families. Different types of families and with different types of challenges.</td>
<td>The new four-circle model. Time distribution patterns are apparently a key issue.</td>
</tr>
</tbody>
</table>

The outline of the literature review and the development of the capital lens are the first two major decisions in the interpretation process, and it is those decisions which start the research process in the upper left corner of Table 8. The following two major decisions, the development of the interview guides, and the selection of empirical sources, are the platform for the content in the middle column. By then using the capital lens it has been possible to make the two final major decisions and to create the content of the right column in Table 8. This is one way of describing the research process and the content of Table 8, but an alternative approach is to present how abductive reasoning is reflected in the study, since that also emerges clearly from Table 8.

To begin with, the idea in the research process has been to go from a certain starting-point, based in theory, through a certain empirical source towards some interpretations. The capital lens has been a useful tool during that interpretation work, and this process has been repeated three times on a general level. In other words, the research process has started in the upper left corner of Table 8, and by progressing one row at a time, and by always returning to the starting-point, it has ended up in the right corner of the bottom row. The main input in the second and the third row were the interpretations from the previous row. They have been reflected on by returning to the starting-points and by going deeper into previous research and literature. That has resulted in a new need to visit some other empirical sources, which again resulted in new interpretations. After this there has been a need to repeat the same reflection procedure once again. In that respect, it can be argued that Table 8 describes movements on three different levels towards an increased understanding of family business transfers. An alternative way of expressing it is to argue that Table 8 describes the research process in terms of first, second and third order interpretations (Neuman, 2000).
When studying the five most important decisions during the overall interpretation process in more detail as reflected in Table 8, the outline of the literature review is a natural starting-point. Due to earlier formulation of the research questions, the literature review focused mainly on family businesses and a specific emphasis was put on successions. The aim with this review was to identify potential key areas that could also be assumed to be important during family business transfers to non-family buyers. This part of the literature took the research a great step forward, but it did not deliver the solid support needed to find acceptable answers to the research questions. Something more was needed and the decision was made to approach the research challenges by studying what might be valuable while the business family members are still active within the business. The assumption was that some kind of loss and replacement process takes place during family business transfers (Sten, 2001), but in order to understand that, one needs to know what business family members perceive as losses due to family business transfers. It was not easy to take the process further from there, but then the idea emerged that it could be of interest to look into the value of a business. That idea introduced me to intellectual capital literature, and as a consequence, the idea emerged that perhaps one can reach a new level of understanding by studying different forms of capital, and how business family members perceive these different forms of capital due to their involvement in the family business.

The different capital forms were bundled together, since the idea was that family business transfers are multi-dimensional processes. These kinds of processes need to be studied from several different perspectives, and as a result the capital lens emerged. The second major decision during the interpretation process was then to use this lens as the major analytical tool during the process. Consequently, the review of the family business literature was analysed once again from the perspective of the capital lens, and due to that review process it was possible to develop the interview guides. In other words, the questions in the interview guides picked up aspects, which literature sources argued were important during ownership and management changes in family businesses, and which could be related to the different capital forms in the capital lens. The guides were slightly modified on the basis of impressions from the pilot interviews, but otherwise the suggested interview guides were the main data collection tools throughout the research process.

So far it can be argued that my interpretations of family business literature, the development of the capital lens, and the development of the interview guides are the first major causes for the final outlook of the material presented in the thesis. The reader should not have excessive difficulty in following the reasoning behind these major decisions. The same is true for the decision about selection of empirical sources. The decisions behind these selections have been presented earlier in this chapter, so there is no need to repeat that process here. Therefore, the focus is shifted towards the fourth major decision in the interpretation process, and that decision has to do with what kind of empirical material should be revealed to the reader. This decision can also be categorized as how the preliminary analysis of the interviews should be conducted. Data analysis brings with it concepts like coding, sorting, reduction, noise and complication (Coffey and Atkinson, 1994), and in all its simplicity this implies that the researcher needs to find a way of coding and sorting the data so that noise can be reduced in order to facilitate data complication. The capital lens has been my major tool in this work
process. Interviews have been transcribed, and by relating comments by respondents and informants to the different capital forms in the capital lens, the decisions have been made about what kind of information should be included in the final report. This implies that the material from every interview has been studied through the capital lens. Comments that had direct or indirect connections with any of the five capital forms in the lens passed the first test for inclusion in the final report. This is the basic line in the interpretation process, and it turned out to be an easier than expected way of presenting the empirical material. The pieces found their places thanks to my own preunderstanding and the capital lens. However, if there was a danger that the presentation of specific data would harm the situation of some respondent, the decision was always to not include the extract in the final report.

The majority of the business broker interviews were made prior to the interviews with selling business family members, but quite early on and as a result of the decision to follow the logic of abductive reasoning, I found myself rapidly in a situation, where I moved back and forward between interviews with business brokers, revisiting the literature review, interviews with business family members, and development of the capital lens. An insight gained from an interview with a business broker could highlight the need for reflection about the capital lens constellation, and that could create a need for additional efforts in the literature review. Such a change could then create a need for approaching new selling business family members with new questions. Some new question also created the need for interviewing totally new persons. For example, during the research process, exit barriers have been on the agenda and in order to further increase understanding of them, the decision was made to interview a family business buyer, and an entrepreneur, who had decided to hire an external CEO instead of selling the business\textsuperscript{12}.

The decision to follow the logic of abductive reasoning has resulted in several interesting interpretations. However, this approach implies that there has not always been a clear line between theory and empirical discussion. These two have been intervened during the constantly on-going interpretation process. This process was living the whole time, and since it went on for a few years it really gave the opportunity to occupy oneself with abductive reasoning. This way of working proved to be fruitful for the outcome of the study, but due to its characteristics, it is not in the best interest of the reader to also present the material in the same manner as it has emerged during the process. Hence, in the interest of the reader the decision was to at least initially present the three different data sets and the interpretation of these separately, since that would make it easier for the reader to follow the interpretation process. This implies that material from business broker interviews were presented first and this section was followed by a first analysis of this specific data. After this the material from the business family member interviews were presented and these were also followed by an early analysis. The final step in the process was to present the cases in a similar manner. However, before moving on to the case descriptions the analysis of the two former interpretation sections were connected to each other. This implies that the interpretations were analysed together, but it also meant that the great number of comments which had connections to the capital lens and which were believed to have something to contribute in relation to the stated research questions were reviewed again.

\textsuperscript{12} Extracts from this interview is not included in the text.
During this phase overlapping comments were taken out in order to make it easier for the reader to grasp the whole discussion. Still, although a great number of extracts from interviews were taken out of the final product in this stage, many extracts remained in the final version. This was one way of letting the material speak for itself and of providing better opportunities for the reader to follow the interpretation pattern.

5.5 Reflections on interpretation efforts

This thesis is a result of interpretations and reflections which the researcher has constructed during a hermeneutical process. A reader of this text will make his or her own interpretations of the written text, and thereby the reader will also (hopefully) reach a new level of understanding about family business transfers. If the approach had been quantitative, it might have been easier for the reader to judge whether the final product (the thesis) includes non-logical results, but with a qualitative study it is somewhat different. The aim with such a study is not to present the one and only possible truth (McGrath and Brinberg, 1983), but to present the interpretations that end in the most plausible results. Still, the writer needs to help the reader when he tries to make sense of the results and understand how the researcher has reached those results. In other words, the researcher must try to convince the reader that the process is reliable and the results are valid. In order to do so, this section will focus on the researcher, the way of working, and the selected data sources. These three factors have contributed heavily to the outcome of this research process.

The researcher has a large influence on the outcome of a research process where abductive reasoning is a key element. Abductive reasoning highlights the importance of interpretations and these are the result of the efforts by, in this case, the individual researcher. The interpretations have their starting-point in the level of preunderstanding represented by the researcher in the beginning of the process (Alvesson and Sköldberg, 2004). This level of preunderstanding has been presented earlier in chapter five, and it is important to report about it, since as with the idea behind the system approach, one cannot expect that another researcher with the same interest in the same topic and with the same empirical material would come up with the exactly same end product (Betti, 1980). There will always be some individual differences in terms of preunderstanding between human beings, and these make a great difference in how interpretations will be reached and presented for a larger research community. This also makes it difficult to evaluate research processes with a qualitative perspective by using the term ‘reliability’, but it does not imply that ‘anything goes’ (Hall, 2003) in terms of what are plausible interpretations. Still, the researcher must show that his interpretations are logical and the natural outcomes of his walk in the hermeneutic circle (Madison, 1988).

The level of the researcher’s preunderstanding will have a great influence on the outcome of the research process, but so will the way of working through the research challenge. One way of giving the reader an opportunity to evaluate the way of working in qualitative studies is to present much empirical material. For some reason this approach is seldom used in qualitative studies (Silverman, 2005), but this thesis includes fairly many extracts from comments by the informants and the respondents,
and that is my way of trying to help the reader to follow my interpretation pattern, and
to help the reader to enter his own dialogue with the text (Alvesson and Sköldberg,
2004). Without these extracts it would be even more difficult to reflect on the
interpretations made by the author, and I personally perceive this as a major problem
with many qualitative studies. The writers give the readers an opportunity to interpret
the written text, but the reader seldom has a major opportunity to reflect on what kinds
of interpretations the writer has made while producing the text material. One can
naturally not include the full empirical material, but in general more can be done in
many situations. The idea in this procedure was decided on early in the research
process, but it got its confirmation when the thesis by Hall (2003) was published. She
has included even more extracts from interviews in her text versions, and it was a joy to
read her material and to reflect on her interpretations.

When reflecting on the quality of the research work it is not enough to reflect on the
influence of the researcher and his way of working, one needs also to reflect on the
providers of empirical material. Source critique is important in research and in
connection with the collection of the interview material there were some decision-
making points in which alternative decisions could have rendered even better
descriptions of systems undergoing change processes like business transfers. In relation
to business broker interviews, it could also have been an option to approach Finnish
business brokers with a survey. That would have demanded a slightly different data
collection guide, but in the end the results would also most likely have been close to the
existing interpretation results of the business broker interviews. One possible exception
would have been that a quantitative approach had offered an opportunity to make some
kind of statistical generalisation, since the business brokers also expressed their
opinions on how they in general view such change processes. This is not possible to
achieve with the current set-up, but the chosen approach was assumed to be the safest
way to achieve both a first increased understanding for what family business transfers
are about, but also to offer an opportunity to establish contacts to business families,
which had completed family business transfers. For these reasons the interview
approach was chosen, but the alternative strategy with complementing telephone calls to
selected business brokers could have rendered the same result. What perhaps still
argued for the chosen approach was that the data gathering was divided into three
different categories of informants, and where the final category, the business families,
was the most important category.

The trustworthiness with selection of interview objects is one critical aspect of
qualitative research, but so is the reflection on how trustful is the material collected
from the interviews. In this context, it implies interviews with business brokers and
business family members and such narration sources are challenging, since they often
express their own experiences of a certain phenomenon (Alvesson and Sköldberg,
2004). They may interpret questions in different ways than the interviewer, and due to
distance in time; the respondents may not always remember in full detail what they have
experienced. These two challenges have been attacked from two different angles during
the research process. Firstly, the vast majority of all family business transfers have
happened after 2000, which should make it easier for respondents and informants to
remember their own experiences from the transfer processes. Some of the respondents
had actually experienced several business transfers, but the majority were recent selling
processes. Another approach to tackle the problem with non-optimal reproductions of former family business transfer was to interview several business family members, when it was possible, about the same family business transfer. Due to their own personal positions in the family businesses, the business family members will have their own personal experiences about the transfers, and therefore it is always more fruitful to hear multiple voices about a phenomenon. This was especially the principle in the case descriptions on selling business families, where several selling business family member were part of the data-collection process.

Multiple voices have been important, especially during efforts to produce the two business family descriptions. In order to give rich information about how the different system components have perceived the system change, the idea was to interview every single business family member separately. There was a slight fear that not every single business family member would be willing to reveal all his inner thoughts, when other business family members are present, and that is why the approach was to have separate interviews. In practice, it was not possible to follow this idea during the research process. Several family businesses were built up by entrepreneurial couples, and they were used to doing everything together concerning the family business. This created situations that, when the interview was scheduled, the majority owners usually announced that they will take their wives with them, because they have been in this together. At the end, this did not become any problem. The impression was that both husbands and wives spoke freely about their own expressions, and even a couple discussed an issue during the interview which they never had discussed before. In that specific case, it turned out that the father had not invited his wife as a shareholder in the family business, when it was started. He had invited his mother instead, and the wife had always assumed it was because she had said to the husband that she wants to have a marriage settlement if he starts a business. The husband was disturbed by this so he invited his mother instead of his wife as a future shareholder. The couple had not discussed this matter until the interview took place. The interpretation by the wife was confirmed during the interview.

5.6 Summary

Qualitative research is full of challenges, since a research process with such a starting-point may end in very different ways. The interpretations which the researcher presents may be of very different kinds, and it is a challenge for the reader to evaluate such interpretations. This implies that the researcher must argue for his interpretations, but he must also be open about how he has ended up with these interpretations. Crucial elements in the reporting process are the researcher and his level of preunderstanding, the way of working during the process and the data sources. These three factors have been presented and discussed in this chapter.

Abductive reasoning has been a key element during this research process, and that implies further challenges for the reader. Abductive reasoning relies on an on-going shift back and forth between literature and data, and it is not always easy for a reader to follow such an interpretation pattern. Hence, in order to facilitate the reader’s own
interpretation and reflection work, it was decided to initially present the three data sets separately. Business broker interviews were presented first followed by business family member interviews. Case descriptions of two business families ended the presentation. Each such section was followed by an interpretation section. This does not describe correctly how the actual research process has moved forward, but it was believed that this way of reporting would make it easier for the reader to figure out how reliable the process has been and how valid are the results. Discussion of the generalisation of the results is presented in chapter seven.
6 EMPIRICAL MATERIALS

This chapter includes the most crucial empirical material from all the interviews for this thesis. The actual chapter is divided into three different sections according to the origin of the empirical material: business brokers, business family members, and business families. The first section includes material from interviews with Finnish business brokers. This section starts with an overall description of comments made by the business brokers, and it ends with a presentation of the first attempt to interpret the empirical material originating from those business brokers. The second section focuses on interview material from discussions with business family members and other informants with inside information about family business transfers and their challenges. This section also ends with an interpretation section. The third section is divided into two sub-sections, and each section focuses on one business family and its members. These sections are followed by a sub-chapter, which tries to gather the insights from all interpretations attempts in chapter six.

6.1 Interviews with business brokers

This section includes presentations of extracts from interviews with Finnish business brokers. To begin with, the section focuses on these actors and their overall impressions of transfers of family businesses and preparations for role exits among selling business family members. The idea is also to present the views of business brokers about what selling business family members regard as important in family business transfers. The presentation of the material collected during the interviews with business brokers ends with their views on how they believe selling business family members reorganize their lives after family business transfers. In order to get access to this data, the business brokers were guaranteed anonymity, and therefore the names of the business brokers are not revealed in the text. Each business broker (Bb) is referred to as Bb1---Bb12 in accordance with the information about the interviews in Appendix 3.

6.1.1 Preparations for role exits

Family business transfers are complex processes, and the business brokers interviewed view them as great challenges for several reasons. To begin with, selling entrepreneurs are always interested in the valuation of the business, and valuation is one of the bigger challenges for them, because the sellers apparently seldom have any realistic ideas about the valuation of the company. One of the reasons for this might be that the sellers view the transfer object from their perspective, and not from the perspective of the buyer.

“Very few have any clear view about the price for the company, and if they have some perception about it, it is usually somewhat higher than what could be expected during a business transfer.” (Bb11)
"Concerning the price, they also most often have totally unrealistic expectations. Twice as much is not uncommon." (Bb2)

"The process is difficult for them. I believe they find the process interesting, but it always takes longer than they could imagine, and the negotiations might also be much tougher than they have expected. Besides that they usually also have unrealistic expectations about the price, which makes it even more difficult for the seller." (Bb12)

"They have had totally unrealistic assumptions about the price, and they have seldom any idea on how a potential buyer looks upon the company. The seller believes it is the best company in the world, but usually the buyer looks at things in a different way." (Bb6)

"One should also remember that there are unfortunately also entrepreneurs, who believe they are such good salesmen that they can also sell their own business. They rarely succeed. They often have very unrealistic expectations about the price. It happens for example that I say no to many assignments, because I notice that the likelihood of a successful deal is so low. The seller has unrealistic expectations, and he does not really take into account the standpoint of the buyer. ... The starting-point should always be what is left up-front after the transfer. It is not so important, who is the final payer. I mean it could be the company or some buyer." (Bb7)

Another challenge with family business transfers is the close linkage between the family business and the household. It is not always easy to draw the line between the business and the household, and that makes it also more difficult to estimate an appropriate value for the family business.

"Family businesses usually also have a balance sheet with things that should not be there. You may find a lot there that has nothing to do with the business operations. There are family members on the pay-roll although they may actually do nothing in the business. That on the other hand can have some implications for the valuation of the business further on." (Bb2)

"Yes, everybody in Rauma has their own boat, but it is the company that owns the boat. It is easier that way. It gives certain advantages, and it makes life easier. It is also easier that the company owns your computer instead of every year giving an explanation to the taxation authorities about who owns it, how is it used, and how the use is paid for." (Bb8)

Selling entrepreneurs are interested in the valuation of the company and since their own perception of the price often seems to be optimistic, the valuation becomes a challenge for the business brokers. Another challenge for the business brokers, and the sellers, is the presence of emotions during the transfer process.

"A transfer of a family business includes more emotions. For family business owners it is also extremely important what happens with the company after the
Family business transfers may influence the lives of several different business family members. Business family members may have their positions within the business family due to employment, management involvement, or membership in the board. Another category of business family members is the owners, and it is often these people whom business brokers meet during family business transfer processes.

“It is the majority owner in most of the cases. Although we talk about family businesses, in most cases the ownership is highly concentrated. It does not have to be 100%, but the majority is within the hands of one man in most of the cases. It might also take a really long time until they give up this control.” (Bb9)

“The only person who the entrepreneur may be talking to is his wife. It is not exactly part of the family tradition in Finland to discuss with each other. Father-son relationships are always problematic as such, and when you add a business dimension to that, it will not make things easier.” (Bb8)

“The father usually has about 80-100%, and then the wife or some of the children may have some 10%, but in general the ownership structure is very narrow.” (Bb11)

“Sure it is a decision for the whole family, but usually it is the majority owner who makes the contact, because he is the majority owner.” (Bb3)

The majority owner in the family business is, according to the business brokers, the most important person during family business transfers, although spouses also get some of the attention.

“Usually it is only the majority owner who is the most important one. In other cases other family business entrepreneurs can also be involved, but then these family business entrepreneurs are usually shareholders. Very difficult to imagine that other family members would be involved during the process. Although I know about some cases, where the wife, or her opinions, has been the reason behind the decision to stop the deal.” (Bb4)
“It depends a bit on what kinds of roles the other family members have, but in most cases it is only the majority owner. Sometimes you might meet the wife, or then you notice that the wife has had some influence, but in most cases it is the wife or the husband, who interpreters the majority owner. I mean in most cases the wife is of the same opinion as the husband, or vice-versa if it is the wife who is in charge of the family business.” (Bb9)

“Maybe the spouse, but very seldom is any one else involved.” (Bb1)

“Quite often the wife can be involved in the actual transfer process, because it is she who has handled the finance of the company and all the paperwork so she knows where everything can be found.” (Bb11)

The father and the mother seems to be the key persons during family business transfers, but the family business itself also seems to be a crucial element. At least the sellers themselves seem to care about the business, and what happens with it after the transfer. Business family members will end up in new system environments after the transfer, but the sellers seems to think more about the future state of the former family business itself. To begin with, it seems like the sellers want everything to continue as before, although they themselves are no longer involved in the business. The future of the employees in particular is something that sellers think about before the family business transfer is completed.

“It is extremely important what happens with the company after the transfer. Usually they want everything to continue in the exact same way. You very seldom sell to somebody, who comes from another region, because then there is a risk that the whole business will be moved.” (Bb9)

“It depends on the reason behind the transfer. In those cases where it is important, it is usually a question of loyalty towards the employees. You want to preserve the name of the company or that the company continues to operate in the same facilities.” (Bb2)

“It is, for example, important that the brand of the company is preserved, and not destroyed by the new owners. It might also be important that the employees can keep their jobs.” (Bb4)

“They want the company to get a safe harbour and that it is an entrepreneur who can actually take good care of the company. They also often want that the philosophy that they have built up continues to exist. It might also be important that the employees can keep their jobs. It is also important that the name of the company continues to exist. They also do not want the business to be moved to some other town. They can also be afraid that if the business moves to some other town, they will stand there with their empty buildings, and it can be very difficult to get rid of them.” (Bb7)

“For them, what happens with the company after the transfer is often a really important matter, and it might also be mentioned separately in the transfer
agreement. For example, you may have written that the business operations must continue as before, as long as the former owners are alive. You may also be obliged to run the company in a specific manner as long as it has its old name, which is often a family name. It may also be very important that the former employees can keep their jobs.” (Bb3)

“I believe everybody wants that the business to continue in exactly the same way as before.” (Bb6)

The sellers may have strong ideas about a desired future state of the family business after it is sold, and it seems as if they are willing to pay a price for that as well, because the actual valuation of the company does not appear to be so important in the end. Other things than money matter more, when business families plan for a family business transfer.

“It is not the money that decides what happens with the company. It is more a question of what actually happens with the company after it has been sold.” (Bb1)

“In small towns, it is more important what happens with the company after the transfer. Then it is extremely important that the company ends up in good hands, because the sellers will still be living in the same locality, and one does not want to face a situation where the public opinion is that the company was sold only for money.” (Bb12)

Family business sellers have some ideas about what is important or not important, when they sell the family business, and this is also reflected in preferences about the buyers. It seems like the seller want to find a buyer who is similar to the seller.

“They do not always have any clear idea of what kind of buyer they like to find, but it should be a “good guy”, who can take care of the business, and who can be successful in running the business. Foremost it should perhaps be somebody like themselves”. (Bb12)

“Some sellers have very specific criteria about what is possible, or not possible. They need to more or less understand the sole of the buyer, before they make the decision to sell or not. Many times it is important what happens with the company, and the best way to have some control over that is to know the buyers very well.” (Bb3)

“Fairly often they have clear perceptions of to whom they might sell the company. In most cases, it is like they want to be sure that it is an entrepreneur who can actually develop the business in a good way. It might also be important that the business continues in the same place or that it is not somehow divided up.” (Bb6)

The sellers seem to prefer a buyer who is like themselves and who is willing to continue with the business in the same way. The personnel could at least have an opportunity to
continue with the business as usual (Hiltunen et al, 2000), but it seems to be the case that the sellers have no faith in the personnel as potential buyers or entrepreneurs. The business brokers mostly think it is a natural option to investigate, but sellers view it differently.

“Often the personnel are no option, which is really a bit strange. They are the ones who know the company best and it is also they who have the biggest interest in keeping the business in the same place. I myself try during different kinds of seminars and happenings to market the personnel as a good option. Unfortunately, in Ostrobothnia we have this strong we – them mentality.” (Bb9)

“The problem is that the entrepreneurs in most cases regard the personnel as the final option. There is also much talk among entrepreneurs that it is not a good option to sell to the personnel. It is almost like the entrepreneurs feel ashamed if they have to sell to the personnel. This is strange, since it is most often the personnel who have the biggest interest in continuing with the business in the same site and premises. If you sell to a competitor or an industrial buyer, one can quite often assume that the business will move within a few years.” (Bb8)

“We always ask if the seller has discussed the matter with the personnel, but most often they say that among the employees there is no potential buyer, because they do not have the right mentality or the money. It also seems that entrepreneurs very often see no entrepreneurial potential among their employees. Employees are employees, they are not entrepreneurs.” (Bb11)

“From the brokers’ point of view, it would be a natural and easy solution if the personnel could buy the company, but that seldom happens. The selling entrepreneur is often of the opinion that there is no potential buyer among the personnel, and if there were, they do not have the money.” (Bb12)

The personnel are clearly not a preferred option for sellers, but there might also be other kinds of buyers to whom the sellers are not interested in selling.

“There are those who are interested in buyers, who pay a good price, while there are others who might have very strong ideas of to whom they might sell the company, or who may be willing to buy the company. Very often they do not like to sell to competitors, but the funny part is that these potential buyers are usually the best buyers, because they know the business best, and they have the best qualifications for developing the business further. Here one also comes across situations where you see that they are willing to sell to some specific person, although they may get a better price from someone else. Many times it is more important what happens with the company than what the final price of the transfer will be.” (Bb5)

“To begin with, they may have opinions about certain potential buyers, like when you make a larger screening among persons you know and who might be potential buyers. There might be some old dispute in the background which
explains why they do not like to sell to a certain person. Another situation is transfers, where the potential buyer is a big company.” (Bb4)

“The main problems are perhaps cases where the buyers are bigger companies and where they have the intention of buying a company that has disturbed their market. With such buyers the likelihood is also greater that the business operations will be closed down or that the company will be moved. It is also important that they believe that the buyer has the right entrepreneurial characteristics. If the buyer has those skills, then the likelihood is also bigger that the business can actually survive. It has also happened a few times that after the first meeting the prospective seller has said that there is no chance that we will sell to that person. They might also be willing to reduce price in order to find the right buyer.” (Bb7)

“One category is those who are not willing to transfer the business to their children. They do not want to do that because then they know that they themselves will still be involved in the business. They will not have the opportunity to get out from it.” (Bb10)

Sellers of family businesses may have ideas about desired outcomes of family business transfers, but to actually reach the decision to sell the family business seems to be difficult.

“Sometimes it is a very long process. Up to five years is fairly common. We also start the process by making a valuation of the company and we may have clients who have gone through that process three times before they make up their minds about selling the business.” (Bb12)

“They think about it for a long time, but they often just push it forward. You know, we also have some cases where the father has died and nothing has been done, but now the business must be sold, because there is nobody in the family who can continue with it.” (Bb10)

“They make contact when they have taken the decision to sell. Still, the process can continue for several years until they make their final decision.” (Bb1)

"I often represent the buyer, but it has often happened that the deal has not been closed. The entrepreneur has not been aware of how difficult it is to give up his company, or then the personnel has simply had enough of the negotiation technique from the entrepreneur. They simply decide that he can keep it if it is so difficult to give up.” (Bb8)

Family business transfers involve not only the father or the majority owner; it seems like all the other business family members have less difficulty with the selling decision.
“Often all the other family members are very relieved, when the discussions start because they are often prepared and willing to sell. It is only the entrepreneur who has difficulty with the transfer decision.” (Bb7)

“Most often everyone in the family stands behind the decision and the other family members are also very relieved that the process has started. However, it is not a short process. We have a process, which has been going on for some years now, where simply nothing has happened.” (Bb6)

The business brokers do not only have the notion that it is difficult for sellers to take the decision to sell the family business. The long decision-making processes may also have some consequences for the business brokers in their own efforts to sell the family business.

“Well, they always make contact too late.” (Bb9)

“Too late, and in addition, they also often believe that they can do the job themselves. If they can sell some products, then they also can sell their own company.” (Bb2)

“Too late, because often the company is not in such a condition that it can be sold, and usually the seller is in a hurry to get his money from the deal. The worst cases are those, where the entrepreneur himself has tried to sell his company”. (Bb6)

The actual decision-making process might in some cases take a long time, but once the sellers have decided to sell the business, they often want to proceed quickly. Many transfer processes also proceed quickly; a typical transfer process might be concluded within six months.

“In most cases it takes a really long time until they make the decision to sell, but after that, then suddenly everything should happen at once. You got the feeling that once they have taken the decision, then they want to get rid of the company. They somehow do not have the energy to watch it any longer or be involved in the business.” (Bb9)

“It varies a lot, but often you can complete a deal within six months.” (Bb4)

“A typical framework is something between three to six months, but the fastest one is less than a month.” (Bb7)

Six months for a transfer process seems to be a typical timeframe, but there are also transfers processes that go on for years for several different reasons.

“It varies from case to case, but let us say that it is something between three months to several years. It depends whether there is a buyer in place or not, how the buyer has planned the financing of the deal, the negotiations about the price, and so forth on.” (Bb5)
“The problem is that they might have been thinking about selling the family business, but they have not done anything concrete. They have not prepared the actual business for a transfer, and that is a problem. They seem to think about the transfer every now and then, but as a broker you cannot see that they have actually done something to realize their decision.” (Bb11)

“There are many who need a lot of time before they decide. They simply believe they cannot find time to think about their own company in a longer perspective, and that can cause them problems further on. Three to four months simply pass by without any action at all, and when they start to show some interest, then the interest among the business brokers and the potential buyers might be gone.” (Bb2)

“Seven months is the fastest I have managed to complete a transfer, but I have also had a process that has been going on for four years. It depends a lot on what kind of condition the company is in. It might also take a long time to find a buyer. It might be slightly different if I myself have a buyer, and I need to find something specific for him. Then the process might be much quicker.” (Bb3)

“When you sell a company it is not like selling an apartment. When you sell an apartment, basically anybody could be a potential buyer, but with businesses it is different. The number of even potential buyers is very small, and it can easily happen that although you have a very good company for sale, there is no interest in that industry at that specific time. It is important that the sellers are aware of this, because six months can easily pass by and nothing happens.” (Bb12)

Clearly, it is difficult to know how long the transfer process will last, and it also happens during the transfer process that the selling business family regrets the decision to sell. However, the business brokers can to some extent understand this behaviour.

“Yes, it has happened. I have also been involved in buying back companies that I have helped the previous sellers to sell.” (Bb5)

“Fifteen minutes before the signing, the seller called me and said that he cannot sell.” (Bb7)

“Yes, once, and then the seller decided to run the company himself for a while. About three years passed before he contacted me again. He said enough is enough, and now it is really time to let go. Just sell it. Sometimes it has also been like the entrepreneur has been so involved within all activities of the company. A transfer would imply that you at the same time have to give up your membership in Rotary, and after that you would be nobody in the community. That is something you do not like to experience, so then it is better not to sell.” (Bb4)

“Yes, you have simply not been ready for the decision to sell. You must also understand that a seller might simply regret his decision. They may not be
willing to take the risk, there may be some problems with the financing of the deal, or then the buyer comes across some new information that has an impact on the terms in the deal.” (Bb6)

“I can understand that entrepreneurs buy their firms back if they have not been forced to sell. They have simply sold because they got a good offer, but when they see that the new owner will not get the company up and running, they may buy it back.” (Bb11)

6.1.2 The disengagement process

It is not easy for business families to give up their businesses and sell them, which is also something new owners may notice. They may already notice it when they start to take control since one of the key challenges will be to work with at least the former majority owner during a transition period (Mickelson and Worley, 2003). The majority owner is often the most crucial person in the company, and it is thereby necessary that he helps the new owners to take control. In practice, this implies that the former and the new owner work together for a while, but business brokers seem to agree that this period should be fairly short because the seller will not always be motivated to continue working in the former family business.

“Personally, I think that you can be involved for one year, at least no more than three years. It depends a bit on the agreement, but regardless of the terms, no more than three years. Two years are perhaps the optimum length of the period. This is a fairly typical solution in cases, where you like to have the seller involved in the development of the business, although he has given up control to the buyer.” (Bb9)

“The recommendation is a timeframe of one to three years. Then the entrepreneur can choose to leave if the motivation decreases. This also varies a lot depending on what kind of position the former entrepreneur has had in the business.” (Bb2)

“The entrepreneur can continue for a few months, but the period should be short because the entrepreneur will have difficulties in working for somebody else. If you have once been your own boss, it will be difficult to work for somebody else.” (Bb8)

The message from the business brokers is clear in terms of the length of the transition period. It is easier for the new owner if the transition period is fairly short, but on the other hand, the selling majority owner may need a longer transition period. It also happens that a selling business family member asks for an extension of the agreed transition period.

“It can be easier for the wife, and she may be allowed to quit at once, but for the entrepreneur himself, there should be a transition period of something between
six and eighteen months. It is also important for the buyer to be able to take control over the company in a good way.” (Bb3)

“We made a request to the taxation authorities, and there we wrote that the father would be involved in the business for another three years. A few days later he phones me up, and asked why it must be three years. Can’t we write four to eight years? He still wanted to be involved for another eight years in the business, and then he would already be facing retirement age.” (Bb10)

It will be a challenge for the new owners to work together with the former majority owner, since the motivation level of the former owner is likely to decrease. One way of trying to deal with this is to link the price for the business to activities that the former owner can influence after the deal is completed. In some transfers, business brokers use such earning-out solutions, but they do not always work in the way they were expected to work.

“Sure it changes, and that is also why the transition period should be as short as possible. But many times the price is dependent on your support over a long period, and that is a typical way of trying to keep the entrepreneur active for a while after the actual transfer.” (Bb3)

“It varies a lot. Sometimes you have an earning-out model, which says that the final price will be dependent on the activities during the next year or the following years. Many sellers will also agree to continue in cases where the company has been sold because the former owners have not had enough money to develop the company further.” (Bb2)

“A usual transition period is two years long, and then usually a part of the transfer price is connected to the company’s financial success. So the former boss still has some kind of incentive to do his best for the company. However, it might be dangerous to remain in the company as a boss if you and the buyer have different opinions concerning the future of the business. Then it might happen that the former boss plays the personnel against the new owners. There are cases where this game has gone so far that the new owners have been more or less forced to carry out the former CEO. At the bottom line, this is a lot about person chemistry. If it doesn’t work, there is no reason to stay within the company.” (Bb4)

“If the seller remains in the company and he has an earning-out agreement, the seller is easily disappointed. This is especially the case if the new owner and the seller have different opinions of how to develop the business, and this has an effect on the price of the business or the money that the selling entrepreneur will receive. And this is quite understandable.” (Bb12)

“The motivation tends to decrease. I believe six months is the longest period one should continue within the company. It also depends on what kind of agreement you have concerning the price of the actual transaction. If the price is related to the financial success, then it is self-evident that the lead-entrepreneur should
continue for a while, but it is extremely important to have a good deal about that. It happens a lot that these kinds of periods are completed by the entrepreneur long before the decided date. The older generation simply has no motivation to continue and fulfil their obligations.” (Bb5)

Buyers and business brokers are often aware of the potential decrease in motivation level among the sellers after the business transfer is completed, and therefore they try to prevent such situations in different ways. However, the main problem appears to be that the entrepreneur himself is seldom able to predict the same potential challenge. They are not fully aware of the problem before it is a fact. It seems like they are simply not prepared for the role transition.

“There are entrepreneurs who continue within their former firms, but then it is important that they have nothing to do with strategic decision-making. Changes on that level may be categorised as criticism of you and your way of handling things, and that may be difficult to accept for the former entrepreneurs.” (Bb1)

“Well, it is certainly a difficult situation. You are used to having the power and you are used to get the result of the work directly into your own pocket. It is slightly more difficult to be in a new situation where somebody else benefits more from the work than you do.” (Bb9)

“Yes, you notice that very often and that is why we also very often have a special paragraph about it in the transfer document. But regardless of that, we have several processes where the entrepreneur leaves prior to the settled date, because things have simply not worked.” (Bb4)

“It is very difficult, when you have sold your company because you also have given up on a mental level, and then it is difficult to carry the main responsibility for the further development of the company. It is simply not your thing any more to think about that. The problem is also that when you start to think about a transfer, everything else stops in the business. You do not make investments any more and things like that. They somehow believe that there is no sense in that, since it will anyway be somebody else who will develop the company in the future.” (Bb7)

“The role change is always difficult. If you are used to working sixteen or perhaps only eight hours a day, and then suddenly you should only play golf during the days you will face problems. It will be like walking into a wall. Most entrepreneurs do not know this, and perhaps it is good that they do not know it in advance, because then they would perhaps not sell the business.” (Bb10)

New owners are to some extent dependent on the former majority owner during a transition period, but his presence in the company can apparently create several problems for the new owners. It may be difficult to make this relationship between the former and the new owner work, and the presence of the former owner may also create problems for the personnel, or even the customers.
“It is very difficult to continue working when the former majority owner is still within the company. It might also be difficult for the personnel to adapt to the new situation. If you continue to work in the company, it should be on an hourly basis, or then just one day at a time. This could not continue for more than one year. Most often the new owners like to get rid of the former owner, so they can start to make changes and renew things in the way that they want.” (Bb7)

“My own opinion is that the transition process should be as quick as possible, because it is difficult to have two different persons in charge. It makes it difficult for the employees, and it makes it difficult for the customers, so that is why I prefer a short transition period.” (Bb11)

Most business brokers agree that the majority owner is the key person during transitions for several reasons. The majority owner has the power to complete the transition, and is most often the person who has the greatest difficulty with the role transitions. It is not easy to handle such a person during a transition process. Some business brokers also seem to be of the opinion that all the other business family members should in most cases leave the family business after the transfer. There are business family members who have no problems with staying in the family business after the transfer, but it seems like the safest option for the buyer, at least according to the business brokers, is for all business family members to leave the family business.

“All the other family members usually quit when the transfer is completed. There might be some problems if the children remain within the company, and especially, if they have been in leading positions. They have received certain benefits and other things that may be difficult to explain to the new owners, and it may then be difficult for the children to adjust to this new situation.” (Bb7)

“Yes, we might have solutions where they can work some hours here or some days there, but most often it is a transition period of something between three and six months. Longer periods than that are rarely good solutions. Motivation usually decreases when the transfer is completed. And you should also remember that in relation to a transfer, all the other family members are also expected to stop working in the company.” (Bb6)

“Most often the buyer expects that the seller will leave the company. The only one that could be expected to stay in the company is the person who has been the major driving force in the company or the person who is the sole of the company. Quite often the wife has been the one who has taken care of the office in the company, so she may also be expected to continue for a while, but usually they all quit at once, or as quickly as possible.” (Bb5)

"In most cases, I think it is best that every family member end their involvement in the business. For the entrepreneur it is difficult, but the children have seldom any problems, because they often already live in another place, and they have not been that much involved in the business. For the entrepreneur it is more difficult, because he has seldom any other activities to continue with. The problem is also that many entrepreneurs have become members of Rotary
because they are entrepreneurs. They are members since they have a certain position in the company, not because they are certain people. All this ends when they sell their companies and that is a bit difficult to handle.” (Bb8)

“If I was a buyer, and there was something left in the business of the old ownership structure in the form of younger family members, I would be very careful. Especially, if the children still regard the business as their business.” (Bb10)

6.1.3 The post-transfer period

It appears difficult to take the decision to sell the family business, but also to go through the disengagement period. Still, business families manage to go through these processes, but then comes a new period where they must continue with their lives within some new system environments. Business family members may choose different new routes for their lives, but before going into the discussion of what they do after the family business transfer, it is important to recall that family businesses are sold for different reasons, and that may also have an influence on how the business family members plan for the future after the family business transfer. The most typical reason for a family business transfer is apparently high age or health problems.

“If they sell for the reason that there is no successor in the family or because they have health problems, then there are not that many alternatives. In some cases, the seller perhaps just cashes in, and then after that starts to take it easier.” (Bb2)

“A typical thing is to buy a smaller cottage in the countryside. Take it easy for a while, and then after that perhaps start something new. It also depends a lot on the reason behind the transfer. I usually have transfers of family businesses because of age, and then the only alternative for the future is to start taking it a bit easier.” (Bb3)

According to business brokers, the usual reason behind a family business transfer is personal, although family businesses may also be sold simply because the owners want to cash in or to do something else.

“The main reason is aging, and this reason is increasing rapidly, but we also have other cases, where the entrepreneur has built up his company for about 20 years. He is not yet reaching retirement age, and he does not want to cash in either. He simply wants to do something else, and a period of 20-25 years seems to be a period where people start to think about something else.” (Bb11)

“We have perhaps two different groups. Firstly, we have the businesses that are for sale, because the owners face retirement or they have health problems. Secondly, we have businesses that are sold, when the owners are still fairly young. These sellers have perhaps started their company when they were
twenty-five, and now they simply want to do something else, or then they have found another business opportunity, but they need money for that.” (Bb12)

Regardless of the reason for the family business transfer, one could expect that business family members have some kind of plans for the future after the family business transfer. These plans often seem to be fairly vague, but some business family members prefer to take up a hobby.

“They may have some vague plans, but in many cases, they have no clear lines about what they will do, when it should be done, and in which order it should be done. This is a big shame, because it also means that it will be very difficult for the older generation to really take the final decision to sell. A new generation of owners is needed, but then they must also get the chance to be invited into the company. In so many cases, the process just goes on and on, but I guess that is pretty normal for family businesses. Somehow some kind of emptiness emerges.” (Bb9)

“It could be anything from giving more time for hobbies, starting to play golf or spending some more time in Lapland, Spain, or at the summer cottage.” (Bb5)

“There are things which they say in order to have something to say, and for the moment it is golf.” (Bb7)

“You know that some of them continue with a new business or then they just simply retire. But I believe that most of them rarely have any plans for the future.” (Bb6)

The business brokers seem to mostly have information about how the majority owner, or usually the father, in the business family is thinking, but they also pick up some information about how wives think about the future after the family business. According to the business brokers, these business family members seem to prefer to take it easier and focus on their families instead of starting up a new business or something similar to that.

“Perhaps you do not start up a new business because you do not like to risk the money that you have been able to collect. Your wife can also have very strong opinions about this, and she is usually the one who says that now it is time to take it a bit easier. We should spend some more time at the summer cottage.” (Bb3)

“I believe the wives have a broader view of life than men have. For the men it is only about the business, but the wives have also other interests, and then they care for the children and the grand-children. Quite naturally their adjustment to the life after the family business transfer will be different from what the men experience.” (Bb10)

A family business transfer does not only give business family members more time to focus on other, or new activities, the transfer will often also change the level of available money. This money can be used in several different ways, but some selling
business family members seem to prefer to spend it on all kinds of concrete objects, or to invest in new companies.

“It is interesting to note that sellers who receive a lot of money do not need much time until they have spent it all. They usually start with some totally crazy projects, and they destroy everything fairly quickly. They also very often enter into some new industry where they have no experience at all, and unfortunately they use their millions to buy their needed experience. Of course it works as long as you have millions, but they will vanish fairly quickly. After that it is all over.” (Bb4)

“I do not know so much about the details, but it happens that they start a new company, or then they buy back their own former company.” (Bb5)

“Some of them become minority owners in new companies, but then they also usually remain the owners. This kind of people is extremely important for new entrepreneurs. They have money and they are willing to make quick decisions. At the same time, they can also contribute with something more than simply money, and in that respect they are different from venture capital companies, which in many cases do not offer anything but money.” (Bb4)

“Most sellers have some concrete ideas about what to do after the transfer. They buy a new car or something else, but after they have made some concrete purchases it becomes more difficult. I think that after that the money will be in an account for a while because the sellers have no other concrete plans about what to do after they have made some purchases.” (Bb11)

It happens that selling business family members invest their money into new businesses, but the buying target may also be the same business, which they previously has sold to somebody outside their own family. The reason for this buy-back behaviour may differ, but it is often money.

“I know about some cases. In one case, the two former main owners continued to work for the new owners, but when everything started to change, they bought it back. Usually, there is some kind of financial reason behind the decision to buy the company back. You have the opportunity to buy something back at a low price, and you can develop it further so everything turns out well again, and why not even sell it once again.” (Bb4)

“Yes, and most often the reason is money. They see that the new owner has not been able to give a new, safe home to the company and he has more or less destroyed it. Then, it is better to buy it back, and to do your trick once again. It can also be like in the Hesburger case, where he just simply regretted his earlier decision.” (Bb7)

“I have heard about such cases, and then the reason has most often been money, and that they can make money twice. Firstly, they have sold at a high price, and the new owners have not been able to handle the new situation or the company.
Then usually the former owners buy back their former company at a much lower price than what they got themselves. They simply make a huge profit once again.” (Bb3)

“I can understand that entrepreneurs buy their firms back if they have not been forced to sell. They have simply sold because they got a good offer, but when they see that the new owner does not get the company up and running, they may buy it back.” (Bb11)

All in all it appears that planning for the period after the family business transfer is no easy task for the selling business family. Individual business family members might behave so differently, and it also seems to be difficult to plan for the future when one has been so strongly involved in the business for a very long time. Most selling business family members seem to learn about the new life as time goes by, and that may not be a pleasant experience.

“If you are about fifty years old, when you sell your business, you must find something else to do. You may have got a lot of money, but soon you find out that it is not interesting to invest. You want to deal with people and you want to be in the centre. That is not necessarily the case, when you only invest your own money.” (Bb10)

“There are three categories, these who start to drink, these who start up a new company, and these who take up a new hobby. The first category is the most tragic one. The problem is that when you sell your company, you also lose everything else. Thanks to your company, you have been a member of various boards, and you have been somebody in the community. All this ends. In addition, the family business is also most often sold because of health problems or high age. You might also in relation to the business transfer notice that your interest and ability for sex decreases. All this together makes it very difficult to handle a business transfer. It can also be a problem for women. I have a case where the business family moved to Spain, and where their total social network ceased to exist. The wife could not handle this, and she started drinking. That created a situation that forced them to sell everything and to move back to Finland.” (Bb7)

6.1.4 Interpretations of interviews with business brokers

This section includes a first attempt to interpreter the material from the interviews with some Finnish business brokers. The first part of this section includes references to what the business brokers said during the interviews, and they seemed to have common views about in relation to transfers of family businesses. The second part of this section focuses more on what the business brokers did not talk about during the interviews, especially in relation to the theoretical discussion in chapter three and four.
To begin with, business brokers seem to represent a united opinion concerning the existence of psychological barriers among fathers or majority owners of family businesses. These persons most often have difficulties with letting go the control of the business. This is a natural opinion for various reasons. Firstly, it has support in previous research (Redlefsen, 2002), and it is also these persons who are most often heavily involved in the family businesses, and they are therefore also most likely to face the largest pressure for change as a result of the business transfer. The business brokers do also work mostly with these persons during a transfer process, and therefore it is also logical that their experiences of psychological barriers are concentrated in these persons. Other business family members might also face psychological barriers, but business brokers are not necessary aware of these, since usually only the fathers represent the client companies. The wives can be an exception in this case, but the personal situation of all the other business family members seldom become an issue for the business brokers. Still, psychological barriers are clearly a big issue during family business transfers, and therefore Figure 3 on page 42 needs to be complemented by exit barriers as in Figure 8. The exit barriers are placed in the beginning of the disengagement period in Figure 8, but in practice business family members may face them anytime between triggers to change and new business family environments.

The psychological barriers among the majority business owners appear to have two implications for the successful completion of family business transfers. The first implication is the long pre-phase, where the family business majority owners have difficulties with actually taking the decision to sell. They may struggle with this for years, which another business family member readily starts to perceive as a problem. Business brokers (e.g. Bb6 and Bb7) notice this as a great relief among other business family members, when the lead-entrepreneurs finally make up their mind about the family business transfer. Another aspect of the same phenomenon is that business brokers (e.g. Bb2, Bb6 and Bb9) perceive that family business owners make contact too late, when they like to sell the family business. At the time for taking contact, the window of opportunity may already be closed in terms of finding the best potential buyer. On the other hand, one should be careful with interpretations of comments related to this due to the personal business interest of the business brokers.
In general, business brokers seem to agree that psychological barriers are a challenge during family business transfers, and they also seem to agree on another aspect of family business transfers. This second major agreement is related to the preservation of the family business, and business brokers (e.g. Bb3, Bb4 and Bb7), are mainly of the opinion that selling family business entrepreneurs want the business to continue operating as usual after the transfer, and that the former employees can remain with the new owners. This is also reflected in priorities concerning potential buyers. Entrepreneurs seem to prefer a buyer who is willing to continue the track which the selling entrepreneur started to develop (e.g. Bb6, Bb7 and Bb9). Other potential buyers might offer a higher price, but at the end it is not the money that is the most important issue (e.g. Bb1, Bb5 and Bb12). It is more important that the entrepreneurial heritage continues to exist, most preferably in the same way, and at the same location. This high willingness to preserve the family business in the future is understandable from the perspective of the major selling business family member, but it is not simple.

To begin with, it is not easy to preserve a family business after a transfer, since as some business brokers (e.g. Bb2 and Bb8) argued, family businesses are often highly integrated with the economy of the selling business family. There may be property in the family business that should more naturally be purely family property, and unfortunately a first interpretation based on the interviews is that the selling entrepreneurs have not reflected so much upon this aspect. Such an interpretation is also supported by statements from business brokers (e.g. Bb6 and Bb7); for example the selling entrepreneurs often have difficulty in analyzing the deal from the perspective of the buyer. Clearly this is an interesting aspect, about which there should be more information in relation to the whole business family, but business brokers do not seem to possess this kind of information. It seems to be the case that individual business family members themselves need to provide this kind of information. Another aspect related to the desire to preserve everything as usual after the transfer is the question of whether this is the wish of the selling majority owner or every business family member. Business brokers (e.g. Bb1, Bb4, Bb8 and Bb9) know something about how wives may perceive this, but there is no material offered about how the next generation feels toward the same aspect. Is the preservation of the family business also important for the younger business family members, or is it just important for them that the family business is sold?

There are many open issues in terms of how important the preservation of the family business is for the business families and all its members, but at this stage at least one aspect seems to emerge. This is the circumstance that despite the high willingness to preserve everything as before, the selling entrepreneurs are very seldom willing to continue to operate for any longer period in the family business after the completed deal (e.g. Bb5, Bb8 and Bb9). A fair assumption would be that it is easier to preserve something as before if the selling entrepreneur is involved in the business operations for a longer transition period. That would make the transition smoother, and also make it easier for the new owners to take charge of the business, and eventually to preserve the family business as before the transfer. However, the interpretations of the business broker interviews indicate that selling entrepreneurs are not willing to follow this argument. On the contrary, the interpretations indicate that selling entrepreneurs are willing to let go quickly once they have made the decision to sell the family business.
Firstly, they want the business brokers to handle the process rapidly by finding a buyer quickly (e.g. Bb6). Secondly, when they finally have a buyer, the selling entrepreneurs are seldom willing to continue for a long period in the business. They like to get out quickly, and perhaps this is the optimal arrangement, since often the recommendation from the business brokers (e.g. Bb4 and Bb8) themselves is also that selling entrepreneurs should not stay for longer than two years after the transfer is completed.

The low willingness among selling entrepreneurs to stay in the family business after the transfer may indicate that these persons have difficulty with personal role transitions. After a transfer, the selling entrepreneurs usually no longer have the final word in the business, and they might not feel comfortable in that situation (e.g. Bb4, Bb5 and Bb12). They like to be in control, and their solution to the challenges with the role transitions seems to be to make a role transition on the macro level and simply move to a new system environment. This reaction is somewhat contradictory, when taking into account their desire to preserve the family business, but the buyers also seem to prefer such a solution. At least the business brokers (e.g. Bb5, Bb6 and Bb7) seem to acknowledge a desire among family business buyers to get rid of the selling entrepreneurs within a fairly short period after the transfer. To some extent, this also involves other business family members, since it is not either totally uncommon that buyers like to get rid of every former business family member at some stage (e.g. Bb6, Bb7 and Bb8).

According to some of the Finnish business brokers interviewed (e.g. Bb6, Bb7 and Bb9), selling entrepreneurs are not that willing to stay within the former family business in new roles due to family business transfers, but despite their desire to get out of the sold family business, they seem seldom to have any specific plans about their personal future after the completed transfer. This is not necessarily a problem, since according to some business brokers (e.g. Bb3, Bb11 and Bb12), most family businesses are sold because the lead entrepreneur will soon face retirement or his health is declining. This naturally also has implications for the future after the entrepreneurial career. For example, business brokers (e.g. Bb2, Bb3 and Bb6) have noticed that the selling entrepreneurs in these kinds of situations often prefer to take it easy after the business is sold. Interestingly, this seems to be a typical behavior among selling entrepreneurs in all situations, because in general, future plans seems often to be fairly vague. Golf or other sports activities may be an important part of their new lives (e.g. Bb5 and Bb7), but otherwise business brokers do not report about any specific future plans among selling entrepreneurs. This uncertainty about the future also seems to be reflected in the planned use of the financial capital resulting from the business transfer. Selling entrepreneurs may upgrade their car after the family business transfer, but otherwise they seem not to know what to do with the money (e.g. Bb4 and Bb11).
Table 9 Overview of preliminary interpretations of business broker interviews

<table>
<thead>
<tr>
<th>Topic</th>
<th>Suggested interpretation</th>
<th>Extract from related comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exit barriers</td>
<td>At least the majority owner often has difficulty in letting go.</td>
<td>“It may also take a really long time until they give up this control.” (Bb9)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>“Up to five years is common.” (Bb12)</td>
</tr>
<tr>
<td>The business after the transfer</td>
<td>Important that the business continues as normal.</td>
<td>“Many times it is more important what happens with the company than what the final price of the transfer is.” (Bb5)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>“I believe everybody wants that the business continues in exactly the same way as before.” (Bb6)</td>
</tr>
<tr>
<td>Potential buyers</td>
<td>Someone who understands the business and can continue with it as before, but not the employees.</td>
<td>“It should be a good guy, who can take care of the business, and who can be successful in the running of the business.” (Bb12)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>“Employees are employees, they are not entrepreneurs”. (Bb11)</td>
</tr>
<tr>
<td>The transfer process</td>
<td>Motivation to continue decreases, when the business has new owners.</td>
<td>“If you have been your own boss, it will be difficult to work for somebody else.” (Bb8)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>“The motivation tends to decrease.” (Bb5)</td>
</tr>
<tr>
<td>Plans for the future</td>
<td>Often vague, but depends on the reason to the transfer.</td>
<td>“But I believe that most of them rarely have any plans for the future.” (Bb6)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>“I usually have transfers of family businesses because of age, and then the only alternative for the future is to start taking it a bit easier.” (Bb3)</td>
</tr>
<tr>
<td>Question marks</td>
<td>How do other business family members than the majority owner perceive the transfer?</td>
<td>“Maybe the spouse, but very seldom anyone else is involved.” (Bb1)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>“Very difficult to imagine that other family member would be involved during the process.” (Bb4)</td>
</tr>
</tbody>
</table>

Table 9 includes a summary of the preliminary interpretations of business broker interviews at this stage, and it appears that they are well in accordance with previous research and the discussion in chapter three and four. At the core is the aspect that selling entrepreneurs have difficulty in letting go, and that they want everything to continue as before, although they themselves have left the family business as soon as possible. However, when taking a closer look at Table 9 within the context of chapter four, one notices two major issues. Firstly, the discussion in chapter four stresses that selling business families may face various forms of exit barriers during family business transfers, but there was not much discussion among business brokers about any other exit barriers than the psychological barriers. To some extent, financial barriers were mentioned, and then in the form of problems in agreeing on price (e.g. Bb6 and Bb12), but legal barriers were almost never mentioned by the business brokers. Secondly, psychological barriers were also most often connected to the father, or to the majority owner of the family business. The interviews with the business brokers very seldom included any information about the kinds of exit barriers all the other business family members might face during a family business transfer.

Financial- and legal exit barriers were not the only issues that business brokers did not talk about during the interviews in relation to the theoretical discussion in chapter four.
There were several other aspects that did not get much attention during the interviews and many of them seem to be linked to the desire to preserve the family business in its original shape despite the transfer of ownership and management. Selling entrepreneurs argue that they want everything to continue as before, but they do not specify what they really mean by this. The only exception is perhaps the references to the employees and their opportunity to keep the jobs after the transfer, which most selling entrepreneurs explicitly mention as something important during family business transfers (e.g. Bb3, Bb4 and Bb7). Otherwise, it is somewhat unclear what selling entrepreneurs and other business family members regard as important in the family businesses, and what they will eventually miss after the family business transfer. One way to find out more about this is to analyze the interview material by connecting it more strongly to the capital lens that was developed in chapter four. Such an interpretation process will start with financial capital and end with social capital.

When the analysis of the interview material is shifted towards financial capital, there seem to be three issues that describe the overall situation prior to the actual execution of a family business transfer. Firstly, selling entrepreneurs seem to have unrealistic expectations about how much financial capital they will receive from the family business transfer. Twice as much is not uncommon according to the business brokers (e.g. Bb2, Bb11 and Bb12). Secondly, selling entrepreneurs seem to expect that it is easier to sell a family business, and to cash in the financial capital, than it actually is. Thirdly, selling entrepreneurs do not see employees as potential buyers due to their lack of entrepreneurial skills, but also due to their lack of personal financial capital. Overall, this makes it a challenge for business brokers to sell family businesses, but what may even further complicate the potential deal is the lack of reflection by the seller concerning the strong linkages between the finance of the family and the business. These are often closely intertwined, and that will also most likely have an effect on how rapidly a family business transfer deal can be closed.

When the focus is shifted towards managing of financial capital there also seems to be a pattern that repeats itself in several family businesses. Firstly, it is not uncommon that the wives handle the actual financial transactions in the family business. In this respect, a typical job division seems to be that the husband has the major responsibility for the actual business operations, while the wives take care of the finance and personnel administration (Mönsted, 1982). Secondly, some business brokers (e.g. Bb4, Bb6 and Bb9) report that selling business family members seldom have any clear plans of how to manage the monetary capital that they receive from the family business transfer. Some immediate purchases may be made in the form of new cars or home electronics, but otherwise the sellers do not talk about any specific plans concerning management of the monetary capital. However, according to some business brokers (e.g. Bb4, Bb5 and Bb7) there is some variety within this aspect of family business transfers. Some sellers might invest in new companies, and it even happens that sellers buy back their former family business. If that happens, business brokers (e.g. Bb3, Bb4 and Bb11) perceive the motive to be the opportunity to make some money once again.

Table 10 summarizes the possible interpretations of how selling business families view their relationship to financial capital. In general, it can be argued that they give the business brokers the impression that they are not that interested in financial capital, or at
least they do not talk so much about it with the business brokers. The low interest in financial capital is present in at least three different situations. Firstly, selling business families regard it as more important to find the right buyer than to get the highest possible price. Secondly, while having a family business, the business family also has access to different forms of physical capital, but it seems not to miss this after it has sold the family business. The business brokers do mention that the strong linkage between the family and the business economy is a problem, but the selling business family does not seem to reflect on the same issue. Finally, neither is the period after the transfer so heavily focused on financial capital. Selling business families may exercise several different options during this period, but it seems as if they most often do not have clearly specified plans about how to manage the financial capital. However, selling business families may behave very differently in this respect after a family business transfer and therefore it might be important to identify the reason behind the transfer in order to increase understanding of how the selling business family has managed the financial capital after the completed transfer.

Table 10 Business brokers on selling business families and financial capital

<table>
<thead>
<tr>
<th>Capital forms</th>
<th>Interpretations of business broker interviews</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial capital</td>
<td><em>It seems not to be that important for the selling business families.</em></td>
</tr>
<tr>
<td></td>
<td><em>Expectations about the price are often unrealistic.</em></td>
</tr>
<tr>
<td></td>
<td><em>It is more important to find the right buyer than to get the highest price.</em></td>
</tr>
<tr>
<td></td>
<td><em>Husbands run the operations, while the wives manage the finance of the business.</em></td>
</tr>
<tr>
<td></td>
<td><em>Business families do not reflect so much about the linkage between the household and the family business in respect to financial capital.</em></td>
</tr>
<tr>
<td></td>
<td><em>There is often a vague plan about the future use of financial capital, but sometimes it is invested in new ventures. The future use seems to be linked to the reason behind the transfer.</em></td>
</tr>
</tbody>
</table>

According to the business brokers interviewed (e.g. Bb2, Bb4 and Bb7), the employees, or that form of human capital, are major concerns when family businesses are sold to non-family buyers. The selling entrepreneurs most often regard it as important that their employees can continue to work with the new business owners. There are several alternatives, or perhaps complementary interpretations of this behavior. To begin with, the employees have often been working for the family business for a long time, and they have more or less become a part of the extended family. In that respect it might be important for the selling business family to show that it does not leave the employees on their own although they plan to sell the family business. Usually this is not a problem because often the buyer wants the same thing, since most of the competence in the family business is found among the employees, and then it is important to keep that human capital in the family business. The selling entrepreneurs also seem to appreciate
that the employees have helped the entrepreneurs to build up a business that is successful enough to be sold to some new owner. This might also explain why it is important for the sellers to include the employees as a crucial element in the actual deal. Another interpretation for the high desire to include the employees in the transfer is offered by a business broker (Bb9), who argues that sellers, especially in smaller communities, do not want to get the reputation of having sold the family business purely for money. The sellers might want to live in the same place after the transfer, and since they are then most likely to see their former employees every now and then, they do not want the employees to think the business was sold only for the money. It is possible that this aspect is also reflected in the common desire among sellers that the business should continue to operate in the same location after the completed transfer. There may be several reasons behind this desire, but one possibility is that the selling business family then tries to increase the likelihood of the personnel keeping their jobs, but also to some extent to avoid the reputation of having sold only for money, and not caring about what happens to the business or the personnel after the transfer is completed.

Clearly, selling business families reflect on the employees and their future after a family business transfer, but there are two issues related to the employees, or the human capital, which need to be discussed further. Firstly, selling entrepreneurs appreciate what their employees do, but seldom regard employees as possible buyers of the family business (e.g. Bb8, Bb9 and Bb11). This is an odd view, because if entrepreneurs usually want to preserve the sold family business as before, the employees may be the people who are best suited for this assignment. Regardless of this, employees are most often not regarded as potential buyers, and the rational behind this is possibly offered by one business broker (Bb9), who stated that there is a clear we-them mentality within smaller companies, and this makes it difficult for selling entrepreneurs to see the entrepreneurial qualities in their own personnel.

Another interesting remark in connection with the employees is that one could argue that the interviews with the business brokers showed to some extent that the selling entrepreneurs mostly showed an interest in the human capital in the companies. This is apparent through their frequent wish to preserve the level of human capital within the family business by giving the employees an opportunity to continue to work with the new business owners. The personal human capital and its potential use after the family business transfer was, however, not a typical topic during the interviews with the business brokers. There were references (e.g. Bb4 and Bb5) to a few selling entrepreneurs who wanted to continue on the entrepreneurial track, but then they continue within other companies, or in new companies of their own. Human capital among all the other business family members was seldom an issue during the interviews with the business brokers. There was no discussion about how the other business family members look upon the value of their own human capital after a family business transfer. The interpretation of this is most likely once again the circumstance that business brokers know most about the selling entrepreneurs, and that they have limited information about the other business family members. This interpretation and all the other major interpretations of business broker interviews related to human capital are included in Table 11.
When the focus is shifted towards structural capital and its internal dimension, organizational capital, the first interpretation is that the use of the capital lens does not reveal much information from the business broker interviews, and especially not about any other business family members than the selling entrepreneur. On a general level, sellers clearly want the business to continue as usual after the transfer, and that indicates that they want organizational capital to remain on a certain level, but there are few specific references to aspects that could be regarded as organizational capital. A few exceptions seem mostly related to the name of the company and the underlying business philosophy (e.g. Bb2 and Bb7). Otherwise, it appears that selling business family members do not mention anything specific that they have regarded as valuable during their business careers or something that they miss after the transfer, and which can be connected to organizational capital. For example, no business broker mentioned explicitly that selling business family members would miss any routines, systems, or other organizational aspects after a family business transfer. This together implies that the organizational capital layer of the capital lens at least at this stage does not contribute much to an increased understanding of how business family members adapt to a new system environment. Only a few interpretations connected to organizational capital emerge from the material, and these are all included in Table 12.

Table 12 Business brokers on selling business families and organizational capital

<table>
<thead>
<tr>
<th>Capital forms</th>
<th>Interpretations of business broker interviews</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational capital</td>
<td>Some specific references to the importance of the name of the company and business philosophy.</td>
</tr>
<tr>
<td></td>
<td>Sellers most often want everything to continue as before, but there is seldom any detailed information about what this really means. It is also difficult to find what business family members other than the father have to say about this.</td>
</tr>
</tbody>
</table>
The analysis of the interviews with the business brokers did not reveal much information about selling business family members and their opinions concerning organizational capital. A shift to the external dimension of structural capital, relationship capital, does not imply a major change in the amount of information. Neither do business brokers provide much information about selling business family members and their views on relationship capital. To begin with, customer relationships are almost totally left out during the interviews with the business brokers. A family business transfer would imply that most often at least the selling entrepreneurs have to give up customer relationships, but no business broker mentioned this. In other words, during the interviews with the business brokers, there was no reference to relationship capital like customer capital, or changes in the level of this form of capital. Actually, the only reference to customer relationships is by a business broker (Bb11), who argues that it often is better for customers that the former owners get out of the business as early as possible, because then there is more space for the new owners and managers to build up functioning customer relationships. Such an arrangement can also be beneficial for the personnel, because it might not be easy to work in an organization with a new manager when the former managers and owners are still active in business operations.

Business brokers did not talk much about customer relationships during the interviews, and neither was there any mention of other crucial relationships that selling entrepreneurs were afraid to give up. There was simply no reference to financiers, bookkeepers, strategic partners or other possible important business partners. In fact, the only aspect of relationship capital that comes forward during the interviews is brands. According to a business broker (Bb4), brands are something that the selling business family members may want to preserve in the future. However, all in all, one could argue that a first interpretation of the interviews with the business brokers is that relationship capital is not something that selling business families are worried about when they sell their businesses. To some extent, it can be argued that it belongs to the category of the desire to preserve the family business in the future, but in general there are few direct references to relationship capital by business brokers. This implies that an analysis with a focus on relationship capital does not reveal much information at this stage. Table 13 includes the only major interpretation of the importance of relationship capital for selling business families at this stage, and it appears that the selling business family members themselves need to provide more information about their view of this capital form.

<table>
<thead>
<tr>
<th>Capital forms</th>
<th>Interpretations of business broker interviews</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relationship capital</td>
<td><em>Brands might be of importance, but otherwise there are no specific references made by sellers that they will miss this part of the family business.</em></td>
</tr>
</tbody>
</table>

Social capital is the last capital form in the capital lens. When the interviews with the business brokers are analyzed from the perspective of the external dimension of this
capital form, it focuses mostly once again on the selling entrepreneur. However, this is a natural focus, since as one of the business brokers (Bb10) mentioned, entrepreneurs prefer to be in the centre and to deal with people. This desire for action and attention also creates a situation where entrepreneurs build up networks during their business careers, and hence also create a portfolio of social capital. According to some business brokers (e.g. Bb8 and Bb10), selling entrepreneurs seem to realize the value of this capital form because they seem to be afraid that they will lose this social capital when they sell their businesses. An example of this is that some entrepreneurs have been slightly reluctant to give up their businesses because through their business ownership they also have a certain position in the community. Membership in Rotary and other associations may be due to the business career (e.g. Bb8), and a transfer of the family business may change that position, and the interpretation is that entrepreneurs might not want to end up in such a situation. By using the terminology developed by Burt (1992), it seems that selling entrepreneurs are afraid of becoming structural holes with low levels of social capital due to the family business transfer. This is clearly a challenge for selling entrepreneurs, and some of them seem to deal with it by setting up new businesses, or by investing and getting involved in other businesses after their family business transfer.

The discussion with business brokers about the external dimension of social capital is to a large extent focused on the selling entrepreneur. The other business family members did not get much of the attention during the interviews, and one potential interpretation for this is offered by one of the business brokers (Bb7). According to him, children seldom have any problems with the family business transfer, and its eventual influence on the level of social capital. On the contrary, it appears as these business family members are relieved that the family business is sold, because then they can maintain a focus on the networks that they perhaps have already established in other regions of the country. A strongly desired succession by the parents might be a threat to the survival of these social networks (Neubauer, 2003), but the family business transfer removes this threat, and therefore children rarely see problems with family business transfers. In addition, these kinds of children are also seldom active in daily business operations, and therefore neither are they a particularly active part in the business networks of the family business.

Children did not get much of the attention during the interviews with the business brokers, and the same seems to be true for the wives in terms of references to the external dimension of social capital. One of the few exemptions is the mention by one business broker (Bb7), who found that a wife had problems with decreased social capital due to the move to Spain after the family business transfer. The entrepreneurial couple had the intention of staying in Spain, but they had to move back, since the wife was not capable of building up new social networks. Otherwise, there is not much information provided by the business brokers about the selling wives. This can also be seen from Table 14, where this statement, and also the other interpretations connected to the external dimension of social capital during the business broker interviews, is presented.
Table 14 Business brokers on selling business families and the external dimension of social capital

<table>
<thead>
<tr>
<th>Capital forms (External) Social capital</th>
<th>Interpretations of business broker interviews</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Some selling entrepreneurs are afraid of a decrease in social capital due to the family business transfer. This might also be the case for the wives in some situations.</td>
</tr>
<tr>
<td></td>
<td>Children seldom feel that a family business transfer leads to a decrease in social capital, since they are rarely particularly active in the daily business operations.</td>
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</tbody>
</table>

The interviews with the business brokers did not reveal much information about selling business families and their views on organizational and relationship capital, and this seems to repeat itself to some extent in terms of the internal dimension of social capital. To begin with, during the interviews with the Finnish business brokers, there was seldom any talk about the importance of the family business for the business family or the family unity. Not a single business broker mentioned that selling entrepreneurs were concerned about the issue that the transfer of the family business would have any negative or positive effect on family life. No one was concerned that the transfer of the family business would create a situation where the family would no longer have anything in common. Nor did the business brokers mention that the selling entrepreneurs believed that they would get more time to be together with their family after the transfer of the family business. The only exception in this case is perhaps the wives. According to one business broker (Bb10), these former business family members looked forward to having more time for the children and the grand-children, but otherwise the discussions about the family situation with the business brokers offered no insights on how selling business family members view the connection between family business transfers and changes in the internal dimension of social capital. This reflection is somewhat surprising, because a family business transfer should at least in theory create better possibilities for selling business family members to spend some more quality time with their family members. One possible interpretation of this circumstance could be found in the relationship between the selling business family and the business broker. The relationship is mostly professional, and since most of the business family members are not part of that relationship, the family dimension also gets less attention. Another possible interpretation is that the selling entrepreneurs themselves do not either actively reflect upon how the family business transfer will have an influence on the relationships among the family members. Both interpretations might be correct, but as Table 15 shows, new empirical sources needs to be investigated in order to increase the understanding of selling business families and this dimension of social capital.
Table 15 Business brokers on selling business families and the internal dimension of social capital

<table>
<thead>
<tr>
<th>Capital forms</th>
<th>Interpretations of business broker interviews</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Internal) Social capital</td>
<td><em>Wives might look forward to having more time for the younger family members, but otherwise there are no specific details about how the family business transfer changes the relationship among the members within the selling business family.</em></td>
</tr>
</tbody>
</table>

The interpretations of the business broker interviews end here for the moment. Based on the interpretations as included in the tables in this section, it seems that the interviews had some additional insights to offer on family business transfers from the perspective of the selling business family members, but in relation to most forms of capital in the capital lens, it appears as the focus needs to be shifted towards selling business family members themselves in order to further increase the understanding for family business transfers from the perspective of the selling business family. The next section will to a larger extent include such an approach.

### 6.2 Interviews with business family members

This sub-chapter includes material from interviews with seventeen members of eleven different business families. In order to get access to the data, the business family members were guaranteed anonymity, and thus their names are not revealed in the text. Each business family member is referred to as Bfm1----Bfm17 in accordance with the information about the interviews in Appendix 3. The idea with these interviews was to get a first understanding of how business family members themselves view family business transfers, and the first impression is that selling business family members to some extent view family business transfers differently from the business brokers. However, the major comparison of these two groups is presented at a later stage of chapter six. This section primarily includes a discussion of the findings per se from the interviews with the business family members. There are also some additional comments from a person (F1) who has bought a family business. To begin with, the focus in the presentation of the interview material is on why there has been a family business, and why it has been sold. Later on the discussion shifts towards the family business transfer, the disengagement from the family business, and the period after the family business transfer. Finally, the interview material is interpreted with the help of the different capital forms in the capital lens, which was introduced earlier in chapter four.
6.2.1 Starting and selling a family business

The first impression from the interviews with the business family members is that they are entrepreneurs, or family business owners, for a reason. They appear to view an entrepreneurial career as full of interesting challenges, but it is also demanding.

“I liked the challenges, and I liked to see the results from the activities that we performed. We did a lot of good things, and it was interesting. It was quite an experience. I cannot imagine that I would have had the opportunity to experience something similar at some other place.” (Bfm10)

“Mostly it was my husband’s dream to someday have a business of his own, but it was a joint decision to enter the unknown. After that it became very important to reach AAA credibility. We are really proud of having turned a company, which was close to bankruptcy, into a solid and very profitable company.” (Bfm2)

“I like to take risks, and entrepreneurship includes elements that suit my personality. I also regard myself as a good businessman. In addition, trade includes some elements of speculation, and that fascinates me. Sometimes you lose, sometimes you win, but you should always try to develop your own skills and to become a better person.” (Bfm6)

Entrepreneurship is an intellectual challenge. Entrepreneurship research also stresses this aspect as a motive for entrepreneurship (Huuskonen, 1992), but money, and other kinds of financial resources seem also to play a crucial role for both first and second generation business family members.

“It was a way to earn money. I have always been running after money. I have no education, and in that sense, it has always been important to earn money and to earn a lot.” (Bfm5)

“The first company was only a means to chase money, while the second company provided an opportunity to actually do things.” (Bfm7)

“In practice it meant that I always had a summer job. I have worked in the store since I turned fourteen, and since then I have always worked in the summer, on weekends and during the Christmas holidays.” (Bfm8)

“Now, after we have sold the business, one really starts to realize how important it has been for the finance of the family. When you have a company within the family, you can do things. You can own things that you perhaps otherwise would not have access to. I can also say that I have benefited from the product portfolio of the company.” (Bfm9)

Family businesses are clearly important for the individuals within the business family for different reasons, but it also seems that entrepreneurship is not only a single project
for some specific individual within the family. There is a family dimension, and the family business can also as such be important for the family.

“In that way we had, my father and me, an opportunity to have something in common, and I also believe we learnt to know each other much better in this way.” (Bfm9)

“It still is an important matter. It implies that we have common interests and through all the different set-ups we have planned, the children do not either have to worry too much about their financial future. I and my wife have also had an opportunity to work together, and it has been good in its own way.” (Bfm6)

According to business family members, a family business has much to offer for both the single individual and for the whole family, but as Kets de Vries (1996) has shown, family businesses have also their drawbacks. It is challenging to combine family- and business life.

“I do not know how sound it is to work with the person who you are married to. I believe we made it function somehow, but the household certainly suffers in these kinds of arrangements. There is no back-up.... Still, perhaps we put too much effort into the business; at least personally I took it too seriously. It was important for me to show my dad that I was also capable of doing business, and that might have been the reason why I worked so hard. The children and my wife have suffered because of this, and I regret that today. Nowadays, I would not recommend to somebody to start up a business together with the person you are living with.” (Bfm6)

“It has been very interesting, but it has also been very demanding. My husband has every now and then been travelling for more than 200 days a year, and then somebody needed to be at home with our two sons.” (Bfm5)

Business family members apparently regard it as both challenging and interesting to have a business in the family, but they also have their reasons for leaving the business, or deciding to sell it. For the business family members interviewed, and especially from the perspective of the first generation, the reason behind the family business transfer usually had something to do with the age or health of the major entrepreneur.

“The age of 65 was a limit, which I had imagined would be a limit, where I would quit working. My wife also started to have some health problems, and that is also why it felt natural to end the business career. Our son did not have any desire to continue with our business either, and to close down the business was not really an option.” (Bfm1)

“When I turned fifty, we had a pretty rough party among us men, and we talked about a lot of different things. In relation to that, I decided that I am starting to get too old for this kind of business, and it is now simply time to sell it.” (Bfm4)
“You can see it from the television or hear it from the radio, or read it from the papers. Everywhere you find information about how many entrepreneurs there are who are going to sell their companies. You just have to look at your birth year to understand that you belong to that group.” (Bfm15)

“I watched my competitors, and they were all about the same age. I thought if I wait another 10 years, there will be a lot of companies for sale, and then it will not be easy to differ from the others. In addition, we had a great year that year. We were among the top in Finland, so I thought now it is time to sell.” (Bfm13)

It is understandable that family business owners sell their businesses because they are soon facing retirement or have health problems, but some of the family businesses are also sold because the owners see that it will not be easier to run the family business in the future. Moreover, they might not have the motivation to run it any longer, since they have already been in business for such a long time.

“We noticed it became harder and harder to achieve good results. It was harder and harder for small and medium-sized businesses to organize the logistics in an efficient way. We were part of a private chain, and we had our own opportunities, but these opportunities were not as good as those of the bigger companies.” (Bfm3)

“I also started to realise that a small company like this will not really manage in the long run. Perhaps some economics of scale are needed, and we cannot really stand up to that fight. The boys were not interested in continuing with the business either. We did discuss it, but they were not interested, and I did not try that hard with respect to my own opinion about the future of the industry.” (Bfm4)

“Perhaps I got a bit bored after having done the same thing for more than 20 years. You calculate something here, you complete a project over there, and then you start all over again. I think I just got bored with it.” (Bfm13)

“The world has changed so much. The competition is so much tougher. The European Union and everything related to globalization. It is so much tougher nowadays, so I do not regret that we sold the business.” (Bfm10)

Family business owners among the first generation business family members have their reasons to sell the business, and one of the reasons behind a family business transfer may also be the fact that there is no successor in the family. Most first generation business family members appear to have at least investigated this option.

“Partly we sold the business because I believed, or knew, that the children had no interest in continuing it. My oldest daughter also told me some 10 years ago that I should sell if such an opportunity emerged instead of waiting for her to take over the business. And that day might never come, she said.” (Bfm6)
“A nephew also worked in the company. He was offered the opportunity to take over the business, and he had about one year to think about it. In the end, he did not want to take the risk and maybe he did not have the money either, which was needed for the transfer.” (Bfm4)

“The business was sold for mainly two reasons. Firstly, nobody has really showed any interest in taking it over, and secondly, my father wanted to cash in and enjoy life a bit more than he had done so far.” (Bfm9)

“We asked our son several times if he would be interested, but there was no genuine interest in the business. He had seen how demanding it was during the hard times, and then it is maybe not that surprising that he was not interested.” (Bfm1)

“With the second business, we investigated the opportunity that one of our grandchildren would be the successor. However, he totally left the business, and we have had no contact since then.” (Bfm7)

Family businesses might be sold because first generation business family members get the impression that the next generation business family members have no long-term interest in the family business. Also next generation business family members often feel the expectations from the first generation business family members, and it may not be easy to live with such expectations.

“If somebody from our family had continued with the business, it would have been me, and that is something that I never showed any particular interest in. My father drew his own conclusions, and he started up the business transfer process. For me, it felt like something I would not have been able to do.” (Bfm9)

“The problem with a succession is also that you know what you have, but you do not know what you will get. Another thing was that when I decided not to take over the business, I also decided to move out of town. My options were Turku or Helsinki, and it took me about five seconds to make up my mind. I moved to Helsinki, because it was not really an option to stay in my hometown. After having said no to my father, I found it really hard to remain in the same town. I do not think it would have been possible to stay there, only to do something else.” (Bfm8)

It is perhaps not easy to say no to the parents when they ask the children to continue the business. There is always a risk that somebody will be disappointed about the outcome (e.g. Bb7), but it might not either be easy to go through a succession. In one of the cases, the next generation business family members decided to give the succession a chance, but that did not end well. The siblings had to sell the business because they could not get along.

‘Partly, it was such a relief to be able to take the decision, and somehow build up a distance between oneself and the business, but on the other hand I had doubts about whether this was the right decision or not. Then I also thought a
lot about what it actually means, when I cannot live up to the expectations of me.” (Bfm8)

“Our plan was to keep the ownership within the family, but there were too many disputes among us siblings, so we could not keep it in the family. There was no trust.” (Bfm10)

It might be difficult to say no to the parents, so therefore children may decide to give it a try, but in some cases, the first generation business family members understand the situation of the next generation. They understand that the next generation business family members are not willing to continue with the family business, and they accept that for various reasons.

“I was not disappointed. I can understand them because for me it was more or less self-evident that I would continue with the business of my father. I went to the right schools and I was prepared to take over, but I did not want to put my daughters through the same process. I did not want to create a burden for them, which they could not say no to.” (Bfm17)

“Neither would I have suggested it to them. You know, to have more than 20 employees. There are easier ways to earn a living.” (Bfm13)

6.2.2 Planning for the family business transfer

Business families start up companies and sell companies for several different reasons. It is not easy to sell a family business, but most business family members seem to have a common opinion about what is important when the family business is sold. Apparently, in most cases business family members want everything to continue as before, although they no longer own the family business.

“The most important was that the business got a good home, and that it continued with its operations as usual.” (Bfm9)

“It was important that the business continued. If you have built something, you also like to see that it somehow continues. That was perhaps the most important thing when we looked for different buyers. Then you also want the customer service to continue in the same way as you have built it up. It is important that the customers in the future also buy from you, although you are no longer part of the company.” (Bfm1)

“When we sold our second business, it was important that the business continued as it always has.” (Bfm7)

“They do not have to continue exactly as us, but it would be nice if they were successful in keeping up the good quality and the profile of the work.” (Bfm15)
“The price or the money was not the most important issue. The most important was that the business could live on as it had been doing so far. Values and other things like that. The name of the company was also important, but that is self-evident, since it more or less has turned into a brand. I believe the most important thing was that everything continued as usual.” (F1)

Selling business family members seem to prefer that everything continues as before the actual transfer, but they often mention one element they think is especially important. That is the employees and their possibility to continue in the business, although there is a shift in ownership in the family business.

“It was somehow important that the personnel could continue with the new owners. We did not have it as a key question during the negotiations, but we calculated that it would be best for the new owners if the employees could keep their jobs, because it was these persons, who still controlled the customer relationships.” (Bfm3)

“It was also important that the business could continue as usual, and that the employees could keep their jobs although the business had a new owner. Some of them had been working for us for a very long time.” (Bfm4)

“The most important thing was that the business continued as such, and that the employees could keep their jobs.” (Bfm6)

It appears to be a top priority that the family business continues in the same way as the selling business family has developed the business, but still, the money side of the deal is also an important element. In that respect, it is not uncommon that the facilities and the business operations are owned by two different companies (Siikarla, 2001). If that is the set-up, it might become important that the business remains in the old facilities despite a change in ownership of the business operations. The selling business family may need the money from the rents.

“Then it was also important to get a good financial deal. It was important to get a good price, but it was also important to get good customers to the facilities, which remained within the control of one of our other companies.” (Bfm6)

“Since we have a real estate company, it was also important to find somebody who can pay the rent, and who can commit themselves to the business for a long period.” (Bfm8)

“Our CEO handled most of the transfer since he is a really good negotiator, and he managed to get a fantastic deal for us concerning the real estate. We now have an agreement that covers 10 + 10 years.” (Bfm3)

The selling business families and their members have opinions about the transfer and how they want the family business to be treated after the transfer. However, although business family members might have opinions about how they would like to complete the family business transfer, it seems like they have difficulties with the implementation
of these plans. To actually take the decision to sell the business might be difficult, at least for the majority owner of the family business.

“It took several years until the thought had rooted itself in my mind, and before I started to think about it for real.” (Bfm1)

“You can say that it took something like four years. The actual negotiations were going on for something like 18 months, but we also had a break, which lasted for about six months. During that break, both the buyer and we were thinking about how we should continue with the process. We were both interested in completing the deal, but perhaps neither of us was really ready for taking a decision about the final outcome.” (Bfm3)

“The actual deal was completed very rapidly, but I got the first selling impulse some ten years ago.” (Bfm6)

“I tried on my own to sell the company during a period of eight years. I contacted certain companies, but it did not lead to anything special. One of the contacts led to fairly deep discussions and negotiations, but it was good that it did not lead to any result, because we got a really good price in the final deal. At the end I had seen an article in Talouselämä about a business broker. I had this journal in my briefcase for about six months before I finally contacted him. I read it several times before I finally made the decision to contact him.” (Bfm4)

The decision to sell the family business is challenging for the business family, but the majority owner seems to have the greatest difficulty with the decision-making process. This is a crucial aspect of family business transfer processes because in many situations it is this person who has the final word in the transfer process.

“It was a decision by me and my wife. But when we sold the first business, it was my decision. My wife was not prepared to give up that business, but I thought it was too good an offer to turn down, and you never know if you will ever get a chance like that again.” (Bfm7)

“It worked like they had discussions within the family, but as one of the boys said, what is the use of discussing this, you (the father) have already made up your mind. It is time to drink coffee and to talk just for the sake of talking.” (F1)

The majority owners are the key actors in the selling business families, and at the same time, these persons also seem to have an interest in the actual selling process. They are businessmen, and they like to do business. In that sense a business transfer is also a way of doing business.

“Dad said the first day, that there is no chance in the world that we will sell the business, but on the second day he already asked what we believed we could get for it. Everybody was keen on selling from the beginning.” (Bfm3)
"The negotiations were interesting, and especially the inventory was something we discussed a lot. We made a lot of calculations and plans in terms of what we might get for it. It was really interesting to see if these plans would hold or not." (Bfm3)

Some business family member see upon the family business transfer as another business transaction, where one can make a good or a bad deal. Others acknowledge that it is not easy to sell a family business. There is so much at stake.

"It was an interesting process, but also difficult because there was a lot at stake." (Bfm13)

"Maybe it was important that we found a good and serious buyer, but it was also important that the deal was actually completed. Sometimes I got the feeling that nothing will happen, and that there is a risk that I will still be the one, who is left with everything, and try to sort out what to do with it." (Bfm8)

"If the business is not somehow related to the family, it is much easier to sell. You do not have to deal with the history, the relationships to your relatives, or all the fights that have been in the family." (Bfm10)

6.2.3 Letting the family business go

In previous sections, the focus has been on business family members and their opinions about the situation prior to the family business transfer, but in this section interest is turned towards the actual disengagement process, and the period which comes after the business is transferred to the new owners. It is not easy to hand over a family business to new owners, although some business family members regard it as easier when they notice that the buyers are serious about future plans that the sellers have developed themselves while they were still keen on developing their family business. It might also be easier for the seller if the transition does not take place overnight, but happens gradually. Possible ways to do that is to not sell the entire business but a part of it, or to gradually eliminate the personal involvement in the business. However, a transfer that happens gradually can also create problems later on.

"They bought the company, and the negotiations were nice. We had made some ideas about how we were planning to develop the business, and the buyers picked up some of the ideas, and they implemented them later on. It was nice to notice that they did that." (Bfm10)

"Everything turned out more or less in the way that we thought it should. Perhaps it was also a bit easier to deal with it, since we sold the business, but we kept the company and the real estate where the business was operating." (Bfm3)
“Perhaps the change has not been that big. It was not like I was working there until the last day, and then everything ended. I had already moved to Helsinki in 1994, and all my activities were concentrated there. So in that sense, the transfer was not that big a change for me. Everything else continued as usual, and that has perhaps also made it easier to live with the new situation. I assume that it is different if one sells everything at once in the same deal.” (Bfm8)

“When we sold the business, three employees stayed with us in our company, since it was not possible for them to continue working for the new business owners. We discussed with them a lot, and we suggested that they could set up their own business, but they were not interested in that. These people are now an expense to us, and it is not an easy decision to get rid of them. It is a decision that one is not that willing to take.” (Bfm3)

When a family business is sold, there will be some kind of transition period. The length of this period can vary a lot, but selling business family members seem to prefer that the period is not that long because there will be problems with motivation.

“They wanted it to be three years. Then they changed it to eighteen months, but I said that no more than one year, because the hunting season starts then.” (Bfm13)

“I continued for two months. The deal was closed just before the summer, and I said to them that I will not sit here during the summer. You can phone me if you need me. It was emotionally too difficult to stay there. I wanted to be home with my kids.” (Bfm10)

“It was a bit odd for me, because I was used to doing the job on my own. Suddenly I should share my work with a trainee, but it was difficult to know what I should do, what had she done, and how do we continue. I was used to working on my own, but now we were two and that was difficult for me.” (Bfm14)

“I think there are many entrepreneurs who cannot work in the company when they have sold it. I notice that myself. To begin with, I did not notice it, but slowly I started to realise that some activity was left undone, and it continued like that. It was something that I did not do, and I thought that somebody else can take responsibility for it.” (Bfm17)

A family business involves several different business family members, and it happens that buyers expect several, if not even every business family member, to leave the sold family business (e.g. Bb6, Bb7 and Bb8). This need for personal exits seems to be linked to what kinds of roles the different business family members have had in the family business prior to the transfer.

“My wife ended all her activities with the company, but I was available on a stand-by basis. In relation to some part of the business, the buyer did not really
want any advice. They had their concept, which they believed in, and I had nothing to say about it.” (Bfm6)

“I had negotiated a three-month period on the payroll, but I should also be available for a period of one year if there was a need for my assistance. My wife ended her job in the business pretty quickly. There was some translation work that she needed to do, but when one of the boys got twins she started to be a grandmother full time.” (Bfm4)

“It was special and funny, because when we sold our first business, I had to quit at once, but my wife continued to work there for another month with documentation and stuff like that. The idea was that my son should continue to work there, but he got fired after three months. Perhaps he was not competent for the job, or then it was just a typical case of nepotism.” (Bfm7)

“The father worked as the CEO for a year, and after that he became chairman of the board. The wife quit about two months after I became the CEO, since she turned sixty and wanted to retire. The older son continued as vice CEO in order to show that everything continued as normal, and that there is some kind of continuity.” (F1)

The transition period might be arranged differently for individual selling business family members, but there seems to be one particular phase of the transition period that is especially difficult for the sellers. That phase is the early beginning of the transition, when the deal is secured, or about to be secured, but it is not yet possible to announce that the deal is completed.

“We tried to train the new entrepreneur, but it was difficult, since everything about the deal was so insecure. Neither did we have any opportunity to say goodbye to our customers, because we did not really know when the business would be sold, and when we should stop working there.” (Bfm1)

“I was in Denmark and I could not say anything to our main client, because the deal was not completed. It was also difficult to not inform the personnel in our business. Somehow I felt it was not an honourable thing to do, but we could not say anything in advance.” (Bfm10)

“There were two persons who contacted us and asked if the business was for sale. I was sure that one of them was going to buy, but nothing happened. We were not actively searching for buyers, but some persons contacted us and asked about it, but it is not good when such rumours start to circulate.” (Bfm12)

When the focus is shifted from the transition period within the family business towards the period after the family business is sold, most of the selling business family members seem to be satisfied with the outcome of the change in system environment. Several business family members report that they felt relieved after the transfer was finally over.
“I do not know whether something special has changed, but perhaps to some extent I feel relieved about the whole issue. If I had taken control of the business, there would always have been expectations on me among all my relatives. How will this turn out? In that sense, I believe it is better that somebody other than a family member comes in and takes over the business. For an outsider it would also be easier to come in and enter a new role, because he would not either have to live up to the expectations of our own family.” (Bfm9)

“It feels more right as each day passes by.” (Bfm6)

“My wife says it is quite a relief. The great responsibility has disappeared and life is simpler nowadays. I am not travelling that much and it has become easier to slow down the speed. I also believe my wife is quite happy over the fact that we no longer have to think about money all the time.” (Bfm4)

“Good to sell so we can have time for hobbies and other things. It was also nice that we did not have to sell because of health problems or something else. The timing was excellent for us.” (Bfm14)

“I must admit that it was quite a relief, and this feeling has grown stronger and stronger. It is good that it went the way it did.” (Bfm8)

“We have recently moved, and that has demanded a lot of time and energy, so we have not really had time to think about the change that much. It is still quite a relief to get rid of the long days and the responsibility for everything.” (Bfm1)

Some selling business family members are satisfied with the outcome of the transfer period, and often the positive attitude is related to time management. It is hard to have a business, and when the business is sold, the sellers have more time for other activities and they can use their available time differently.

“You do not need your calendar anymore. I do not even know where my calendar is anymore.” (Bfm13)

“You were almost always out of time, but if there is something that you do not feel like today, you can now simply put it off until tomorrow.” (Bfm14)

The family business transfer may change the personal time management options, but in several cases, it will also free up some financial resources for the selling business family. Selling business family members may use these resources differently, but in several situations, the family start by spending it on items like their houses or cars. However, the availability of financial resources does not seem to be that important for selling business family members.

“We bought a big TV, and then we took the grandchildren to the South. We have promised that. Yes, and then we bought two new TV-chairs.” (Bfm12)
“No, we did not have any specific plans, but something that we did pretty soon after the transfer was to buy a piece of land, and then we started to build a summer cottage. I also bought my first motorcycle, but I sold it pretty quickly, because I did not use it. I also upgraded my car and my boat. I will sell the boat, because we have not used that either. We have also put a lot of money into travelling, and nowadays we make slightly more expensive trips in comparison with what we used to do.” (Bfm4)

“The money is invested, and yes, we have switched to a new car, but otherwise we have not spent a lot of money. We have always said that we will travel to Tenerife, but we have not been there yet. The only journey we have been on is a local trip, which our bank paid for.” (Bfm13)

A family business transfer might make it possible to change the personal environment to some extent, but many selling business family members do not see financial resources as something that provides contentment to life after a family business transfer. Selling business family members have liked to be involved in business operations, and when the family business is sold, many of them feel a kind of emptiness.

“I remember it was April 30th when we signed the agreement, and then we just sat here on the sofa. It was difficult to understand what happened. It was a kind of emptiness that we felt. Now it was only the two of us.” (Bfm12)

“Yes, it has changed. It has become much more boring.” (Bfm11)

“If you have been working all your life, and then you invest your money in buildings and shares, which you follow from your computer, you notice that you no longer have a proper job. It does not give the same kind of satisfaction.” (Bfm17)

“I know an entrepreneur, who sold his business. I met him six months after the transfer and he was miserable because he had nothing to do. You need something, a hobby or whatever. I have hunting and horse racing.” (Bfm13)

“They were not used to the situation where nobody was asking for them. I think that is a big problem. You feel that you are not needed anymore. To sell a business is perhaps not the problem. The problem is that nobody expects anything of you anymore. You are nobody.” (Bfm16)

“It has not been an easy period. I quit about one year and four months ago, but it has been a difficult period. I thought I would only have fun and live the life, but it is not like that. I must say I was surprised about this, but it is not easy to continue life after the transfer.” (Bfm17)

The family business might often be a big part of selling business family members lives, and then it is natural that an adaptation to a system environment without a family business might be difficult. One such challenge is that one does not longer has the possibility to use personal human capital in known environments.
“We miss the challenges with the work, the contacts with the people and the positive feedback that we got every now and then.” (Bfm1)

“The problem is that a CEO cannot do anything. A bookkeeper can continue with his work although he has retired. A construction builder can continue to build buildings, but you cannot continue to be a CEO, and that is a problem since you cannot do anything else either. You have been so in the business that you have not had time to develop a hobby or some other longtivity and that is a problem.” (Bfm17)

Selling business family members might miss the entrepreneurial challenges from their business career, but former family business owners also acknowledge a social dimension of entrepreneurship.

“Every now and then it feels like one still wants to be involved in the business, but perhaps it is because one easily forgets about the bad things. The social part is also something that I miss, but perhaps not as much as not having the opportunity to be involved. One feels useless.” (Bfm17)

“I miss the contacts with the customers and a lot of memories. Perhaps I also miss the opportunity of being able to do business, but on the other hand I still have that opportunity.” (Bfm6)

“I do not really miss anything. But it will be difficult to give up customer relationships when that day arrives. I have not been forced to do that yet, but it will be difficult to do it. Perhaps I also miss some of our suppliers, especially one from Canada. We had one, who flew over when I turned 50, and I had no idea about that. You do not find many suppliers who are like that.” (Bfm4)

Selling business family members acknowledge that a family business transfer changes the personal life situation, and as noticed previously, it seems like money cannot compensate for the loss. If the business is not sold because of bad health, one needs something else to do, and one option might be to set up a new business.

“It has been like we expected it to be, but after the first business transfer, my wife was unhappy with the new situation. She was not willing to withdraw from business life yet. She learnt to make different kinds of cloth collections, and she travelled around and showed them to different potential customers. We were also actively looking for new business ideas. We studied different journals, and I put in an advertisement in a daily paper. We got about 40 answers. All this led to the starting up of a new factory in (the town), and it is still standing there.” (Bfm7)

“After that I set up a new company of my own. I knew I would not continue with it for a long time, but I needed something to do.” (Bfm10)

Some selling business family members prefer to start up a new company after a family business transfer, but they do not forget about their own former family business. They
follow what happens with the business, and in some cases, they are not happy with how everything ended. The buyer may also experience this.

“It is perhaps a shame that the company did not get such a good home as we assumed it would get. There is a lack of knowledge on the buyer side, and this surprised me. They have established a new bonus programme, which is not fair, when you take into account who actually takes care of the sales.” (Bfm4)

“The culture has totally changed. You never see a car at the parking lot on the Saturday mornings and the light is always out in the evenings. It was different when I was the owner.” (Bfm13)

“It is sad to see how the new owners run the company. To some extent they do it in the same way as we did, but take for example the room, where they meet with customers. We have perhaps been there now two times during the last four months, and each time there have been some empty boxes in the corner of the room. I mean that would never have happened during our time. The room, where you meet with customers should always be a clean and proper area. Not full of thrash.” (Bfm2)

“I noticed that when I took over the business everybody studied our company and our activities in detail. Everything we did was controlled and analyzed. Perhaps there was some kind of feeling that we should change something, or that the new owner was not capable of handling the business. At the same time, there was also a lot going on in the industry, and it was a very difficult time to take over the business. We had also some problems with one of our products, and that caused a lot of reactions. This is how it will be with the new owner, was apparently the impression everyone got. He cannot do anything right.” (F1)

Selling business family members might be unsatisfied with the new home of the former family business, but the post-transfer period might also include some other issues which did not turn out as expected. In some situations it might be the circumstance that some business family members simply can never accept the fact that the family business has been sold.

“The family did not change after the second transfer, but after the first one, a lot happened in our family, or perhaps I should say nothing. As a result of that transfer my wife is no longer in contact with her siblings, and my son was also fired from the company later on. The second business we had, we thought one of our grand-children was interested in, but he disappeared during the process, and we have never seen him since then.” (Bfm7)

“My father had great difficulty in giving up the business. I think he never did, and mentally it was always a part of his life.” (Bfm6)
6.2.4 Interpretations of interviews with business family members

This section includes preliminary interpretations of the material from interviews with seventeen Finnish business family members from eleven different business families. The first part of this section includes a more general overview of what the business family members referred to during the interviews, and which have clear connections to the theoretical discussion in chapter three and four. The first section also includes some general reflection on what the business family members did not talk about in relation to the theoretical discussion, or what they did talk about, but which was not a major part of the earlier theoretical discussion. The second section includes a more detailed analysis of the interview material, and that part has its bases in the capital lens and its different capital forms.

On a general level, there seems to be a strong opinion among business family members that there should be no major reorganization of the family business system although the business family gives up its ownership. The vast majority of all the business family members interviewed (e.g. Bfm1, Bfm4, Bfm6, Bfm7 and Bfm9) seem to prefer that everything continues as usual, although they themselves are no longer involved in the actual business operations. This could imply that a selling business family member wants the family business to remain in the same facilities after the transfer (e.g. Bfm8), or it could imply that the personnel can keep their jobs (e.g. Bfm3, Bfm4 and Bfm6), or that the new owners follow the same business logic as the former owners (e.g. Bfm1 and Bfm15). Interestingly, some business family members (e.g. Bfm1 and Bfm2) also stress different daily routines that they would prefer the new owners to maintain. Other examples of the desire to preserve the family business system include comments related to preservation of established salary-systems (e.g. Bfm4), cleaning of office space where one meets with customers (e.g. Bfm1 and Bfm2), and so forth on. All in all, business families seem to care both on a general and on a detailed level about what are already established and in that respect they are not looking forward to any reorganization of the family business system, which they no longer will control. In that respect, one could interpret it like the family business system, and the preservation of it, has a value of its own for selling business family members.

Exit barriers were also a crucial topic during the interviews with the business family members, and most of them seem to acknowledge the existence of psychological exit barriers during family business transfers. Every business family member might face them, but there seems to be an understanding that it is the majority owner of the family business who faces the highest exit barriers (e.g. Bfm3 and Bfm6). The level of involvement in the business operations seems to partly explain this behaviour. Younger business family members who are not involved in the daily business operations seldom have any major difficulty with letting go of the family business, but the psychological barrier in this respect may appear when it comes to letting the first generation members know that the next generation business family members (e.g. Bfm8) want to sell the family business. Clearly, it is challenging for younger business family members to tell their parents that the best solution is to sell the family business. The younger business family members (e.g. Bfm8 and Bfm9) usually felt the expectations on them and that is perhaps why it becomes so difficult to tell the parents about their own decision. One might not want to let them down, but on the other hand, the next generation members
might fear that they will have to take over the family business anyway (e.g. Bfm8), so they have to tell the parents about it. This is apparently a challenging situation for both generations in business families, and the outcome of that situation is highly dependent on the communication pattern within the business families (Varamäki, 1999). Other kinds of exit barriers were usually not mentioned as major problems. One problem was to find a buyer (e.g. Bfm4 and Bfm5), and that can to some extent be related to financial barriers during the transfer, but otherwise there was no major discussion about other potential exit barriers during family business transfers.

Financial issues were not a major part of the interviews with the members of the selling business families, and in general, one can also argue that the personal future of the selling business family member never became a major issue during the interviews. The interviews seem to indicate that from the perspective of the selling business family, the major focus in a family business transfer is on the actual family business. For example, there is no major discussion about how the actual business transfer will influence the lives of the individual business family members, or the whole business family system. The same impression gets further support, when looking into what kinds of plans the selling business family members have for the period after the family business transfer. The selling business family members often want to get out quickly from the business after the transfer is completed, but in most cases, there still seems to be no substantial planning for the period after the completed family business transfer. Some first generation business family members (e.g. Bfm4 and Bfm12) talked about how they have used their money, and to some extent there is some discussion (e.g. Bfm13) about time planning after the completed family business transfer, but the overall impression is that the business family members have no active planning for the period after the transfer. However, from the perspective of the first generation business family members, this approach is easy to understand. They seem most often to sell the family business because of poor health or high age (Neubauer, 2003), and in such situations the top priority after the family business transfer easily becomes slowing down and taking it a bit easier than during the entrepreneurial career.

Neither did the second generation business family members talk actively about their plans after the family business transfer. Possible interpretations of this include the circumstance that these business family members had already made up their plans for the future, and the transfer of the family business was only something that needed to happen so that the second generation business family members could move on with their lives. In some cases, one could also sense relief that the family business had been sold so the second generation business family members did not have to change their future plans. This was especially the case for the second generation business family members (e.g. Bfm8 and Bfm9), who had clearly felt pressure on them as potential successors within the business family. These persons were satisfied with the outcome of the process, and other business family members (e.g. Bfm3, Bfm8 and Bfm10) also seem to a large extent to represent the same opinion. It was not easy to take the decision to sell the family business, but once the process was over, most business family members were satisfied. The former majority owners are perhaps to some extent an exception of this. These persons (e.g. Bfm2, Bfm4 and Bfm13) may not be satisfied with how the new owners treat the former family business, or then they miss the social aspects of business life (e.g. Bfm12 and Bfm16). This interpretation and other general
interpretations with their origin in the analysis of the material from the business family member interviews at this stage are included in Table 16. One of the key question marks still remaining is how the family business transfer influences the family relationships among the business family members. Most first generations family members argued that they have more time available after the family business transfer, but to what extent is this time used to strengthen family relationships?

Table 16 Overview of preliminary interpretations of some business family member interviews

<table>
<thead>
<tr>
<th>Topic</th>
<th>Suggested interpretation</th>
<th>Extracts from related comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Importance of money</td>
<td>Money is good to have, but it does not create content in life after a family business transfer.</td>
<td>“We bought a big TV, and then we took the children to the South.” (Bfm12)</td>
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<td></td>
<td></td>
<td>“…you invest your money in buildings and shares, which you follow from your computer, you notice you no longer have a proper job.” (Bfm17)</td>
</tr>
<tr>
<td>Expectations on successions</td>
<td>There are often some kinds of expectations, but parents accept the will of their children.</td>
<td>“I was not disappointed, I can understand them….” (Bfm17)</td>
</tr>
<tr>
<td>Transition period</td>
<td>It should be short because motivation decreases.</td>
<td>“I think there are many entrepreneurs who cannot work in the company when they have sold it.” (Bfm17)</td>
</tr>
<tr>
<td>Plans for the business after the transfer</td>
<td>Important that the business continues as usual.</td>
<td>“The most important was that the business got a good home, and that it continued with its operations as usual.” (Bfm9)</td>
</tr>
<tr>
<td>The business after the transfer</td>
<td>Some sellers are not that happy with the actual outcome</td>
<td>“It is sad to see how the new owners run the company.” (Bfm2)</td>
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<td></td>
<td></td>
<td>“It was different when I was the owner.” (Bfm13)</td>
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<tr>
<td>The period after the transfer</td>
<td>Sellers miss the action and the social contacts.</td>
<td>“We miss the challenges with the work, the contacts with the people, and the positive feedback, which we got every now and then.” (Bfm1)</td>
</tr>
<tr>
<td>Question marks</td>
<td>How does the family business transfer influence the family relationships?</td>
<td>“Now it was only the two of us.” (Bfm12)</td>
</tr>
</tbody>
</table>

The more detailed analysis of the interview material by means of the capital lens starts with financial capital. To some extent, the selling business family members comment on this capital form during the interviews. Almost every single business family member (e.g. Bfm1, Bfm7, Bfm9 and Bfm15) stressed that the price for the family business was not the most important issue of the transfer, but they admitted there were some important financial connections between the family business and the selling business family. For example, in some cases (e.g. Bfm3 and Bfm8) it was important that the business continued to operate in the same facilities despite the introduction of new owners. Some first generation business family members (e.g. Bfm3) viewed this as the most rational alternative for the buyers, and in other cases (e.g. Bfm4 and Bfm6) it was connected to the needs of the personnel. If the business was moved to some other localization, the risk for the personnel would also immediately increase. In some cases (e.g. Bfm3 and Bfm8), the desire to keep the business at the same facilities had an even more obvious explanation, since in some transfers the selling business family
maintained control over the facilities while it was selling the actual business operations. In such situations, rent from the facilities becomes important (e.g. Bfm6 and Bfm8), and then the new business owner is the most logical and natural tenant. Facilities, and the rent from them, might include high financial values, but there were also other financial connections between the family business and the selling business family. One such example (e.g. Bfm9) was access to the products of the company. Some of the products could be used for personal consumption; they were always available while the family still owned the business. To some extent, this was a matter that became obvious to selling business family members only after the transfer was completed.

A family business transfer will most likely result in improved access to financial capital in the form of monetary capital, but this is not something on which selling business family members seem to put extra value. It seems typical to buy something for the home (e.g. Bfm12), to up-grade cars (e.g. Bfm4), or to spend money on travelling (e.g. Bfm13), but otherwise there is no active discussion about money. There are two major interpretations of this. The first is that selling business family members are not comfortable, about discussing their financial situation and therefore say that money is not important. This is perhaps the case to some extent, but there is also the other dimension that they are totally honest, when they say that money is not important. Research by Petty (1994) speaks in favour of the second interpretation as do comments made especially by selling first generation business family members. Some of them (e.g. Bfm12, Bfm13 and Bfm17) say that life is empty when the business is sold and that money cannot compensate for the loss. This loss materializes in terms of poorer social networks and a feeling of not being needed anymore. Apparently, this feeling cannot be bought with money, which is also apparent in Table 17.

<table>
<thead>
<tr>
<th>Capital forms</th>
<th>Interpretations of business family member interviews</th>
</tr>
</thead>
</table>
| Financial capital | *The price is not the most important aspect of a family business transfer.*  
*If selling business families maintain control over the facilities, it becomes important to find a buyer who is also willing to rent them.*  
*Money can be spent on some specific goods after the family business transfer, but otherwise managing money is less interesting than running a business, at least according to some former majority owners.* |

When looking in more detail at the different parts of the whole family business transfer, one key area is definitely aspects related to human capital. For example, it appears to be important for selling business family members (e.g. Bfm3, Bfm4 and Bfm6) that the employees can continue to work for the family business, although there is a shift in ownership and management of the business. Entrepreneurs (Kets de Vries, 1996) do not
very often seem to be interested in having responsibility for the personnel, but it is still of major importance for selling business family members that the personnel can keep their jobs. There are at least two potential interpretations of why this might be a natural reaction among selling business family members. Firstly, since a selling business family most often wants to preserve the family business in the future, it then more or less also implies that they want the employees to continue in the business. They are a crucial part of it. A major part of the employees might also have been working for a very long time in the family business (e.g. Bfm4), and then they have to some extent become members of the extended family. One is expected to take care of family members, and thereby the future of the personnel also becomes an important part of the family business transfer.

Another potential interpretation to why it is so important for selling business family members that the personnel continue with the new owners is found in a comment by one selling business family member (Bfm3), who was left with three former employees whom the new owners were not willing to include as former employees in the family business. These three employees are still employees to the former family business owners, and the selling business family has no idea of what to do with them. The former business family only owns the facilities nowadays, and the employees have no job opportunities there. The only option left is to finally let them go, and this is not an easy decision for the former family business owners. However, this shows the options that family business sellers have during family business transfers. The personnel can continue with the new owners, or then they will most likely be a real challenge for the former owner, who can no longer compete in the former industry where the employees probably were skilled. In such situations, one must perhaps most often let the remaining employees go, although it is most likely easier for the selling business family to let the new owners handle these kinds of negotiations. Hence, it is quite natural in most cases that selling business families, regardless of their intentions, prefer that the personnel continue with the new owners.

Human capital in relation to employees is a crucial element in family business transfers or in the planning process for the transfer. However, it is interesting to note that the selling business family members look upon their personal human capital somewhat differently with respect to their own roles or engagement in relation to family business transfers. To begin with, most of the selling business family members (e.g. Bfm4, Bfm7, Bfm10 and Bfm17) seem to prefer an exit from the family business after the transfer. Especially, first generation business family members (e.g. Bfm4, Bfm10 and Bfm13) seem to prefer a fairly quick exit due to changes in ownership and management dimensions, although they have personal human capital that is of high value for the future of the family business. In other words, although the value of the personal human capital is most likely high in the family business environment, the family business members prefer an alternative use of their human capital when the family business transfer is completed. One interpretation of this behaviour is that the first generation business family members are not willing to accept second-order changes within the family business system regardless of the effects it might have on the value of their personal human capital. They prefer a first-order change, and that is why they leave the family business together with their human capital. Another possible reason behind the willingness to take their personal human capital and leave the family business could be found from the life-cycle phases of the persons from the first generation. They sell the
family business because they often face retirement (e.g. Bfm10 and Bfm13), and they may also in some situations have health problems. In such cases, the alternative of continuing in the family business is not attractive. In that respect, the starting-point for the second generation is slightly different, although the business family members interviewed also seem to prefer an exit from the family business during family business transfers. They also seem to prefer to use their personal human capital in environments other than the former family business environment. The interpretation of this behaviour is also understandable, since from the interviews with these kinds of family members (e.g. Bfm8) one can read that these persons have most often already made their career choices, and the family business is not a major part of that. These business family members (e.g. Bfm8) may also be living in other parts of the country than the rest of the business family, and then the second generation business family members are usually not active members of the family business system, at least not on a daily basis. They are often only owners or members on the board, and a shift in ownership will in such situations make an exit from the family business an attractive alternative. In that respect, second generation business family members are like first generation members who are not willing to adapt to second-order changes within the family business system. This also seems to be one of the major reasons why the family business is sold in the first place. The second-generation members are no longer interested in shifting positions within the business family system and then the decision to give up all involvement in the family business is quite natural for most second-generation business family members.

Table 18 Business family members on human capital

<table>
<thead>
<tr>
<th>Capital forms</th>
<th>Interpretations of business family member interviews</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human capital</td>
<td>Most business family members regard it as important that the employees can continue with the new owners.</td>
</tr>
<tr>
<td></td>
<td>It is not easy to let the personnel go. It is perhaps better that the new owners take those kinds of decisions.</td>
</tr>
<tr>
<td></td>
<td>Sellers mostly prefer to use their human capital outside the family business after the transfer, at least the first generation business family members.</td>
</tr>
</tbody>
</table>

From Table 18 it can be seen that human capital is a crucial aspect of family business transfers, but also organizational capital seems to be of importance during family business transfers. On a general level, selling business family members seem most often to want the family business to continue to operate as it had prior to the family business transfer operation, and by definition that also includes levels of organizational capital. When this capital form is studied in more detail, three different issues emerge from the interview material. To begin with, the business family members do not on the whole, provide precise views on the connection between family business transfers and organizational capital. Typical comments includes the hope that the new owners will preserve customer service levels (e.g. Bfm1), the good quality and profile of the work
(e.g. Bfm15), values (e.g. F1), and ideas for developing the business (e.g. Bfm10). These comments are somewhat unclear, at least from the perspective of the potential buyers, since on a detailed level, the selling business family business members may refer to very different issues. It is also in relation to this that other crucial aspects of family business transfers and organizational capital are accentuated.

One way of helping the buyer to take control of the family business, and possibly to preserve the level of organizational capital is to make this capital form more explicit for the buyers. This is a real challenge, since as one business broker (Bb2) mentioned, documentation usually does not have high priority in family businesses. The easiest way for buyers to handle this challenge is to let some of the former business family members prepare the documentation. It appears that the most suitable person for this challenge in many cases is the mother, who represents the first generation. She is usually the person who has had responsibility for the office work and thus she is also most likely to know where the needed information can be found or what kind of information needs to be recorded on paper. For example, a selling business family member (Bfm7) remarked that he had to quit at once, while his wife continued for some time with the assignment of preparing the documentation.

The interpretation of the business family member interviews is that the selling wife might be a very crucial person when the focus is on organizational capital and the preservation of this capital form. The selling fathers are also interesting business family members when the focus is on organizational capital, but for a totally different reason. It namely appears to be the case that when selling business family members are unhappy with the outcome of the family business transfer their complaints often have some connection to organizational capital. For example, some of the remarks presented by former business family members were connected to a new bonus programme (Bfm4), changes in the culture of the business (Bfm13), and the meeting room for the customers (Bfm1). A family business seller (F1) also noticed that he had huge problems with reactions from the former family business owners, when there was a small quality problem in the actual products of the family business. Interestingly, it is mostly the selling fathers who brought out these complaints during the interviews. The other selling business family members seem to have less difficulty in accepting of that perhaps not everything turned out as expected before the transfer was completed. This observation and the other major interpretations of how selling business family members look on family business transfers and organizational capital are included in Table 19.

Table 19 Business family members on organizational capital

<table>
<thead>
<tr>
<th>Capital forms</th>
<th>Interpretations of business family member interviews</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Capital</td>
<td>On a general level, selling business family members want to preserve the family business as such, which also by definition includes organizational capital.</td>
</tr>
<tr>
<td></td>
<td>The wives might be very crucial persons when there is a need for externalisation and documentation of organizational capital.</td>
</tr>
<tr>
<td></td>
<td>When selling fathers or husbands have complaints about the family business transfer, the complaints are often linked to organizational capital.</td>
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</tbody>
</table>
The analysis of the interview material, with a focus on organizational capital, resulted in some interesting interpretations, and in many ways similar interpretations emerge when the focus is shifted towards the external dimension of structural capital, which is relationship capital. To begin with, it appears that most of this discussion is connected to customer relationship capital. First generation business family members in particular (e.g. Bfm1, Bfm4 and Bfm6) argued that they will miss contacts with the customers. This is an understandable reaction among first generation business family members for a number of reasons. Firstly, some of the business family members (e.g. Bfm6 and Bfm10) are in business because they want to do business and that includes involvement in customer relationships. Without customers, they cannot meet their challenges. A second reason why one can easily expect selling first generation business family members to miss customer contacts has to do with the time-span of the entrepreneurial career and the role settings in the family business. It is not uncommon that first generation business family members have been entrepreneurs for more than 20 to 30 years (e.g. Bb11), and then it is natural that some of the customer relationships may also become strong in terms of social capital. In other words, the customer relationships are a crucial part of the social networks of the selling entrepreneurial couple. They may have worked long hours in the business, and consequently there was not time for building up social networks outside the family business environment. When the family business is sold, there is a huge change in this aspect, and one can expect it to create some kind of loss among the selling first generation business family members. This is most often not the case for the second generation business family members. They do not report that they miss certain customers or customer contact, and this is easy to understand when it is analysed in the context of what kinds of roles the second generation business family members typically have had in the family business system. They seldom had control over or were involved in building up customer relationships, and hence the lack of a special reference to the loss of involvement in such relationships when the business is sold is logical. The same seems to be true of other forms of relationship capital, like that within supplier relationships. Neither was keeping up these kinds of relationships a typical task for the second generation business family members in the family businesses that were about to be sold. In addition, second generation business family members seldom worked on a daily basis in the family business, and since they also might live in other geographical areas, low personal interest in relationship capital or in changes in the level of that kind of capital is understandable.

Apparently, first generation business family members have greater problems than second generation business family members with changes in relation to the level of customer capital. They will miss the contacts to the customers after the family business transfer, but the interpretation of the interview material also brings out another problem in relation to customer capital in particular. This is the question of when the customers should be informed about the family business transfer. A typical guideline (Havunen and Sten, 2003) for business families facing succession is that external parties can be involved quite early in the process, but when the buyer is somebody from outside the original business family, the situation is different. In these kinds of situations, the general recommendation (Hiltunen et al, 2000) is that the personnel and customers are informed when the deal is closed. This procedure created problems for some of the selling business family members (e.g. Bfm1, Bfm10 and Bfm12). They were not comfortable with the situation during the negotiations, but since nothing was certain,
they could not inform their customers. To some extent they may have had to lie to their customers, and that is not something that they wanted to do. The negative side of this information aspect became obvious in one case (Bfm12), where rumours started to circulate, and the owners started to receive telephone calls from competitors and customers concerning a potential transfer of the family business. In such situations, it is difficult to be a reliable player with a long-term commitment to customer relationships. In that sense, relationship capital in the form of customer relationship capital can easily lose a huge part of its value if the family business transfer is not handled correctly. This interpretation and other interpretations of the interview material that is linked to relationship capital are included in Table 20.

**Table 20 Business family members on relationship capital**

<table>
<thead>
<tr>
<th>Capital forms</th>
<th>Interpretations of business family member interviews</th>
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</table>
| Relationship capital   | *First generation business family members seem to be most worried about relationship capital in the form of customer relationship capital.*  
                          | *First generation business family members do not feel comfortable during the negotiation processes when they cannot inform external parties about what is going on.*                                                                                         |
|                        | *Second generation business family members are not particularly worried about relationship capital, which is easy to understand in the context of their typical role settings in the family business.*                                                            |

When the focus in the analysis of the interview material was on relationship capital, aspects of social capital were also revealed. For example, some of the first generation business family members (e.g. Bfm5) showed genuine concern for the personal disconnection from customer relationships. These relationships were vital for the business family members, because it gave them an opportunity to use their own human capital, but at the same time it was also a question of social capital. They had strong relationships with the customers, and since they might have long-lasting customer relationships, the relationships might also be strong in terms of social capital. Some entrepreneurs see it as a real challenge to give up these relationships, and that is perhaps also in part a reason why some business family members (e.g. Bfm5) have continued as sales persons for the former family business. However, it is not only customer relationships that may be rich in terms of social capital. Relationships to the personnel may also be of high importance, and in this respect, one potential interpretation is that the employees have also become an important part of the organizational social capital (Leana and Burren, 1999), and this is not easy for the selling business family members to disregard. Some selling business families might even consider this social capital of such a high value that they might try to maintain the relationship to the employees, although the selling business family members themselves are no longer involved in the former family business. In some cases (e.g. Bfm7), this contact might even happen on a daily or weekly basis, which once again is an indication of existing social capital and its importance for human beings.
Social capital in relationships with customers and the personnel are crucial dimensions of family business transfers, but there also seems to be another important aspect of social capital in family business transfers. This is the circumstance that some first generation business family members (e.g. Bfm11, Bfm12, Bfm13 and Bfm14) noticed that selling business family members might have problems to adjust to a new system environment where nobody is asking for them. To be an entrepreneur, almost by definition implies that one has to be in the centre of many relationships, and a family business transfer might totally change this situation. One could argue that from having been a person who bridges structural holes and make money from doing so, there is now a danger of becoming a structural hole oneself, and even one about which nobody cares. Several first generation business family members (e.g. Bfm12, Bfm13, Bfm14 and Bfm17) had noticed this problem among other selling business family members from other business families, and their cure for the problem was to find some other activity, and hence to have an opportunity to be introduced into new social networks. This is clearly a challenge for selling business family members representing the first generation, and at least for one such member (e.g. Bfm17) this was an unexpected dimension of the family business transfer. The second generation business family members do not seem to face the same kind of problem. On the other hand, this is connected to their role setting in the context of the family business environment. In situations, where such business family members prefer to sell the family business it is not a question of preserving their social network within the family business system environment, but perhaps of preserving and even further strengthening the social networks outside this specific system environment. This interpretation and other interpretations of the interview material in relation to the external dimension of social capital are included in Table 21.

Table 21 Business family members on the external dimension of social capital

<table>
<thead>
<tr>
<th>Capital forms</th>
<th>Interpretations of business family member interviews</th>
</tr>
</thead>
<tbody>
<tr>
<td>(External)</td>
<td></td>
</tr>
<tr>
<td>Social capital</td>
<td></td>
</tr>
</tbody>
</table>

_The social networks of the selling first generation business family members may be highly linked to the family business, and therefore these business family members are likely to miss this aspect after the family business transfer._

_First generation business family members want to be involved and to be in the centre, and a family business transfer might put an end to this possibility._

_Second generation business family members might prefer to sell the family business in order to preserve and strengthen the social networks that they have established outside the family business._

When the focus is shifted to the internal dimension of social capital, it is more difficult to come up with solid interpretations of how selling business family members view this
aspect of family business transfers. The idea with this second data set has been to listen to multiple voices (Hall, 2003), and that has, at least in relation to the internal dimension of social capital, created a situation where multiple interpretations of the interview material are also possible. However, in order to begin somewhere, there seems to be no clear connection between a family business transfer and the opportunity to spend more time together with the former business family members in a context other than the former family business environment. The majority of the informants appear to see a value in the family business system as such, but when the focus is shifted to the business family system, the informants appear to represent a different view. Some first generation business family members (e.g. Bfm2, Bfm6 and Bfm9) have seen membership in the business family as an opportunity to spend more time together with some of the other business family members, but there is not much said about how this changes after the family business transfer. It is the same for the second generation business family members. They do not really talk about this aspect of a family business transfer. Not a single younger business family member mentioned that the family business transfer affected the organizational social capital of the business family. It simply appears that the transfer of the family business did not clearly raise or lower the level of the social capital within the business family system. When trying to understand what this implies one must try to see the reasons behind the actual business transfer. Often the family business is sold because the second generation business family members are not willing to continue it, and then the future for the business family is also fairly clear. The business family will be dissolved and cease to exist as a separate unit of analysis. In this respect, there is not even on the idea level an intention to keep the business family alive, and therefore the business family and its continuous importance for the feeling of belonging is of low rank. Interestingly, the situation also seems to be the same, when the business family members sell only a part of the business and stay together as owners of the facilities. In such cases, the business family will stay alive and perhaps also continue with the same structure, but it is not the business family on which business family members focus in situations of this kind either. The most important aspect seems to be to assure that the buyer remains in the facilities and that he pays the rent. Not a single business family member said anything about the importance of keeping some kind of company in the family so that the business family could stay together. This behaviour most likely indicate that since the family will be intact although the family business or only a part of it is sold, the change in the business family is not especially important.

Another reason for the minor concern about the break up of the business family during family business transfers may be that the family business is simply more important than the business family. There are families in Finland who prefer to stay in business together after a transfer of one family business\(^\text{13}\), although there was no such family among the business families interviewed in this section. Once again the reason might be found behind the reason for the family business transfer. The family businesses were often sold because, the first generation business family members were facing retirement, and/or the second generation business family members were not interested in a succession, and then the decision to dissolve the business family is logical. A more radical interpretation is that the business family unit is not particularly important for

\(^{13}\) The Hartwall family sold their brewery company, but they bought a new company since they noticed that a company was the glue that kept the family together. (Tekniikka ja Talous 10.2.2005).
family members who are in business together. It is the family business that is the most important system, and if something happens, one still has the family system to rely on. The business family system is just a means in this combination work, and perhaps it has little value as such for the majority of selling business families; including all their members. This is an interesting thought, and it will be a major part in the next section, where the focus is shifted towards even more detailed studies of two business families that have sold their family businesses. The mixed interpretations of the interview material with a focus on the internal dimension of social capital are included in Table 22.

Table 22 Business family members on the internal dimension of social capital

<table>
<thead>
<tr>
<th>Capital forms</th>
<th>Interpretations of business family member interviews</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Internal) Social capital</td>
<td>Not a single business family member mentioned that the internal dimension of social capital will be higher or lower after a family business transfer.</td>
</tr>
<tr>
<td></td>
<td>A potential interpretation is that from the perspective of selling business family members, the family and the family business are much more important system environments than</td>
</tr>
</tbody>
</table>

6.3 Reflections about interpretations at this stage

After having completed preliminary but separate interpretations of the empirical material that has been collected among the first two categories of interview subjects (business brokers and business family members), it is time to bring it all together, and see how it contributes to an increased understanding of family business transfers and the disengagement of business family members from the family business. This is achieved to a large extent with a focus on role transitions as in Figure 3 on page 42, but also with the capital lens, as developed in chapter four. The result of this combination operation is something like what is presented in Figure 9 on decision making during potential family business transfers.
Figure 9 Decision making during potential family business transfers

**First generation perspective**

- **Triggers to change**
  - personal reasons
  - no successor in the family
  - the future for the business

- **Exit barriers**
  - role identification
  - financial barriers

**Relational rationality**

- the business family
- the family business
- the family
- social networks

**Disengagement from the family business**

- **Role transitions**

**Second generation perspective**

Figure 9 includes five major areas; triggers to change, exit barriers, relational rationality, entry barriers, and disengagement from the family business. The last area is the focal area. Figure 9 also includes the idea that a family business transfer needs to be viewed from the perspective of individual business family members from both the first and the second generation. The disengagement from the family business is the focal area in the figure, but in order to open it up, triggers to change are a natural starting-point. Triggers to change start the whole process, which ends in a potential family business transfer, and it then also becomes the natural starting point, when going into more detail in trying to learn what happens when a family business is sold. Triggers to change are more closely related to the first generation in Figure 9, and that is mainly for two reasons. Firstly, it is the first generation business family members who most often have the power to initiate family business transfers. They are the majority owners, and therefore they have the power to actually initiate and complete a family business transfer (Sharma et al, 1997). Interviews with business brokers (e.g. Bb3, Bb8, Bb9 and Bb11) also confirm that these persons are crucial during family business transfers. The second generation business family members are indirectly linked to the triggers to change through the mention of a lack of successor, although the interpretations of the material from the interviews indicate that the first generation business family members (e.g. Bfm1, Bfm4, Bfm6, Bfm13, Bfm15 and F1) still start the decision-making process to sell the family business. A second argument for linking triggers to change more closely to the first generation is the age aspect. This is a logical decision, since it is the first generation business family members who are older and at some time they have to do something about their involvement in the ownership and management structure of the family business. The second generation business family members do not have the same kind of urgency with their decisions.
The business brokers interviewed (e.g. Bb2, Bb3, Bb11 and Bb12) and many of the business family members interviewed (e.g. Bfm1, Bfm4, Bfm9 and Bfm15) seem to identify same kinds of triggers to change. For most a family business transfer is accentuated, because first generation family business owners want to retire or they are in bad health. Another reason behind the family business transfer is that the first generation business family members (e.g. Bb11 and Bb12) have simply had enough of the company. Some entrepreneurs (e.g. Bfm6 and Bfm13) mentioned that they had been business owners for more than twenty years, and it was no longer interesting. Due to the often narrow ownership structures in family businesses, this is most often personalized in the father. Another reason often mentioned for selling the family business was that there was no potential or willing successor within the business family. In some cases (e.g. Bfm3, Bfm4 and Bfm10), this was explained by the fact that the family business did not have a promising future; first generation business family members were not eager to convince second generation business family members to continue in it. All in all, it also appears that these two factors can be related back to the aspect of retirement and bad health. When one analyses the material from the interviews, one easily gets the impression that if the first generation business family members did not face personal challenges in their entrepreneurial career, the discussion about potential successors would perhaps not either be that active. In that respect, it could mean that triggers to change most often have something to do with the personal situation of the first generation business family members. The situation can be different in cases where the business family is approached by an actor who wants to buy the family business at an earlier stage in the life-cycle of the business family members, but those situations are not at the core of this study.

Triggers to change are a natural starting-point for a greater understanding of family business transfers and the disengagement of the business family members from the family business. While still looking upon the family business transfer from the perspective of the first generation, exit barriers are crucial elements. Redlefsen (2002) classified exit barriers as psychological, financial and legal, but Figure 9 includes only the terms financial barriers and role identification. Legal barriers are not included, since not a single person during the thirty interviews mentioned this as a potential barrier. However, financial barriers were a discussion topic during the interviews, and they are included in the figure. They seem to exist mostly in the form of problems related to price negotiations, the ability of the buyer to finance the transaction, and the timing for receiving the transaction sum (e.g. Bb2, Bb6 and Bb7). In some situations (e.g. Bfm3, Bfm6 and Bfm8), financial barriers can also be related to the fact that several business families had divided their business into two different companies prior to the transfer or during the transfer process. This means that the actual business operations are most often within the control of one company, while a second company maintains control over the premises. This operation lowers the price of the company that controls the business operations, but the division also creates a situation where it becomes important for the seller to keep the buyer and the business in the same premises. In that respect, this arrangement can also be labelled as the creation of financial barriers, since it may set restrictions on to whom the seller can sell the business.

Redlefsen (2002) and other researchers (Kets de Vries, 1996; Lansberg, 1999) most often use the term psychological barrier when they discuss exit barriers related to
persons. However, role identification replaces this term in Figure 9, and there are two arguments in favour of this decision. Firstly, ever since Tagiuri and Davis (1982) presented their three-circle model, roles in family businesses have been a natural focus for many family business researchers and consultants. The idea with their model has always been that it is easier to understand the behaviour of family members when one knows how they are positioned (their roles) in the system or the three-circle model. For example, family members and other actors who have been positioned in the model have been assigned roles like employees, family members, board members and/or owners (Neubauer and Lank, 1998). The three-circle model has been one of the most influential models in family business research (Gersick et al, 1997), and with its strong focus on roles, it also seems logical to take roles and role identification as an important reference in this study, since these will change during a family business transfer.

The second reason to use the term role identification instead of psychological barriers is motivated by how business family members view their own position within a business family system. Business family members may have very different roles in a family business, but they may also look differently upon their own roles and the roles of the other family members within the system. In other words, this means that business family members may identify themselves differently in the context of their roles (Ashforth, 2001). For some family members the role in the family business may also be important for them as persons, which implies that they identify themselves strongly with their roles. An example of that could be that they more or less define themselves in the context of an owner role; presenting themselves for example as “the owner of company x”. For other business family members, the role-person merger (Roos and Starke, 1981) is perhaps not strong. However, this indicates that a family business transfer may create different kinds of pressure on individual business family members in relation to the degree of role identification. A family business transfer will by definition result in a need for some kind of role transition, and this transition might be very challenging if the role-person merger is strong. Then it might become difficult to give up one role identity and move towards, or create a new role identity. In situations, where a role identification is strong, the role occupier has seldom built up other strong role identifications (Ashforth, 2001), and this means that one has no other important role to return to if the family business is sold. This problem among first generation business family members might in the long run also lower the willingness among second generation business family members to enter a role transition process within the business family system (Neubauer, 2003).

First generation business family members often seem to face exit barriers, and this may also create problems for second generation business family members who want to exit as well, since an interpretation of the interview material indicates that a family business transfer is highly dependent on the decision of the majority owner. One second generation business family member (Bfm8) reported that she had made up her mind years ago about a family business transfer, but since the majority owner was not willing or ready to sell, nothing happened. This seems especially to be the case when second generation business family members have holdings in the family business. The interpretations of the material from the interviews suggest that it is easier for second generation business family members to end their employment or membership in boards than to abandon their ownership roles. Exit from employment roles can happen, when
they move away and start to study, or apply for jobs elsewhere, and this does not necessarily have a strong influence on the role positions of the first generation family members in the business family. However, not a single second generation business family member mentioned that they had given up ownership in the family business prior to the first generation business family members. When the first generation business family members sold their shares in the family, the second generation business family members also gave up their ownership. The rationale behind this behaviour can possibly be found in both financial barriers and role identification. In terms of financial barriers, it appears that there is seldom an internal market for shares in smaller family businesses. The only option for second generation business family members to make an exit from an ownership role is the situation where other business family members also exit their ownership roles. One possible interpretation of this is that it is simply not typical of second generation business family members within business families owning smaller family businesses to sell back shares they have received from their parents. Then the only option is that every owner sells to a new actor. The other aspect of the same phenomenon is the importance of role identification. A second generation business family member can give up employment or membership in the board without any serious consequences, but when one gives up ownership of the family business, the decision is a definite end to membership in the business family. That might also have consequences for membership in the family system, and that is perhaps why second generation business family members are particularly unwilling to give up their ownership roles before the other business family members.

The interpretations of the material from the interviews indicate that it is not easy to give up a role within a business family. However, a role transition includes both role exits and entries of roles. At least first generation business family members must go through some kind of role transition when a family business is sold to a non-family buyer, and the interesting part with changes in the ownership and management structures of family businesses is that first generation business family members often seem to be willing to exit a specific role within the business family if at the same time some second generation business family member is willing to enter a new role in the business family (Grant and Thornton, 2002). In this aspect, exit barriers among first generation business family members and entry barriers among second generation business family members, are clearly connected to each other.

From the perspective of the second generation business family members, Figure 9 indicates that there are two kinds of entry barriers; role innovation and absorption. Role innovation implies that a person enters a role which somebody else has previously occupied, but the new role carrier behaves differently from the previous role holder (Hall, 2003). One example of this could be that a child becomes the CEO of the family business, and the child delegates much more than the father did when he held the CEO position. This kind of role innovation can be crucial during further development of the family business (Niemi, 2005), but interpretations of the material, which was collected during interviews with second generation business family members, seem to suggest that second generation business family members do not want to engage themselves in role innovation or then they do not see space for role innovation. One reason for this can

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14 In theory, a second generation business family member has the option to sell his shares to a non-family buyer, but a family shareholder agreement often hinders this.
be that second generation business family members have managed to build up strong, and from their perspective, other positive role identities outside the family business environment. Another reason could be that although the first generation business family members say that they will step down and reduce their control over the family business, this does not become reality due to their difficulties in giving up such control. This might be very frustrating for second generation business family members (Harvey and Evans, 1995), and it might be a future scenario in which these family members do not want to participate.

Role innovation can be seen as an opportunity for second generation business family members to leave their mark on the family business (Hall, 2003), but since first generation business family members may prefer role absorption to role innovation in order to preserve the family business system as such, second generation business family members might not be willing to change their current position in the business family system by taking over a role, occupied for the moment by first generation business family member in the existing business family. By role absorption, one should understand in this specific context a situation where a second generation business family member takes over the former role of a first generation business family member, and where the second generation business family member tries to occupy the role in the same way as the first generation business family member. First generation business family members may also often want this to happen, and the personnel and other stakeholders may also want the same thing, since this would guarantee status quo in the established family business system (Lansberg, 1988). Interviews among younger business family members (e.g. Bfm9) acknowledge the existence of such potential pressure, and it is not a future position in which they want to find themselves. In other words, the interpretation is that assumptions about role absorption can create entry barriers among second generation business family members.

Role absorptions and innovations are two potential entry barriers among second generation business family members, and they are also strongly connected to what is labelled relational rationality in Figure 9. It is not easy for an outsider to have opinions about the quality of decision-making which other persons involve them in, but at least one option is to assume that people are rational, and that they try to choose the most efficient mean to reach a given end (Hargreaves, 1989). In that respect, people are calculative agents who evaluate all alternatives, and choose the one that maximises their utility (Hall, 2003). This approach focuses on the individual and his well-being, Lin (2001), however, was very critical of this way of thinking, and that is why the term relational rationality was introduced. His idea was that people do not act in a vacuum during decision-making processes. They are part of different relationships, and these relationships will have some influence on decision-making processes. In other words, people are not only concerned about their personal well-being, but they are also willing to make decisions that take the whole group into account. This is typical behaviour within families (Sjöstrand, 1993), but in Figure 9 the idea is presented that such social collectives can be one or more in the forms of the family business, the family, the business family, or more general social networks. For example, when a father decides to sell the family business, he might justify his decision by arguing that it is best for the family business, but it is perhaps also what all the other business family members prefer to do.
Based on interpretations of interviews with both business brokers and business family members, it appears that relational rationality during family business transfers is often connected to or has its origin in the family business system. At least this appears to be the system which both first and second generation business family members refer to when they present what is important for them during family business transfers. They (e.g. Bfm3, Bfm4 and Bfm6) often argue that it is important for the family business to continue to operate in the already established manner, and they often perceive it as important that the employees continue to work in the family business regardless of the shift in ownership. Business families often consider this so important that it may also have consequences for what kind of buyer they like to sell the business to, and also for the sum of money (e.g. Bb1) that the selling business family will receive at the end of the family business transfer. This is very much in line with the idea of relational rationality and the aspect of setting the collective before the individual in decision-making situations.

Relational rationality connected to the family business system appears to have top priority among business family members, and there are seldom any disagreements within the business family about this aspect of a family business transfer. However, a family business transfer will not only have implications for the family business system, but also for the business family system. This may mean that it is important for the business family to take into consideration the situation of the individual business family members before the family business is sold. In accordance with the principle of relational rationality, this may imply that some of the business family members may experience that they are slightly worse off after a family business transfer, although the system as a whole could be better off when the family business is sold. For example, first generation business family members may notice that as they get older, they are perhaps not motivated any longer to run the family business. This implies that it would be the best for both the family business and in the interest of the business family to change the leader of both these systems and to find somebody who is more motivated, and who can increase the value of the family business and the gain for the business family. From the perspective of relational rationality, this means that the first generation business family members see it as best for both the family business and the family business system to withdraw from the systems, although they might want to continue on a personal level. This is a pure example of relational rationality, but there are two challenges for the first generation business family member to meet in these kinds of decision-making situations. Firstly, it is a challenge with its roots in role identification. The first generation business family member may understand that it is best for the family business and the business family to end the personal entrepreneurial career, but due to strong role identification, it may be difficult to make the needed personal change. In addition, if one can handle the personal role identification challenge, the problems do not necessarily end there, because when relational rationality is connected to, or perhaps not connected to the other components in the business family system; there may also be some seed for disagreements among the other business family members. The material from the interviews includes examples where such relational rationality has not had top priority among the lead entrepreneurs in business families, and this has often had disastrous consequences. For example, in one case, the father (Bfm7) decided to sell the family business although the siblings of his wife were against the business transfer. The outcome of that transfer process was that after sixteen years the siblings are still
unwilling to even speak over the telephone with the selling father. Another example (also Bfm7) includes a case where a husband decided to sell the business although his wife opposed the idea. She never gave up the idea of having a business, and after a few years search the entrepreneurial couple were back on the entrepreneurial track, although in a new industry.

It is clearly not easy for first generation business family members to follow the principle of relational rationality, and the second generation business family members may make their situation even more complicated. This is the case, because as the interpretations of the empirical material indicate, the second generation business family members may view the situation somewhat differently from the first generation business family members although they also base their decision on relational rationality. The problem is not that the second generation business family members do not understand the situation of the first generation business family members. They most often do understand the desire among these business family members to withdraw from the family business, but the problem is that they do not want to change their own roles within the business family system in order to make this change possible. In that respect, the second generation business family members do see that the change will make the first generation business family members better off, but simultaneously there is a fear for that the personal situation will get worse. The reasons for this potential thinking pattern among second generation business family members have already been revealed in relation to the other aspects of Figure 9. Role innovation and absorption are typical aspects of this kind, because due to succession a second generation business family member may find himself in a situation where he is not comfortable, perhaps because the father is not genuinely interested in getting out of the business. In such situations the second generation business family member will not be able to do his best for the family business, and therefore the business family and the personal household may also suffer.

Moreover, personal household, or the personal family system, is clearly a crucial aspect in the discussion about relational rationality and family business transfers, and especially from the perspective of the second generation business family members. One such aspect is that second generation business family members will most likely think about how a succession will affect the family situation and the relationships to the other family members in their own household (Tunkkari-Eskelinen, 2005). One may remember one’s own childhood and how the parents were entrepreneurs, and perhaps not want their own children to have similar experiences. Another typical feature related to this is a potential move from a region to the former home region. For example, in some of the studied business families, some second generation business family members (e.g. Bfm1 and Bfm8) were not willing to move back to their former home region and to take charge of the family business. The fear was that such a move will destroy established social networks for the family members in the personal household, and in line with relational rationality, this change will not be realised because then perhaps one family member will be better off while the other will be worse off, and that is in contradiction to relational rationality. Clearly, this is therefore a crucial aspect when business family members from two generations discuss a potential succession, and where the successor lives in another region than the parents.
The example with the social networks of children also shows that relational rationality linked to more general social networks can be of high importance during family business transfers. Some of these aspects are also noticed by business family members (e.g. Bfm4 and Bfm13) prior to family business transfers. For example, entrepreneurs may say they will miss the contacts to their customers after a completed business transfer. A substantial part of the customers might have been customers for a long time, and in such situations they may not only be customers, they may also be friends. A family business transfer then implies that the selling entrepreneurs may have to give up these relationships, and that is not always a desired transfer process outcome. However, the high importance of the more general social networks can also be something that selling business family members do not notice before the actual family business transfer is over. One such example is the case (Bb7) where a former business family moved to Spain after the family business transfer. The move included a clear break with all major social relationships in Finland. The wife could not handle the change and started to drink. The only option was to move back to Finland, and to handle the alcohol problem.

Relational rationality and social networks involving non-family members are crucial aspects of family business transfer processes, but one needs to notice that this kind of relational rationality is somewhat different from relational rationality with linkages to the family business, the business family, or the family system. One such difference is the reference to the systems by the business family members themselves during or prior to family business transfer processes. Both first and second generation business family members might motivate their transfer decisions by something that originates in the family, the business family, or the family business, but seldom in general networks. However, the interpretation of this can perhaps be found in the degree of awareness about the importance of social networks among selling business family members. It is not uncommon that the effect of this system influence is acknowledged only after the transfer is completed, and it seems also to be something that the first generation (e.g. Bfm4 and Bfm17) is more concerned about than the second generation business family members. One interpretation justifies this standpoint with role identification, because first generation business family members must often start to build up new role identities when they sell a family business, since they most often stop working in the family business at the time. It is different for second generation business family members, since they have often started their creations of new role identifications some time ago. They must give up their ownership role, but that has been their target all the time, so it does not have major consequences for the rest of their lives. Their only fear may be that the family business transfer is not realised (e.g. Bfm8), and that they still have to step into new business family roles. That on the other hand may have major consequences for the general social network of those specific business family members.

A final interesting aspect with relational rationality and more general social networks is that both first and second generation business family members engage themselves in these kinds of relationships, and they might be of importance when decisions are made about the future of the family business. Nevertheless, it is not necessarily the case that the family business transfer is what is best for the social networks, as it should be if one fully follows the principle of relational rationality. Therefore, in cases of these kinds, it would perhaps be more appropriate to refer to relational rationality as egoistic relational rationality. The argument for this distinction is that the relationships in social networks...
are of high importance for any business family member who may have to leave such relationships, but the effect on the social networks as a whole may be minor. The decision to sell may not be perceived as entirely positive by the social network as a whole, and then it is not totally in accordance with the definition of relational rationality, which emphasizes that individuals make decisions in favour of the collective at a potential cost to the individual.

Relational rationality is clearly a challenge for selling business families, and hence it is a key issue during decision-making processes that aim at family business transfers and together with triggers to change and exit and entry barriers, one can start to get an idea of how business family members perceive family business transfer processes. However, it would not have been possible to identify these areas of interest if it had not been for the capital lens that was developed in chapter four. The capital lens with its focus on financial, human, organizational, relationship and social capital, has several connections to the different areas in Figure 9 on decision making during family business transfers. From the perspective of financial capital, it seems like this capital form is mostly connected to exit barriers in the form of financial barriers and to some extent to relational rationality in combination with the family business system. To begin with, a business transfer involves monetary capital and the aim for the business family is to realize some of the financial value that is attached to the family business. However, financial capital is seldom mentioned as the most important element during family business transfers. On the contrary, business families seem often to be willing to lower the price for the family business if the family business finds owners who can take good care of the company and continue on the track begun by the selling business family. This kind of thinking is closely in line with the idea behind relational rationality and it is also in relation to this, organizational capital becomes part of Figure 9. At least for first generation business families this form of capital seems to be important, and for them it is good if the new owners can maintain or increase the level of established organizational capital in the family business. Human capital is part of this aspect as well, since most business families desire a situation where the employees can continue to work with the new owners.

Relationship and social capital can be seen as more closely related to role identification, absorption and innovation, and different generations appear to view this somewhat differently. To begin with, first generation business family members seem to have been more personally involved in developing the relationship capital of the family business due to their own roles in the family business. First generation business family members often handle customer relationships, and customers have sometimes become friends and not remained purely customers. This also highlights the aspect of social capital. Second generation business family members often have different roles in the family business, and they do not from their own personal perspective view involvement in building up relationship capital as important. They seem to be more concerned about their personal social capital, and that is perhaps why they are not that interested in role innovation or absorption in the form of succession.

To sum up, different capital forms are of importance during decision making processes focusing on family business transfers, but one needs to remember that different business families and their members will most likely handle family business transfers differently
due to the constellation of the business family and its unique quality. It is easier to make sense of this with Figure 9, although by using the figure one cannot predict potential outcomes of future business transfers. However, it can increase understanding of the complexity in such processes, and it can also be of some help for business families prior to a family business transfer, while they are still preparing for a coming change. Especially, the recognition of relational rationality is crucial, when a business family or a business family member initiates a family business transfer. Different sub-systems will be affected by the transfer, and they will change due to the family business transfer. The business family members need to be aware of that prior to a business transfer in order to avoid certain potential problems like disputes among business family members.

6.4 Case studies of business families

This chapter includes presentations of two business families from different parts of Finland. Each business family has gone through a family business transfer, and the idea is to present how the different business family members have experienced the family business transfer process. The two business families have been involved in the running of small and medium-sized family businesses. Each family has their own characteristics, and they have disengaged themselves in different ways from their former family businesses. Following the classification of business families which was presented in chapter four, the two business families represent categories such as retired business family and new starters. In the early parts of this chapter, the two business families and their transfer processes are presented and at the end, there is an interpretation of the material from the two cases. In order to gain access to the data, the business family members were guaranteed anonymity, and therefore the names of the business family members are not revealed in the text. The members of the two case families (CF1 and CF2 when they are presented together in the interpretation section) are referred to as father = f, mother = m, son = s and daughter = d as in accordance with the information about the interviews in Appendix 3.

6.4.1 A retired business family

This section focuses on a former multi generation business family, which is nowadays a retired business family. The core family consists of father, mother, a son and a younger daughter. The family had some discussions with the daughter and her family about the future of the family business, but she at no time had serious thoughts of becoming the manager. The son was never a potential successor. He became an artist, which he had wanted to do for most of his life. The family business was started, or actually bought, in 1982, and it was sold to one of the employees in 2003. The business is a sub-contracting company with one major customer from the metal industry. It had four employees when the business family bought the company and it had about thirty-five employees when it was sold. For the present, it has close to sixty employees. During its life-span, the company has changed its name four times, and the present owner has also chosen to run the business under a new name. The business has operated in several different geographical locations, but it has always had its roots in a region of western Finland.
6.4.1.1 The development of a family business

The family left for Sweden in late 1960s, because there were no jobs available in Finland. At that time the family consisted of the father, the mother, and the son. Their intention was to stay in Sweden for five years, but when they returned to Finland, they had been living in Sweden for more than ten years. During that period, the daughter was born. When they moved backed to Finland, they moved to their former home region, and the idea was that the father should start his own business.

“In Sweden we had two jobs, and we thought that if we are working so much, it would be better to work for oneself. We tried to raise some money for our own company in Sweden, but we did not succeed.” (father)

When the family moved back to Finland, the parents started to build their own house, and at the same time, the father started a business from their garage. He planned to build up his own facilities from the beginning, but an opportunity to buy another company from the same village changed the set-up.

“At the same time as I was planning to start building a machine shop for my company, another business was put up for sale in my home village. The owner was thinking about selling or closing down. We went to discuss things with him and at the same time, we talked to his major client about taking over the customer relationships and that was ok, so we bought the company. It had four employees at the time.” (father)

The father was the major driving force in the business, but the parents bought the company together. However, the decision to focus on the metal industry was not obvious. The family had also looked into another business opportunity, but that idea was simply too expansive to realize.

“We bought the company together. Perhaps my name was on the paper, but we bought it together, since we are a family.” (father)

“When we moved home from Sweden, there was a house for sale in the middle of the village. However, it was simply too expensive, but if we had bought that we would not have become metal industry entrepreneurs. We would have been running a restaurant.” (father)

The parents had not worked as entrepreneurs before they moved backed to Finland, so in the beginning it was mostly learning-by-doing.

“I did not know anything about how to run a business, when I started the company, but I have learnt as time has passed.” (father)

The ambition level has always been high, and especially the father has never been afraid of work. The beginning of the entrepreneurial career was also based on heavy workloads, which the daughter also learnt about.
“We wanted to keep the deliveries on time, and that meant that the employees really had to work. During the first two months we had no eight hours days. We worked sixteen to nineteen hours a day.” (father)

“He started in the garage at home, and he bought machines that were put into the garage, and I remember I was proud to say that dad has a company of his own, but at the same time this “my dad was never at home” started.” (daughter)

The business family has had a successful business career, but in the beginning, the family had no clear idea of where it wanted to take the business. It was mostly a question of earning some money in order to provide a living for the family.

“We have not had any specific goals. We have just been running the business. It is also difficult when you are a sub-contractor. You never know if you have any orders next year, so that is perhaps also why we have just been running the business.” (mother)

“To begin with, perhaps the only goal was to get a job. It was not easy to come from Sweden and to get a job. Then, when the business had grown, I also believe the goals changed, but in the beginning I do not think that they thought so much about it.” (daughter)

Entrepreneurship is to a large extent also a question of money, and the business family learnt early on the basics of finance for small businesses.

“It is not easy to start a company, but I believe one of the most common mistakes is that one borrows too little money. When we bought the first order of metal material, which we needed for production, we immediately ran out of money. It is also interesting to note that if you want to borrow 50,000 from the bank, it is very difficult to get it, but if you ask for 5,000,000 there is no major problem. For example, our employee had no problem to get the money from the bank when he bought our company.” (father)

“One must understand that 1 + 1 is not 2. It must be three or even four. Otherwise there will never be anything left on the bottom line.” (father)

The business family had some minor difficulties with the finances of their business in the beginning, and that also had consequences for the household finances. The family could not expect to live on money from the business at the outset.

“I have always taken care of the finances and the paperwork while my husband has been involved with production. To begin with, I did not work full-time in the company, because we needed a salary. You know, we also have to live, and my husband did not take any salary from the company during the first four to five years.” (mother)

The father and the mother have been the key actors in the family business for most of the time, and from the beginning they had a clear division of responsibilities. The father
was the tough entrepreneur and the leader of production, while the mother took care of the paperwork. The role division appears logical, which is also confirmed by the daughter.

“I have been devilish. You believe that it is easier to be an employer, when you yourself have been an employee, but it is not like that. The employees think you try to exploit them, but it is not like that at all.” (father)

“My father is a dominant company leader, and perhaps such persons are also needed, but it does not work all the time. My mother on the other hand has always been better with people, and I think that together they have been a very good team.” (daughter)

The first years were tough for the business family, as for any other small business, but for most of the time, they have had incoming orders.

“We have only had two major difficult periods during our time as entrepreneurs. One of the periods was a bit longer, but otherwise we have always had work to do.” (mother)

The business family worked hard with their business from the beginning, but it also started to pay off. It did not take long before the family businesses needed some more space.

“To begin with, we were active in facilities built by the former owner, but soon we were talking to the local authority, and we asked for a piece of land where we could expand. They found a place for us, but the local farmers were opposed. They wanted us to move to an island far away.” (father)

The family business needed a new home, and the local authorities played crucial roles when the business family looked for new premises. All in all, the business family got some help from the local authorities, but in general, it is not that satisfied with the service that they provide for entrepreneurs.

“At the same time we were also talking to the neighboring local authorities about moving to an island because then we could get substantial regional development money. We checked out the island many times, but we came to the conclusion that not everything can be measured in money.” (father)

“Our local government promised gold and green forests for us. Everything would be so good. We got our piece of land, but once we got it, the gold and the green forests were gone.” (mother)

After the first move, it did not take long until it was time to look for new facilities once again. The family business grew at a rapid speed, and it meant that the business had to move once again. The local authorities gave a helping hand this time as well.
“When we moved to this new site, we had eight employees, but pretty soon we were up to fourteen. Again we faced a situation where we needed to build some more, but at the place where we operated there was no space, so we had to move again.” (mother)

“We moved into the centre of the village into some machine shops owned by the local authority. We had also been looking at them at an earlier stage, but it did not feel right. This time we had no other alternative. So we rented the halls from the local authority. However, it did not take long until we needed to rent some more space from them.” (mother)

The business family was successful in expanding the business. The incoming orders continued to grow, and some of the employees learnt so much about the joy of having a business that they also set up businesses of their own. The business family helped them, because the father knew it could be difficult during the start-up process.

“I believe that I’ve helped three or four former employees to start up their own companies. Some of them were still working for us, although they were entrepreneurs themselves.” (father)

The business family has been successful in building up its business, although growth has never been a major goal. When the family business was sold, it had thirty-five employees, but that was perhaps too much according to the business family itself.

“After fourteen employees, the company became too big. You lose control then. You cannot control everything when you have so many employees. So our company became too big.” (father)

6.4.1.2 Combining business and family life

The business family in this section managed to build up a successful family business before it was sold to one of the employees. It began from scratch and it gradually managed to expand the business. The mother had another job at the outset, but before long she was working more and more for the family business.

“My mother worked at home at that time, but gradually I noticed that her time also disappeared. She did the paperwork for my father, and this side of the business also grew when the business expanded.” (daughter)

“She set up a little office corner in one of our store rooms. I remember I sat in the corner and thought that if she is not sitting here writing, she is cooking. We never had any normal family life. It was always about the business.” (daughter)

The mother worked more and more for the family business, and it did not take long before most of the family life circulated around the business. The father always had long working days.
“Our idea has always been to keep Friday night and Sunday free from work. But then we have been working on Saturdays. Most of the time I have worked 16 hours a day, while my wife has worked 12 hours a day at the company.” (father)

“We always had dinner together at 16.30. My dad came home at that time. He ate for thirty minutes. After that he rested for 10 minutes and read the local newspaper. Then he went back to the business again, and he came back after nine o’clock.” (daughter)

The parents put a lot of working hours into the family business, and the daughter soon noticed that there was not time for anything else.

“My father was stressed all the time, and my mother was stressed all the time. You could easily see that the only thing that was going on in their minds was something related to the company.” (daughter)

“You can never relax. It is the first thing that you think about in the morning, and it is the last thing that you think about when you go to sleep.” (daughter)

“The only thing I have heard during the years is that it is a lot of work. It is a lot of work. I don’t have time; I must clear up these papers.” (daughter)

The parents spent most of their time in the family business, and this had, at least according to the daughter, consequences for family life, although the parents tried sometimes to get away from the family business.

“We bought a slightly larger boat because that was the only way we could get away from the company.” (father)

“In my opinion, we have never had any family life. During Christmas and other holidays, we were together and on Sundays, because then my father was at home. Otherwise we did not do anything together. I cannot even remember what my brother was doing. He is five years older than me, but I cannot remember what he was doing.” (daughter)

Especially the relationship between the daughter and the father seems to have suffered from the heavy involvement by the father in the family business, but it has also had consequences for the relationship between the daughter and the son.

“I can never remember that I have done something with my father. He was never at home, and we did never do anything special. We did not even go for a walk together. We have no daughter-father relationship, which could be classified as reasonable.” (daughter)

“My brother and I were fighting all the time. Later I told my mother about it, but she hadn’t noticed anything. I think they were so much in their business world that they didn’t think about normal family matters.” (daughter)
The parents were heavily involved in the family business, but sometimes all family members were together. It was time spent together, but at the same time, it looked like the family members did not regard it as quality time.

“In our family, the discussion has always been on a very low level. We have not talked about feelings or emotions. It has mostly been about the weather.” (daughter)

“I think when we meet as a family we fall into some kind of negative family pattern. When we are on our own, we have a more positive and different way of living. We have found our own personal solutions.” (daughter)

The daughter is critical about how much influence the family business has had on family life, and the parents also seem to be aware of this issue.

“They have both been interested in going out in the world. They have never had any genuine interest in the company, and perhaps they noticed that the father was never at home.” (father)

“The situation was also like we both were working in the company. They did not even have one of us available. It was always about the company. What ever they asked, it was always about the company.” (mother)

The parents are aware that the family business occupied them most of the time, and that this has had consequences for family life, but to have a family business in the family also has its advantages.

“On the other hand, the company gave us opportunities to travel, and that of course is something, which I am grateful for. It was not that usual in those days, and most of my friends could not afford to travel with their families.” (daughter)

“I have seen it as an obstacle most of the time, but if you look for the good sides, I can say that it had some financial advantages to have a company in the family. That was important when you were young and money meant a lot. On the other hand, what is money in comparison with time and presence?” (daughter)

To have a family business clearly has both its advantages and disadvantages. In this specific case it demanded a lot of the parents, but they decided to give it a serious try, although the father almost died of a heart attack in the early 1990s.

“I thought many times that it would be better for them to do something else. Take it a bit easier and slow down, but at the same time I knew that this was what they were fighting for. They lived for the company.” (daughter)

“After the heart attack I started to do shorter days, and I went down to twelve hours a day. I thought that I can not kill myself. It is not worth it.” (father)
“I wonder how often my mother has though is it worth it, but nothing happened, because she had no other alternatives.” (daughter)

In retrospect, one can argue that the business family has worked hard with the business, and it has been successful business-wise. However, if things could be done differently, the parents would have perhaps organized the business in another way.

“It has been very inspiring and we have learnt a lot, but if we were about to start all over again, I do not believe we would do it the same way. We would perhaps not have invested as much as we did, because you will suffer from it, and in our case it is the children who have suffered.” (mother)

The daughter has also a clear opinion of how well the family managed to combine business and family life. The business family has been successful in business, but it has had its price. This is now beginning to repeat itself in the family of the daughter.

“I think it is good that my parents have done very well as entrepreneurs, but very often I have seen the family business as an obstacle to functioning relationships.” (daughter)

“My husband is now area manager in a company, and that brings with it a lot of the things that comes with the ownership of a company. He is not at home that often, and I start to see it in the same way as with my parents. They were not at home very much. I did not see them very much, and I don’t have the feeling that they had time for me.” (daughter)

6.4.1.3 Transfer of the family business

The business family managed through hard work to build up a successful family business, but it took it toll on the father’s health.

“Ten years ago or so, my husband had his first heart attack, and then we thought that we’ll have to close the business. However, in some strange way we managed to run the business for another year. We also hired a foreman.” (mother)

The first heart attack arrived at a time when the business family had made some substantial investments, and the first year after the heart attack was very difficult for the family, although they managed to keep the business going. Still, the idea had started to grow that something needed to be done in the long run, but it took about five years until something started to happen.

“It was about five years ago that my husband said that let’s sell everything. Then we also started to plan how we would do it. We have often had a five-year plan, and this was in line with that.” (mother)
“At the same time I started to think that now it is time to get rid of everything. But it is not easy to find a buyer for your house and business. We also wanted to live near the sea, and it was not easy to find such a place. Finally, we found this house. It was not in the most desirable area, but it fulfilled all our demands.”

(father)

The parents started to plan for some ownership and management changes in the family business, and in such situations, the children are often the first option to investigate (Grant Thornton, 2002a). The children had also been working in the family business, so at least in theory a succession was also an option for this business family.

“It was we who taught the children to try working in the company. It was also an easy way for them to get a summer job.” (mother)

“Both children also tried to work for a while in the company, but our son quit early. Our daughter worked in the office while our son was in production.” (mother)

The children had summer jobs in the family business at the outset, but soon it became evident that the son had no interest in the family business. The daughter also wanted to do something else besides working in the family business so she went abroad. She stayed for a year in the United States as an au-pair. When she started to plan her return to Finland, at least the mother had a clear idea of what she should be doing.

“I was an au-pair in Florida for a year but when I returned, my mother said that she wanted to have me closer to home. She had noticed during my stay abroad that I was not so much around as she wanted. And that is perhaps where everything started.” (daughter)

“So when I came back to Finland we moved to our home region, not because I wanted to, but because my mother wanted it. During the first six months they started to ask more frequently if we could imagine taking charge of the family business. But I was only 21 at that time.” (daughter)

The daughter moved back to the home region when she returned to Finland, and her parents tried to convince her that she should start working in the family business again, and in the long run, take over the family business together with her boy-friend for that time. The daughter was not convinced that this was a good idea.

“The idea was there, that perhaps this could be something for us, but at the same time, I sensed that it will not come to anything.” (daughter)

“But I was fairly young, and suddenly I saw my whole life sitting in the office and shuffling papers. I guess it was then that I fully realized that no way we will take over this business.” (daughter)

The daughter did not let her parents convince her to start working in the company again. At the same time she broke up with her boy-friend. She moved to the nearest city
because there she had met her new boy-friend, and the person who would become the father to their two children. However, once again, she moved abroad at short notice. Her boy-friend got a job in Sweden, and she went with him for eighteen months. When they planned to return to Finland, they were in the same situation as when she returned to Finland from the United States. They had no clear idea about what to do, and her parents suggested that they come and work for the family business.

“We were always thinking about what is next. Nothing was secure and of course my parents tried during that period to say that there is a ready company waiting for us, but I did not want to do that.” (daughter)

The parents wanted their daughter and her husband to move back to the home region and close to the family business, because they thought that her husband would be a good new manager for the company. The daughter was not interested in this future scenario, so she said no, although it was not always easy to say no to the parents.

“They were interested in me and my husband, but my husband did not know the industry. He is sales oriented, and he could perhaps have been a good alternative, but I said no.” (daughter)

“I made it clear for them at quite an early stage that this is not for me.”
(daughter)

“We always had to say no, and I think that has hurt them many times.”
(daughter)

Finally, the parents realized that their daughter would not become involved in the future of the family business. In retrospect, they admit that they understand why she said no, and they are also satisfied with it, because it could have been even harder to give up the family business if it had stayed within the business family.

“I think our daughter thought that during the next 10 to 15 years, she would never be at home.” (father)

“We do not feel sorry that the children did not continue, because if they had, I think we would not have been able to give it up. We would also have thought all the time that we must help them keep everything in order.” (mother)

Finally, a succession was not an option for the business family, so a business transfer became the next logical step towards an ownership- and management change in the family business. Taking the decision to sell the family business involved many emotions and a genuine concern for the future of the employees.

“The first problem was the emotions related to the business. It was also important that the employees could keep their jobs, but what could we do in order to assure that? We have not been thinking anything special about the company, but with the employees it was different.” (mother)
“It was important that the employees could continue to work as normal. It is they who have built the company, and one of the persons has been with us from the beginning. We had also several other employees that had been working for us for more than fifteen years.” (mother)

The parents wanted the employees to keep their jobs, although the family business would get new owners. This had implications for the process of finding buyers for the company. If it had only been about the money, it would have perhaps been easier to find a buyer.

“If we had just been running for the money, there would not have been any problems. But as I used to say, everything cannot be measured in money. You cannot take anything with you when they bury you.” (father)

“We had three different buyers who were interested in the company for about four years ago, but it did not feel right.” (mother)

The parents learnt that it was not easy to find a buyer who fulfilled their criteria. If it was not the right kind of buyer, there were problems with the price. Some more years passed, and then one day the father encouraged one of the employees to buy the family business.

“We had two buyers, where everything looked right, but we could not agree on price. Then another year passed.” (mother)

“Then my husband said to one of the foremen, buy the company now because we are selling. But it took us three years from when he decided to buy the company until the deal was completed.” (mother)

Finally, the parents had found a buyer from within the family business. It took more years until the deal was completed, but the parents had a back-up plan if something went wrong. The back-up plan was needed, because it was evident that the health condition of the father was so poor that he could not continue working in the family business any longer.

“The idea was that I should quit immediately. If we could not sell the company, we would have hired a manager, and I would not be around any longer. If I had continued for another year, I would be dead by now.” (father)

“About two years ago, he nearly died. His body was so stressed.” (mother)

The employee bought the family business in 2003, and the daughter was happy with the outcome, although she had her doubts about her parents and their ability to give up the family business.

“I remember I was only happy, when they said that they are going to sell the company. It would mean that they are not forced to work until they are way beyond 60 years old. They can enjoy their lives now.” (daughter)
“I discussed with my mother over the phone, and for sure, I was thinking that if they have found the right buyer, and will they be able to give it up and let the new owner run the company in the way that he likes to do it.” (daughter)

The father had no major problems with giving up the family business. He had a clear plan of how to proceed with the transition.

“For me it was easy. It was obvious that I would quit as soon as possible.” (father)

The mother chose a different route to end her involvement in the family business. She continued to work for a year with the new owner, because she felt that she needed the year to end her involvement. The final year was a difficult period, which the other family members also noticed.

“I could not think about it. There was so much to do, and I just pushed the retirement idea forward. I was not ready to quit. I needed another year in order to convince myself that I could actually quit.” (mother)

“The last year for my mother was very stressing. My father had stopped working, but she was still involved in the business.” (daughter)

“I believe it was not easy for her. She cried when she came home the final day, but it is like this.” (father)

6.4.1.4 Life after the family business transfer

It took several years from the initiative for the family business transfer until the business was finally sold, but the business family members seem to be satisfied with the timing.

“It is important that you plan it well, because you need time to adjust to the change. It would have been a disaster if my husband had sold the firm for five years ago to an investor, who would probably have split it up. It would not have been nice to meet the employees in the village after that.” (mother)

“The timing was good. The development goes only faster and it would have demanded even more from them if they had wanted to develop the company further. So I believe it was a very good decision to sell the company when they did it.” (daughter)

When the family business got a new owner, the father ended his involvement immediately, but the mother wanted to be involved for another year. She could not end her involvement in the same way as her husband. She needed more time.

“You must plan how you end your career. You cannot go from entrepreneur one day to retiree the next. That would be too tough. You must convince yourself that
from that specific day you will no longer go to work. That period must also be long enough.” (mother)

“I needed the final year. After that it felt right, because I had been able to transfer all my work to other persons at the office.” (mother)

The father ended his involvement in the family business immediately and he has adjusted well to his new role. The mother spent another year in the family business, but she still misses the contacts with the employees and customers.

“I have never had any problems with being alone. It is enough if my wife is around.” (father)

“I miss the contacts with the employees a lot. The phone is also so quiet. It is like when the kids moved away from home.” (mother)

The family business transfer has changed the lives for the business family members, but despite the big change, the parents made no major plans for the time after the family business transfer, which surprised the daughter to some extent.

“Our plans were that we wanted it like this. To live at a place like this, go fishing and travel a few times a year. And we have done that.” (mother)

“I was totally convinced that they will start to live in Greece for six months and the other six months in Finland. That was how I viewed their new lives, but that did not happen. At least not yet.” (daughter)

The biggest change happened in relation to time management. The parents have a totally new daily rhythm after the family business transfer.

“After four o’clock in the afternoon, we do nothing. When we had the company, we came home at four o’clock, and then we had to start doing what needed to be done at home. But we can do that during the day now.” (father)

“It seems like they have found a rhythm for their lives. They have something to do every day, and it seems to go pretty well.” (daughter)

The new daily rhythm is substantially different from what the parents had while they were busy entrepreneurs. The daughter has showed concern about how they would handle this transition, but the parents themselves seem to be satisfied with the new order.

“I did not think about the company, but I was thinking about them. How would they get along on their own. They have always had the company, but now they did not have that any longer. They were supposed to be together the whole time, twenty-four hours a day, and that is perhaps not so easy when you have been working all the time.” (daughter)
“We are not applying for any jobs, but if something turns up and you like it, why not?” (mother)

Not only has time management changed due to the family business transfer, but also the financial situation. The parents planned to keep the level of salary that they had when they were entrepreneurs, and they have upgraded their car, which has not been unnoticed in their home village.

“We have invested the money so we can have the same salary as when we were working. Nothing needs to change although you have sold the company.” (father)

“People started to look differently at us, when they learnt from the taxation journal what we got for the company. We should not have upgraded our car, because we could easily see that they did not like that.” (mother)

The people in the home region noticed that the financial situation of the business family had changed due to the transfer of the family business, but also financial advisors noticed that there was a new customer on the market.

“The biggest problem has been with the financial advisors. They have phoned us and phoned us. They even started before the company was sold. Somehow they had found out that it was for sale.” (mother)

The interest of outsiders in the financial situation of the business family was a small surprise for the business family, but otherwise the selling business family members seem to be satisfied with their business careers, when looking back on their lives in the context of the family business.

“If you go and visit our major client, you will find a machine with our names on it. That feels good, since our names are there because we have done something.” (father)

“I think they are proud of it. They can say that they have achieved something. They started that company, but perhaps at the same time it is a bit sad to notice that it was such a big part of their lives, and now it is over.” (daughter)

The parents feel that they have achieved something during their entrepreneurial careers, but the family business has a new owner now, and the parents do not seem to be too satisfied with the actual outcome of the family business transfer in that respect, which is confirmed by the daughter.

“It was also important that the deliveries were made on time, but that has not been working so well. We never had any fees. We always delivered on time, and for a very long time we had no written contracts. They could rely on us.” (mother)
“When we were running the company, there were never any problems with the financial situation, but now it is different. The personnel must always check with the owner if they can pay the bills or not.” (mother)

“No, I do not think that they feel that the family business got a good home. We have been discussing it, and it seems like the new owner cannot handle the personnel well. However, he must be given the opportunity to work up his routines. You cannot expect him to do everything in the same way as you have been doing it. Although I could imagine that if I sold my business, I would like the new owner to continue in the same way as I have done.” (daughter)

Although the parents do not seem to be satisfied with the new owner of the family business, they accept the fact that the new owner must be allowed to run the business in the way he believes right.

“If you start to look back, there is so much that you perhaps would like to change, so you cannot start doing that.” (father)

“We go to the company, but only if he asks for help.” (father)

It has not been easy for the parents to accept that the new owners run the family business differently, but they hope that the new approaches will be successful, because the alternative to that would be sad for them.

“The worst thing that could happen is that the company went bankrupt and the employees lost their jobs.” (father)

To give up a family business is a big decision, and it influences the lives of the business family members in several different ways. Especially, the daughter has great hopes that the family business transfer will improve the relationships among the family members.

“I believe the company is something that has kept us apart as a family, but now we have the opportunity to do something about that. My parents have more time now, and they are not so stressed.” (daughter)

“I am glad that it is sold so we can start to build up new relationships. I have never thought about how the company will manage now. Neither have I thought about it like a family business and now it is gone. Never, not even once.” (daughter)

The daughter believes the family business transfer can result in improved family relationships, and she has arguments for her opinion. According to her, the family business transfer resulted in more available time for the family members to be together, and it has also reduced the stress level, which could create a good basis for further development of the family relationships.
“Now when they have sold, everything has changed. You can easily see that they are living more in harmony. They are not so stressed, and they have all the time in the world to do whatever they want.” (daughter)

“Now, when they have sold their business, it is easier to discuss because they are at home. They are not only physically at home, they are also mentally at home.” (daughter)

Clearly, the daughter hopes for improved family relationships after the family business transfer, and she also hopes that her mother looks upon this issue in the same way.

“Oh, I can see something good in it, when they have sold the business and they can take it a bit easier. They are still fairly young, and they can do what they want. Still I believe my mother regrets that she was not around more when we were younger.” (daughter)

“I hope they think about the good sides of it. I could imagine that my mother has been thinking whether it was worth it, taking into account how the family life has developed.” (daughter)

6.4.2 A new starting business family

This section includes a presentation of a business family that has been active in two totally different industries. The first family business was active from 1963 to 1988, and it consisted of three different selling-sites. At the end of the family ownership era it had over 60 employees. In the late 1980s, the one generation business family sold its family business to its major supplier, since succession was not an option in this specific business transfer. The second business was started by the selling parents in 1995, and the business is still active and under full control of the multi generation business family. For the moment, at least the parents are planning for succession. The business family involved consists of mother, father and two children. The parents own the business together, while the children are working full-time at two of their three sales outlets. The whole family consists of four children, but only two children are involved in the family business. The two other children are developing other careers. One of those children is living abroad, while the second one is studying for a total different career.

6.4.2.1 Taking early retirement

The husband and wife in this specific business family were born in the late 1940s, and that has had a strong influence on their careers. At that time people started to work immediately after their compulsory schooling. For both the wife and the husband this meant that they started to work early, and it seems also to be the case that they both found each other and their major business area quite early on. The impression is that they have been devoted to their decisions to stay together, but also to stay within a specific industry.
"We started to go out together when I was fifteen, we got engaged when I was sixteen and we got married when I was seventeen years old." (mother)

"We have been entrepreneurs our whole lives. Within the first sector, we were active entrepreneurs for more than twenty-five years.” (father)

The husband was born in an entrepreneurial family, and his own father had built up a fairly large business portfolio. Several children got also involved in the businesses of their father, but none of them was as successful as the one on, which this section focuses. To begin with, the main idea was that this son should start working in one of the shops, but the plan soon changed. The son and his wife decided early on to buy the shop, and to continue on their own. This was also a good decision for the selling father, because he was occupied enough with the management of all the other shops.

"We started to work there before we bought the shop. The original idea was not to take over as rapidly as we did, but his father had too much to do. We had that specific shop from 1963 to 1988.” (mother)

"His father had five shops and one bakery. The older sister of my husband kept one of the shops. His brother also had responsibility for one of the other shops, but they were all so small that they really did not have an opportunity to survive in the longer run.” (mother)

The young entrepreneurial couple were keen on the development of their new business, and after some years they were ready for the next challenge. They decided to build a new shop of their own. Still, they kept their first shop in their portfolio. In practice, they divided their responsibilities, and the husband took responsibility for the new shop, while the wife stayed at their first shop. Their supplier also noticed that the entrepreneurial couple had the right business skills, and it did not take too many years before the supplier had offered them a third business opportunity. A shopping mall in their home town needed a new entrepreneur, and the entrepreneurial couple decided to exercise this option.

"We built a new shop at another place in 1979. My husband started working there, while I stayed at the older shop. We had joint marketing.” (mother)

"There was also a shopping mall with a department that needed a new entrepreneur. Our supplier asked if we were interested in buying it, so we did that. This happened in 1986, and I took responsibility for that shop.” (mother)

The business portfolio developed favourable in the 1980s, and at that time the whole business portfolio involved more than 60 employees. From having had just a small shop to take care of, the entrepreneurial couple now had three different shops to manage. The management of the three shops demanded a lot of time from the entrepreneurial couple, and they were more or less forced to work seven days a week. This was something with which the husband was not that satisfied.
"In 1988 my husband told me that he has started to think. At that time we had more than 60 employees, and we had no spare time. When we worked, we worked. For example, we always went to work at one of the shops on Sundays. We spent about 4-5 hours there every Sunday. But then my husband told me that he has been thinking that we should sell everything. We should stop working now." (mother)

The wife had difficulty in accepting the idea that everything should be sold. She knew that they were working too much, but the idea to actually sell everything had not been a real option. The husband had started to plan everything for two different reasons: personal and business.

"I was horrified when he said that. It was our life work. Of course we worked too much, but we have never thought that we should give it up totally." (mother)

"The idea was to get rid of our former life." (father)

"It was the right time for a transfer. I knew that a big competitor would enter the local market within one to two years, so it was the best time to sell." (father)

The wife had difficulty in accepting the idea that everything should be sold, and it took a couple of months for the husband to convince her how everything would turn out. The idea was to sell the business to their major supplier, but it was not so easy to get the supplier interested in such a transfer.

"We talked about and discussed it for about three months. He explained to me how he had planned everything, and then we came to the conclusion that we should sell it." (mother)

"We were first thinking about offering it to our major supplier, and see how they reacted to it." (mother)

"They were really tough negotiations. They did not want us to quit at all. At the end we gave them the ultimatum that we would sell to their competitor unless they bought the business. Basically, entrepreneurs do not have this opportunity, but since we owned the facilities, we had this option." (mother)

At the end, everything went well with the planned business transfer. The entrepreneurial couple managed to sell their whole business portfolio. The smallest shop was sold to a private person and the other two shops were sold to the supplier.

"Then they said that they had no other option than to buy it. And that is how it went." (mother)

"The small shop was sold to a private person, while our major supplier bought the other two shops." (son)
"The small shop was sold one year earlier. The rest was sold in two different phases in two months at the end of the year." (son)

It was not an easy decision to sell the business, but when the business transfer was completed it felt good. The actual transition process was short, and it seems like most of the family members were happy with the outcome regardless of the difficulties at the beginning of the transfer process.

"When we reached that point it felt good. Somehow I had just come to accept the idea of selling it, and it just felt good when the decision was taken and the deal was completed." (mother)

"It hurt when they said that the business should be sold. My first reaction was negative. After that other thoughts crossed my mind, and I did not think so much about it." (daughter)

"I was working together with the new entrepreneur for about a month. He wanted to have it that way." (mother)

The entrepreneurial couple was in their early forties when the businesses were sold, and they had also made some plans for the future after the business transfer. The financial part of their future life was taken care of, and the entrepreneurial couple had also bought a house abroad, where they planned to spend more and more time during the year. However, the youngest son was still attending school so they could not spend long periods abroad.

"We had our personal pension insurance that we had been paying for. At the same time we also bought a house in another country." (mother)

"They spent much time there during the winter, and then they were also there quite often in the summer. However, our younger brother still went to school so they could not stay long during the winter." (daughter)

"We started to spend part of the year in our house abroad, but since our youngest son still went to school, we could not stay away from Finland that long." (mother)

The entrepreneurial couple knew that the announcement of the business transfer would lead to reactions, and in that respect they felt it was good to go abroad for a couple of weeks, when the business transfer was announced to the public. The deal also created scepticism. The general opinion seemed to be that it will not take long until the entrepreneurial couple starts up some new business.

"It was good to go away for a while when everything was fixed. The same day as the deal was announced in the local press, we went for a three-week trip to our house abroad." (father)
"It said in the article that it will not take long until we start with something new. We could have denied it, but somehow we did not do that." (mother)

"It will not take long until you start something new." (mother)

The children also had their doubts about how their parents would adjust to a new life without total engagement in their former business. They noticed this reaction among other persons as well, but they admit that perhaps the parents themselves had another opinion, at least at the beginning of the post-transfer period.

"Most of the people did not believe that it would work out. Both mother and father were a bit under fifty years old, and if you have been working for twenty-five years and seven days a week, it is obvious that it is difficult to stop at once." (son)

"You could easily notice it, when they had renovated the house twice in three years." (son)

"I do not think that they thought like that to begin with, but I guess that they gradually came to realize it." (daughter)

When the selling parents look upon the transfer in retrospect, they say that on a general level, they are happy with the outcome of the process. It was not easy to sell the business, but the timing appears to have been optimal. However, the actual deal could perhaps have been completed somewhat differently. Everything was sold during the business transfer, but especially the shop facilities, which they had built themselves, are something that the parents could imagine to have maintained control over.

"How could you be so lucky that you sold everything at the optimal time?" (mother)

"It felt good when everything was fixed, and the decision was made. It felt also good when all the papers were signed, but it took quite a long time until we drove in the direction where the shop is situated. Perhaps the reason was that we had built the building ourselves. It was different with the other shops." (mother)

"The only thing we have been thinking about afterwards is that maybe we should not have sold the building. We could have kept the building ourselves, but it is easy to be wise afterwards." (father)

It is now about seventeen years ago when the business transfer was completed, and the family does not talk too much about it. Especially, the children regard the first family business as something that was important for the family, while it was still under the control of the family, but nowadays it is something that the family has left behind it.

"No, I do not have any special feelings about that." (daughter)
"Well, it was something we had, but now it is gone." (son)

"It is more than seventeen years ago that they sold the business, so I guess it is quite natural that they do not talk about it anymore." (son)

6.4.2.2 Building the second business family

The entrepreneurial couple sold their successful family business, and their original plan was to get rid of the old business life once and for all. In order to facilitate the process, they bought a house abroad, and they spent several months a year there. They maintained good relationships to Finland, since their youngest son still went to school at the time of the transfer, and two of the other children also lived in Finland. All in all, the selling entrepreneurial couple managed to stay away from Finnish business for about six years, until it was time to do something else.

"We were away from local business for six years. We had some small activities which we maintained abroad, but that was on a very small scale." (father)

The wife seems to have been the driving force behind the decision to start up new operations. She is a few years younger than her husband, and she admits herself that the change was too dramatic, and it happened while she was still too young for full retirement. Her husband seems to interpret the situation in a somewhat similar way.

"I was too young to quit. It became a bit meaningless." (mother)

"I was forty-two when we left our company, and during the first years everything was different. We renovated the house, and we had time for our grandchildren in a total different way." (mother)

"She was too young. She had difficulty in finding what to do." (father)

It seems like it has not been so easy to merely have a relaxing life. The selling entrepreneurial couple travelled a lot while they stayed abroad for a few months, and the wife started to notice a promising business opportunity. She noticed some beautiful items that were not available in Finland. The original plan was not to start a new business, but since the business opportunity was there, and life was not so interesting, it became an opportunity that at least the wife could not neglect.

"We had no clear plans, but we had been thinking that we should not work anymore. But then I noticed so many beautiful items abroad that could not be found in Finland. Nowadays, it is very different, but at that time it was like that." (mother)

"They were abroad and my mother has always liked those kinds of items. They were travelling around in the country, when they noticed that it was boring to be retired, and that is when this new potential business came to their minds." (daughter)
The wife admits that she was too young for retirement, and it appears to be the case that she has been the driving force behind the second family business. The chosen business area also seems to be closely connected to her personal interests in general.

"I remember that my grandmother used to say that my mother had many such items. So I guess the new business got started from her personal interest in it.” (daughter)

After having chosen what new business area to focus on, the whole process started rapidly. A neighbour helped them with the initial contacts to a supplier abroad, and the search for an attractive sales outlet at home started at the same time.

"We found some contacts abroad. Our neighbour had contacts in the industry through his own job, and he introduced us to potential business partners.” (mother)

"After that we started up on a small scale, but we began by looking for a sales outlet.” (father)

The entrepreneurial couple had a clear idea of what they wanted to do when they started up their second family business. They knew where they wanted to have their first sales outlet, and they also knew how to get access to that outlet.

"It should not be in the city centre. There were not enough people there. The shop should be situated close to a main road. We also knew how many cars passed by there.” (mother)

"Then we found this place, but they had not planned to rent it. They had a small room that was used as an office, but they also had another room, which they used as an office. We thought that this room was something that they did not really need so we asked if we could rent it.” (mother)

The entrepreneurial couple not only knew where to start up their own new business, but they had also some clear ideas about how to run their business. Based on the experiences of the first family business, they decided that the second one should remain a small family business, and that there should also be time available for something else than business.

"We had planned to start on a small scale. We bought a small number of items to sell, and we had thought that this is going to be quite relaxing. We can be at home every now and then and not always at the shop. But it did not turn out like that.” (mother)

Plans are only plans, and quite soon the entrepreneurial couple realised that they had to change their original plans. The industry was new to them, but they got a good start, and they were not afraid of trying new things.
"The industry was new to us. It is not an easy industry to be in, but we got a good start. We imported everything ourselves, and since the middlemen were excluded, we got a good price." (mother)

"We had only the small room for about three to four months before we started to think that we have to expand. Then we got this extra space." (father)

"We have gradually needed more space. Customers came to us from far away. They also came by bus. We arranged bus transportation twice a month from the town nearby. It was for people who did not have a car of their own." (mother)

The entrepreneurial couple made a good start, and thanks to the response from customers, they also started to look more into growth opportunities. Customers asked if they would not consider starting up some new shops in the towns nearby, and it did not take long until this become reality. Within three years they opened up three new shops in three different towns.

"Then the customers started to ask if we could imagine starting up a new shop in the town nearby, because it was quite a long journey to come here and buy. Of course, they come here once or twice, but if you want to buy something while you go out for lunch, you do not come here." (mother)

"So we opened up in the town nearby in 1995. We opened in a small store, but we expanded in 1996. We then bought the space which we still own today. Then we opened up in the next town in 1997. We established in the following town in 1998, but we do not have that shop anymore." (mother)

The family business expanded to new towns within just a few years, but this was not in accordance with the original plan to keep everything on a small scale. The changed circumstances demanded some action from the entrepreneurial couple, and they decided to do two things. Firstly, they invited their children into the business, but they also closed one of the shops in one of the towns. It was simply too much to manage so they had to do something.

"We had quite a few customers, who came from the town nearby and they asked if we could not consider opening there, but we thought that no, it should not become any bigger than this. But then I asked our son if he was willing to join the business if we opened up in the town nearby. He said yes, and then we established the business there." (mother)

"In 1999 we entered the next town, but we do not have that shop any longer either. It was simply too much work. My wife should be there two days a week. Then she should be two days at the office, and then she should also take care of everything else." (father)

In retrospect, the entrepreneurial couple admits that everything did not turn out as planned. They had planned to keep the business more or less in just one room, but due to the response from customers, this was not possible. The same was true for the
products that they sold to their customers. To begin with, they had only products from abroad, but later on they have also started to sell Finnish products due to the customer feedback. All in all, it seems like the business growth just happened. The business opportunity was there, and the customers liked it, so there was no other option than to react to the customer feedback.

"It has just kept rolling. We had planned to stay in the first room, which we rented, but it has grown in response to our customers. To begin with, we also sold only imported products, but since then we have started to sell Finnish products and that part of the business has just grown." (mother)

"It has just happened. The business has grown, and then it has grown. Of course, we have tried to plan and think about the future, but it has gradually developed into what it is today." (mother)

When an entrepreneurial couple engages in serial entrepreneurship, it is natural to make comparisons between the different ventures. When doing so, the entrepreneurial couple agrees on two things. Firstly, every industry follows its own logic. In order to be successful, one has to understand the business logic in the specific industry, and two industries might differ totally from each other. Something that works in one industry does not necessarily function in another.

"The two industries are so different. In the former industry, you had new items for sale every single day, but now we are talking about seasonal goods." (mother)

"Not really, the two industries are so different from each other." (son)

"Everything is so dependent on the industry in which you are active and what kind of company you have." (mother)

A second opinion on which the entrepreneurial couple agree is that service is important. During their first business career they had to earn credits from their customers every single day, and that is also something that they continued to consider important during their second business career. They put a lot of effort into the service offered their customers and it seems to pay off. They get positive feedback from their customers.

"What we got most credits for is our service level. Customers are not used to the kind of service that they get from us. In our former business lives, the customers entered our shop every day, and you had to earn their trust every single day." (mother)

"They are more satisfied if they can be involved in selling." (daughter)

"They try to sell in a good way, and they try to get satisfied customers. I think that is something that they view as important." (daughter)
The entrepreneurial couple acknowledge the high importance of service for the customers, but there is also another major aspect, which they have learnt from the first family business. In their opinion, it seems that the first family business simply became too big, and this time the plan is to keep the business on a smaller scale. At least the children see it this way, and that is also perhaps the main reason at present why the business employs no more than nine employees. There would be space for more, but the intention is to keep it like this.

“*The business should be a small-scale business. It must not become a big business, but still it has become quite a big business.*” (mother)

"*They are trying to keep it on a smaller scale this time. Not so many employees and not so much administration.*” (daughter)

### 6.4.2.3 Working in a family business

The second family business started mainly from the interests of the wife. The plan was to keep it small, so that the entrepreneurial couple had something to focus on during week days. However, the original plan did not work out, and soon the parents noticed that they needed help. The first person to join the second family business was the eldest daughter. She started to work in the business for a few hours, and she has been involved in it ever since.

"*She helped us a bit when we got started, since we noticed pretty soon that we were not going to make it on our own. She also thought it was interesting and everything has worked out very well.*” (mother)

"*They started with a small shop, and I helped them every now and then since I had small children to take care of. After a few years they got the idea to open a shop in this town. It was a small shop, and I took care of it. Since then I have been involved in the business.*” (daughter)

During the early years, the family business consisted of two shops, but due to the customer response, there was a need for a third establishment. Such an expansion needed support from more people, and the natural step was to involve the oldest son. He started in the same way as his sister by working a few hours at one of the shops. He became more and more interested in the business, and for some years now he has been working full time in one of the shops.

"*Our son joined the business in much the same way. He studied, but he worked in the business during the summers. He did not complete his studies, but he ended up here. He thought it was that interesting. In addition, it was not that easy to get a job at that time.*” (mother)

"*I started to work there every now and then. I studied at a business school, but I quit because it did not give me anything. I was also working on the ferries every*
Now and then. Then I got more and more involved in the shops, and for the moment I am working mostly in the town nearby.” (son)

Both children like to work in the family business, and they regard the business area as interesting. However, to be working in a family business, where non-family members also work, requires certain arrangements. Basically, the daughter and the son work in two of the shops, but they must also be prepared to work in the other shops. If there is a need for flexibility, it is the business family members who have to handle the arrangements.

"For most of the time I work in this town, but I can also work in the other shops, when it is time for vacations and holidays." (daughter)

"I worked there every now and then and perhaps mostly on Saturday so that the other employees can have some time off." (daughter)

"I also work every now and then in the other shops, when there is a need for it.” (son)

For the moment there are three different sales outlets in the family business. The father is responsible for one of them, while the daughter takes care of another shop. The third shop is the responsibility of the son and the mother. The arrangement is not the result of a rigorous planning process, but it has just happened in a natural way. It is an arrangement with which the children also seem to be happy.

"It has just turned out this way. But I believe that it is also partly because my father has managed to create personal contacts with many persons who drive by.” (daughter)

"I started to work in the town nearby, since my sister was working here. We also opened the other shop after this one so it was quite a natural choice.” (son)

"It does not matter that we are working at two different sites." (daughter)

The family business employs four business family members for the moment. The original idea for the business came from the parents, and they have also been the major driving force in the business during its lifespan. The children are involved in purchasing, and participation in exhibitions used to be a common activity for all the business family members, but due to the present size of the family business, it is no longer possible.

"They are stronger driving forces than we are. That is how it is.” (daughter)

"Every one of us are involved in purchasing. All of us used to go together to exhibitions, but it is not possible to arrange it like that anymore. For the moment, perhaps no more than two of us can go at the same time.” (daughter)
Every business brings with it some paperwork, and in this respect there is total agreement on the major principles. In terms of board work the activities are kept to a minimum, and when it comes to the daily paperwork, it is the mother who has the main responsibility. That is how things were arranged during the first family business, and the business family has continued with the same set-up in the second family business.

"Our mother takes care of that. She has been doing that the whole time. Ever since they started their first business, she has been taking care of that part of the business." (son)

"She has simply been more suitable for that." (daughter)

"We fulfil what the law expects from us, but for most of the time it is only a question of keeping minutes." (daughter)

The business family members seem to be satisfied with how the business has developed, and how everything has been organized within the business family. However, it might be difficult to criticize the set-up when one has always been active in the family business. This is something which at least the children have noticed during their involvement in the second family business.

"I do not know about anything else. I was at home with the children to begin with, but otherwise I have been working within the family business the whole time." (daughter)

"The problem is that you do not have access to some other family businesses, and that makes it difficult to say how it could be." (son)

Regardless of the fact that one has worked most of the time in the same business, the children have observed that there are both pros and cons in working for a family business together with parents. The major good side is that it allows for personal flexibility, but on the other hand, one can never really let the family business go. One is always somehow engaged in it.

"There are both pros and cons, but in principal you are on duty the whole time." (son)

"On the other hand it is perhaps easier to get some time off when you need it. It is more flexible in that respect." (son)

"One thing, which can be a negative aspect, is that different opinions at work easily spill over into the private sphere. But in general, there have been no major problems." (son)

The children regard the engagement in the family business as something that is always present. One does not only notice this after working hours, but also in the relationships with employees who are not family members. They also easily see every family member
as important actors in the family business, although they might not formally have any supervisor responsibility.

"It feels like you have more responsibility for your work. I have also been working for other companies, but then it is more a question of you doing what you are told to do, and then you do not think anything more about it." (son)

"Although you are not a foreman, you easily become a foreman for those who do not belong to the family. It does not matter that you are formally on the same level. Then they also ask you more questions than they would if you were not a family member." (son)

For the moment, two out of four children are working in the family business. The two other children have been working in the first or the second family business for some short periods, but they have decided to try out their own alternative careers. One of them is studying, and the other is living abroad.

"He worked here while he was still at school, but I don’t think that he is really interested in the business." (daughter)

"Our sister worked in the former family business for about six months. She worked at similar tasks abroad, and that is why she came here. She worked in the business for six months, but then she realised that she should remain abroad." (daughter)

The fact that two out of four children are working in the family business does not seem to create a kind of imbalance in the family constellation. Naturally, all the family members who are involved in the family business have contacts more often, but then it is mostly about the business. All in all, every business family member presents the view that the business family constellation does not affect the family constellation.

"No, I cannot say that you can somehow notice it." (son)

"No, it has not influenced our family in any special way. We do not discuss business when we get together. Maybe we two discuss it at home, but that is also something which has decreased lately." (mother)

"It is quite natural that we have more daily contacts, but it is nothing personal we discuss. Mostly we just talk business." (daughter)

6.4.2.4 The future of the family business

The business family has managed to create a second successful family business. The idea has been to not let the business grow too big, and the business family seems to have been successful in this approach. Apparently, the potential is there, but an expansion would also bring some not that desired elements with it.
"In principal, it would be possibly to let the business grow, but it could easily become too big. That creates more paperwork, and then it is not either so easy to keep it on the same kind of personal level. It would not be the same thing anymore." (daughter)

The first family business was very successful. It was sold to the major supplier, and now it has also become time to start thinking about the future of the second family business. The expectations for succession seem to be there, and that is not a problem for the children who are working in the family business.

"I believe that they hope that at least one of us will continue with the business." (son)

"On the other hand, if I were not be working in this business, I do not know where I would be working. I do not know where I would feel like I belong. Then it is also the question of finding a company where you could find an opening." (daughter)

The children have been working most of their active working life in the family business. They admit that they do not have so much insight into other family businesses, and that has also perhaps to some extent had an influence on their future personal career plans. It is not totally clear what they would be focusing on unless they had the family business opportunity in the future as well.

"I do not know what I would be working in, but one thing is for sure and that is I would not be sitting in an office." (son)

"Maybe something related to service, but with a more practical approach." (son)

A succession appears the most appealing and realistic opportunity for the children in the business family, but there are still some open questions. It is one thing to be working in the family business without ownership positions. The position changes a great deal if one decides to buy the business from the parents and to become an owner.

"I have to see when that day arrives, but I think I would like to continue with this. But you also have to look at the financial aspect of it, and how that would turn out." (daughter)

"If you go through a succession in this country you will be punished by the tax authorities. So it is difficult to say." (son)

In terms of succession, the usual advice from family business consultants is that business families should start planning for successions as early as possible (Siikarla, 2001). The matter should be discussed in an open way within the business family, but these criteria do not seem to be fully met within this specific business family.
"I have not been thinking so much about it lately. We have bought a house and now we will have a baby so I have had a lot of other things to think about. I simply cannot answer the question today.” (son)

"Not with me at least.” (son)

"Something has been discussed, but one has to take the financial aspects into consideration. You have to consider both pros and cons before you decide what to do.” (daughter)

The succession seems to still be a somewhat open-ended issue for the children, but from the perspective of the parents, some initial steps towards a forthcoming retirement have been made. The parents have started to take more time off and they have also taken up some activities that they previously did not have.

"He has started to take one day off during the week, in addition to Sundays.” (son)

"They have had much more vacation this summer in comparison to what they have previously had during summers.” (daughter)

"They like to pick berries and fish. Mother is so happy that he has started to pick raspberries now.” (daughter)

The summer cottage and the house abroad also seem to be key ingredients in the forthcoming life as retired business family members. It offers the parents different kinds of activities and it seems to be something that they would like to spend some more time on in the future.

"The summer cottage and the dog are important. They very much like to be at the summer cottage. Mother could imagine fishing all the time, but our father is not that keen on fishing and she cannot do it on her own.” (daughter)

"Perhaps they are there for three weeks during the year, while they visit exhibitions and buy new items to sell. In addition, they have to take care of the house.” (son)

Clearly, the parents are planning for retirement once again. The first time it did not work out according to plan, but this time it seems to be different although at least the daughter is a bit sceptical about how her father will adjust to the forthcoming life without an active engagement in the family business.

"I have difficulty in imaging that father would start to be at home every day. But I do not know how he thinks about it.” (daughter)

The children have their ideas about how their parents are planning for retirement, but the parents seem to be convinced that this time it will be for real. Although it is the
second time they face retirement, this time they have no intention of starting up a new third family business.

"We have been working with this now for eleven years, and now we plan to quit. Soon. The children will then continue." (mother)

"No, I do not think that they will continue with some new business after this." (daughter)

"No, I believe that they will quit, at least our mother." (son)

"This time we are getting older and we have not planned to start a third business life." (father)

The parents have clear opinions about the development of their future lives in terms of workloads, but they have also, in comparison to their children, clear ideas about the future of the family business. The business will be divided between the children, and it will happen within two years.

"Our son will continue with one of the shops, and our daughter will take charge of the other shop. This will happen within two years." (mother)

"We will end our business operations but perhaps keep the company. You never know what my wife will come up with. It is because of her that we are here today." (father)

The parents admit that the planning process for the future after the family business transfer will be different this time. To begin with, the first family business was sold to a non-family buyer, but it is the children who will buy the second business. That will also provide the opportunity to have a longer and smoother disengagement period. Secondly, the first business was sold due to changed future competition, but now it is a question of retiring because of higher age.

"Last time it was not an option. That business was also so much bigger than this one." (mother)

"This time it is a bit different. Last time we sold the business, but now the children will continue with the business. Of course we sell the business to them, but it is not the same thing. We can become consultants. Work in the business, when they are on vacation and so on." (mother)

The parents are now facing retirement from the family business, and it seems like they are ready for real retirement this time. They have gradually started to take some more time off, but they also seem to be happy with what they have experienced during their business careers. Now it is simply time for a more relaxing life. They have collected their experiences, but now it is time for something different.
"We do not need so many new experiences. We have travelled so much and we have seen so much. And yes, we have been working hard." (mother)

"It has been fun." (mother)

6.4.3 Interpretations of interviews with business families

This section includes an attempt to interpret the interviews that originated in discussions with business family members from the retired (CF1) and the new starting (CF2) business families. These interpretations are also connected to earlier interpretation attempts in connection with the interviews from the two previous interview categories (business brokers and business family members) in order to bring everything together. The aim with this operation is to contribute further to the discussion about family business transfers and to increase the understanding of family business transfers and how business family members view such change processes. On a general level, it can be argued that the interpretations of the interviews with business family members from the retired and the new starting business families are comply closely with the previous interpretations in connection with the interviews with business brokers and business family members. Some new insights emerge, and they are mostly connected with different aspects of time and how business family members use time, and what happens when their way of using time changes to a large extent. This interpretation also results in the suggestion that the famous three-circle model by Tagiuri and Davis (1982) should be complemented by a fourth circle: the personal household. Support for that suggestion is presented later on in this section.

By following the set-up in previous interpretation sub-chapters, the focus is first directed towards the importance of financial capital. Several challenges during the beginning of the entrepreneurial career seem to be related to this capital form. To begin with, the family business might be started in order to earn a living (e.g. CF1d). It might take a while until that dream becomes reality (e.g. CF1m), because monetary capital is always needed for investments during the start-up phase (e.g. CF1f). The need for money will also be present if the business grows, but regardless of what kinds of money needs the company may have, a typical solution in business families seem to be that the wives handle the challenges related to management of monetary capital (e.g. CF1m and CF2s). This management task is clearly a great challenge for business family members, and the interpretation is also that management of financial capital in many situations makes the entrepreneurial activities concrete for the business family members. For example, the daughter (CF1d) in the retired business family mentioned that she noticed her father was becoming an entrepreneur when machines started to arrive in their garage.

Financial capital will not only be an issue in the beginning and during the early growth phase of the entrepreneurial career (Kaye, 1998), but it will also be a challenge when it is time to sell the business. Firstly, business family members might have ideas on what the price for the family business should be, and to reach an agreement about this with potential buyers is not necessarily a short process (e.g. Bb6, Bb12, CF1m and CF2f).
The interpretation linked to this seems to suggest that selling business family members seem to prefer buyers, who do not buy the family business merely in order to make money on the deal (e.g. CF1m). The preferred buyers should have a genuine long-term interest in the family business. Naturally, the buyers should also be able to pay the asked price for the business, but sellers stress the importance of a reasonable price, because neither do they want to give the impression that money was the most important aspect of the deal (Mickelson and Worley, 2003). In other words, the price is not unimportant (e.g. CF1f), but other aspects of the family business transfers are categorised as more important (Sharma and Manikutty, 2005). Previous interpretations have also suggested such aspects often mean that the personnel can keep their jobs (e.g. CF1m and CF1f) and that the company continue in the same premises (e.g. Bfm8).

Another challenge related to financial capital during family business transfers is the fact that business family members must also think about what they will do with their money when the deal is closed. It is not uncommon that some of the money is spent on boats (e.g. CF1m) or houses (e.g. CF2m) during the entrepreneurial career, but at least the first generation business family members must think about their future and their desired standard of living after the transfer. It should be possible to pay some kind of salary to oneself after the transfer (e.g. CF1f and CF2m), or perhaps this has to a large extent already been arranged through pension insurances (e.g. CF2m). This is an aspect of life that has to be planned for, and there seem to be service providers available to help business family members with such challenges (e.g. CF1m). However, this is an aspect, with which at least first generation business family members are not always comfortable, and there is some support for such an interpretation. For example, the parents in the retired business family (CF1) found out unfortunately that they rapidly became very popular with investment specialists, who were willing to help them manage their monetary capital. The change in the level of this form of capital could also affect how individuals in the nearby social surroundings viewed the entrepreneurs (e.g. CF1m). An upgrade of the car was not popular among other people in their neighbourhood (e.g. CF1m), and it can be challenging to handle all these kinds of changes in the social setting.

All this together results in the interpretation that business family members in most situations will argue that financial capital in relation to family business transfers is not so important, or at least that there are other aspects of the deal that are much more important. This will most likely be the case regardless of how the business family members view the importance of financial capital. Firstly, it can be as the primary interpretations of the business family member interviews suggest that monetary capital is not so important for selling business family members, but an alternative interpretation is that this opinion is understandable, because the opposite standpoint creates undesired challenges on all kinds of levels. In that respect, it is quite logical that although business family members may like the change in the level of monetary capital as a result of the family business transfer, the socially acceptable opinion is that money is not important, and therefore selling business family members also present such an opinion. Some entrepreneurs (e.g. Bfm5 and Bfm7) admit that they started their companies because of the money, but the same opinion is not always present when the family business transfer is accentuated. Then other values are stressed by the selling business family members.
The interpretations of the interviews with members from the two business families (CF1 and CF2) indicate that financial capital will always be a challenge for business family members. It is not easy to get the needed capital in the beginning or during the entrepreneurial career, but it will also be a challenge to manage the capital after the family business transfer (Petty, 1997). The wives seem to handle these challenges during the entrepreneurial career, and perhaps also to some extent after the family business transfer (e.g. CF1m). All in all, financial capital is an important element during the journey towards increased understanding of family business transfers, but so is human capital. However, the interviews with the two business families in this section do not reveal much information about human capital, and especially not about the personal use of human capital among the business family members. Most of the discussions on human capital had some relation to the personnel, and one such aspect appears to be that the first generation business family members (e.g. CF1f and CF2m) saw more disadvantages than advantages in an increasing number of employees. More employees indicate a larger organization, and that brings with elements which business family members do not necessary characterize as interesting or of high priority (e.g. CF1m and CF2m). That is perhaps also why business family members (e.g. CF1f and CF2m) from both business families prefer companies with fewer employees. The contacts with the employees (e.g. CF1m) might be important, but it is different with the administration aspect of the personnel. The other side of this challenge is that business family members might want to use their own human capital on activities other than administration. At least in the new starting business family, the most preferred activities were sales and contacts with the customers (e.g. CF2d and CF2m). All kinds of administration activities were kept to a minimum (e.g. CF2s).

When shifting the human capital focus from the period before the transfer to the period during the transfer, at least members from the retired business family (CF1) argued that it was important for personnel to continue with the new owners. Related to this is perhaps also the previous remark in relation to financial capital that selling business families seem to regard it as important that employees do not get the impression that the family business was sold because of a desire to increase the personal availability of monetary capital among business family members. In that respect it is more important that the employees get the impression that the family business obtained new, good and responsible owners, who will take good care of the employees. Clearly business family members perceive it as important that the employees can continue with their work for the new owners, but not a single first generation business family member from one of the two business families (CF1 and CF2) mentioned the work aspect as important for them personally. The parents from the retired business family (CF1m and CF1f) argued that it was important to relax after the transfer, and the parents from the new starting business family (CF2m and CF2f) have similar thoughts, since they are also now planning for retirement. When they sold their first business it was important to get rid of everything, but if succession is realised in connection with their second family business, they can imagine remaining involved in their family business. The daughter from the retired business family is in the same situation as her parents. Neither does she see any problematic connection between her own human capital and the transfer of the family business. She is just relieved that the family business has been sold. The two children from the new starting business family are in a slightly different position. They have preliminary plans to stay in business, and they (CF2s and CF2d) have difficulty in
seeing what they would be doing if they were not engaged in the family business, although the final decision has not been made. This may mean that they are mostly willing to use their human capital within the existing family business, but if they really choose to exercise that option is highly dependent on aspects connected more to their financial than to their human capital.

Members from the two business families seem to view the importance of organizational capital in connection with family business transfers somewhat differently. Members in the new starting business family do not explicitly refer to organizational capital and its importance during the family business transfer, but members from the retired business family made some references to it and especially in connection with how the new owners are running the business operations. The daughter (CF1d) mentioned that the parents have complained that the new owners do not treat the personnel in the best possible manner. However, she realizes that although she herself would most likely also want everything to continue as normal, the new owners must be allowed to run the business in their own way. Similar reasoning is applied to how the new owners handle customer and supplier relationships. The parents (e.g. CF1m) argue that they never had any problems with deliveries or with the bills, but it seems to be different with the new owner. He has had problems with these two issues, and that shifts the focus towards relationship capital and its perceived decreased level. Members from the new starting business family do not report similar experiences, but that is understandable for two different reasons. Firstly, it has been a long time since the first business transfer, and then the idea was also to get rid of everything because a new tough competitor was expected to enter the market within the near future. The other reason for the lack of reference to changes in organizational or relationship capital is the circumstance that the forthcoming change has not yet happened within the second business family. One can sense that the parents hope that the customer service will continue to be on a high level, but otherwise it seems to be up to the children how they run the business in the future.

The selling business family members made few references to organizational capital during the interviews and even fewer in connection with relationship capital. References to customers are the only aspect. One of the mothers (CF1m) mentioned that she misses the customers and the contacts with the employees. The first generation business family members in the new starting business family also like to be involved in customer contacts, but they do not explicitly mention that they will miss these contacts. Perhaps the changes will not be dramatic, since they (CF2f and CF2m) have some plans to remain involved in customer contacts although the children will take over major responsibility for the family business. The scenario for these parents with the first family business was different, since it was sold to non-family buyers, but there the dissolution of the personal involvement in customer relationships did not seem to be a major problem. The plan was to get rid of everything, and that includes customer relationships as well.

Social capital was the final capital form in the capital lens, and when the focus is shifted towards this capital form, the interpretations of the business family interviews indicate some new and interesting aspects of family business transfers. The external dimension of social capital does not include much new information; interpretations of the internal dimension have much more to offer. Interpretations related to the external dimension
suggest that at least first generation business family members (e.g. CF1m) may sense some kind of loss in relation to contacts with the personnel and customers, and this is very much in line with the interpretations of material from the two former interview categories (business brokers and business family members). In connection with the internal dimension, the new insights are connected to aspects like the consequences of belonging to a business family, combining family and business life, and the reorganization of how available time is spent. Especially the last mentioned aspect seems to be one of the most crucial aspects during and after family business transfers.

The interviews with the selling business family members from both the retired and the new starting business family brought out interesting aspects of how business family members look upon the internal dimension of social capital both during the entrepreneurial career and the period after the family business transfer. Firstly, parents from both business families (CF1 and CF2) mentioned that the business has demanded a lot from them. Their available time has been put into the development of the business. It has meant long days, and work during week-ends have been the rule. The children have noticed this, and the daughter (CF1d) from the retired business family stated that they never had any normal family life. It was always about the business, which also the parents admit in retrospect. Even if they sometimes were present at home, they were always thinking about the company. Similar thoughts are found among the parents in the new starting business family. These parents also notice in retrospect that they worked too much with their first family business, but they tried to do it differently the second time.

Selling business family members seem to agree that entrepreneurial activities demand a lot of time and effort, and that it is easily the household and the children that suffer from this (e.g. CF1f and Bfm6). In that respect, involvement in family businesses easily creates work-family conflicts (Ekrich and Loughead, 1996; Karofsky et al, 2001). However, the family business provides also opportunities to be together. When one is working together, that is also time spent together although the focus is on business and not necessarily on family relations (e.g. CF2d). The family business can also provide opportunities for funding boats, summer cottages or travel plans, and these are other potential sources for spending time together. In this aspect business family members have something that non-family members lack, but there is also the other side of the same phenomenon. That side implies that business family members have the impression that non-family employees regard business family members as strong representatives of the business family, although some of the business family members may not have such strong roles in the business family. Especially, the son (CF2s) in the new starting business family has noticed this. This is an interesting aspect of family entrepreneurship, because the interpretations of the business family member interviews in the previous section did not result in a perception that the family members themselves view the business family as an important unit. However, employees might view this differently, since their natural assumption might be that business family members are part of the same unit, and they therefore share the same view about the family business. In other words, employees might regard business families as strong in terms of internal social capital (Davis and Harveston, 1998), and therefore it is important to remember that every single business family member represents the whole business family.
Another interesting reflection about employees and the business family has to do with working arrangements. This comes forward in interpretations of the interviews with the business family members in the new starting business family. Both children and parents argued that when it is time for the personnel to have vacations, it is the different business family members who have to see that the business keeps running. This might imply that business family members have to work during weekends, holidays, and vacations. In that respect, family and non-family employees are in different positions in family businesses. This may also create the feeling among business family members that when it comes to flexibility and working time arrangements, it is always the business family members who must take responsibility. It is not totally impossible that this also partly explains why business family members seldom search for the family business buyer from among their own personnel. Business brokers (e.g. Bb8, Bb9 and Bb11) argue that selling business family members most often do not search for buyers in this category, and perhaps a perceived lack of flexibility by business family members among non-family employees is one of the explanations for this behaviour. They may think that if the employees cannot be more flexible in working arrangements, how can they manage as entrepreneurs?

Clearly, business family members must be prepared to be flexible and to put in extra hours in the family business, and it is in relation to this that one of the most interesting findings in this thesis has its origin. The idea in this study has been to study transfers of family businesses to non-family buyers, and in many such cases the family business is sold because of a lack of willing successors (Neubauer, 2003). One major interpretation for why second generation business family members may lack interest in taking charge of the family business seems to be linked to their personal time planning (Ekrich and Loughead, 1996). They are for some reason not willing to direct most of their available time to the family business system environment (Beckhard and Dyer, 1983), and this can be understandable for a number of reasons. In order to facilitate the discussion about these reasons, a four circle model is introduced in Figure 10.
The four-circle model in Figure 10 is a further development of the three-circle model by Tagiuri and Davis (1982). Their idea was to split the business system into the components ownership and business, and the four-circle model now also involves the division of family system into family and household. In this specific context, one should initially understand household as the personal households of the second generation family members. The reason to introduce the fourth circle into the model is found in the interpretations of how second generation business family members seem to view their personal situation in times of succession discussions and potential business transfers. On a general level, the idea with the four-circle model is not only to highlight the importance of the four different dimensions, but also how the business family members divide their time between the different dimensions. For example, based on the interviews with the parents from both the retired business family (CF1) and the new starting business family (CF2), it appears that the parents have spent most of their time within the business dimension. They have worked long days, weekends and holidays with the aim of developing the family business, and perhaps many times at the cost of having less time for the family dimension (Dyer, 1994). Some of the business family members interviewed (e.g. CF1f, CF2m and Bfm6) admit this. The ownership dimension has naturally received attention, but perhaps not as much as the business dimension. One reason for this may be that it is in the ownership dimension where the monetary aspects of family business activities are more concrete, and since money is something that one is often uncomfortable in discussing, this dimension easily receives less attention (Davis and Herrera, 1998). However, the interpretation is also that the ownership arrangements is not necessarily something into which business families want to put so much energy. Ownership aspects are connected with activities like board
meetings, and most business families that run small family businesses seem to prefer to keep these activities on a minimal level (Longenecker et al., 2000). This dimension gets more attention, when there is some discussion about successions or business transfers, but otherwise business family members do not seem to spend much time on ownership discussions.

The aspect of time is interesting, because several business family members seem to represent the view that the business dimension received much attention, while many times the family dimension and especially the children suffered, since there was not enough time available for them and their needs. This is a typical challenge for entrepreneurs (Loscocco, 1997; Karofsky et al., 2001), and every business family will have worked out some kind of idea of how to balance the need of time between the different dimensions. At the time for a succession or a family business transfer, this time distribution is threatened, and that seems to be the core challenge business families have to deal with in order to find a solution with which every business family member can be satisfied (Davis and Har vested, 1998). For the first generation business family member the challenge is to find out what to do with the time that is suddenly available when their involvement in the business activities starts to decrease. A succession might imply that this change happens gradually, but in a family business transfer this change might be quite abrupt and substantial. Some business family members (e.g. Bfm17) admit that they have not been capable of dealing with this change. They have not been able to replace the loss of involvement in the business dimension with some other activities or to better use the time available within other dimensions of the four-circle model.

When looking on the time planning from the second generation perspective, the personal household dimension becomes accentuated. The idea with this dimension has to do with aspects that Hall (2003) refers to as belonging and individuation. Belonging refers to the need to have membership in a social context (Baumeister and Leary, 1995), and perhaps for most in a family. One is not a whole person unless one also has social relationships to other members in a family. However, at the same time while a person becomes older, the awareness for individuation increases (Kets de Vries, 1996). This implies that it becomes important to build up one’s own identity and to become a person, not only somebody, who is referred to as a member of a family (Ekrich and Loughead, 1996). A fair share of this process is concretised when a family member moves away from home and starts to build up his or her own household. When this happens, such a family member might also have to renegotiate relationships with the other family members (McGregor and Ellison, 2003), and this can be highlighted by introducing the fourth dimension, personal household, into the four-circle model. This new dimension is closely linked to the family dimension, since a family member will always be a family member, but at the same time, one must start to take more active responsibility for the own time and the personal household (Davis and Herrera, 1998). Such activities may include starting to build up the personal household by involving new family members such as in-laws and children.

The introduction of the fourth dimension into the model in Figure 10 is not only a good way of showing the implications of the individuation process, but it can also be of great help during processes where the aim is to plan for successions or family business
transfers. From the perspective of the individual second generation business family member it is initially a question of creating space for the personal household. So far one has been a member of the family dimension, but this changes when the personal household is established (Ekrich and Loughead, 1996). A line separates these two dimensions from each other, and that line can also easily become a barrier. For example, information about the family business may have been freely distributed within the family household, but since one is not simply spending so much time under the same roof anymore, there is a bigger risk of information asymmetry (Davis and Herrera, 1998). This on the other hand implies that as soon as family members start to move away from the family household, business families should start thinking about how they will keep all their previous household members up to date on family business issues (Poza, 2003). Along the same lines is the question of how one should deal with in-laws who are introduced into the personal household of the second generation family member. The line that separates the family and the household can also easily become a barrier here. The first generation business family members often know how the former family household members behave, but it might be different with in-laws, since these are new persons to the system (Havunen and Sten, 2003). Once again, this is something that business family members need to discuss.

A lot of changes within a family occur when children start to move away from the original household, and this becomes even more accentuated when second generation business family members start to reflect on how succession will influence their personal household. Due to typical life-cycle phases for first and second generation business family members it is not totally uncommon that second generation business family members build up their personal household at the same time as they should become successors and this may create several personal challenges for second generation business family business (Davis and Tagiuri, 1989; Loscocco, 1997). Firstly, it is a question of how succession will change the opportunities for distributing time in a certain way. Young children in a household may request bigger time investments in the personal household dimension (Miller et al, 1999), while succession will certainly create bigger pressure for a change in one’s own position in the business dimension. That will create a need for more active use of time within the business dimension, and a greater risk for work-family conflicts (Riordan and Riordan, 1993), but the question is whether one is willing to do that. The daughter (CF1d) in the retired business family was not willing to do this, because she was afraid that the kinds of time distribution patterns she had experienced as a child would start to repeat itself within her own household. Close to this interpretation are also the doubts that the second generation business family members in the new starting business family have about their shift in positions. They are in principal ready for succession, but they are not convinced that they are willing to take the personal financial risk. Such a risk could have effects on the personal household, and one is a bit careful when it comes close to such solutions.

All in all, with the fourth dimension in Figure 10 as the starting-point, it is fairly easy to notice where the great challenges are during successions and family business transfers. These emerge even more readily when the elements from Figure 9 on decision-making during potential family business transfers are connected to Figure 10. To begin with, triggers to change are what starts the process and what forces at least the first generation business family members to start questioning the status quo of the four-circle model. At
the core is the insight that the first generation business family members have realized that they have to change their role within the business dimension. This change may be needed, because they do not see a brighter future for the family business, or simply because they are getting older or have health problems (Neubauer, 2003). They might also realize that the second generation business family members are not interested in any personal changes within their own role settings in the four-circle model, and then a family business transfer easily becomes the most desired option for the business family. The interesting point with the four-circle model is also that employees are included (number 3), and since they are part of the same overall system as business family members, it is easy to understand that the business family shows a genuine concern about their situation after the family business transfer is completed.

When shifting the focus towards exit barriers, there are several connections with Figure 10. Financial barriers are most closely connected with the ownership dimension, and from the perspective of the first generation business family members in the family dimension, it is not possible to withdraw from the ownership dimension before an agreement about the price has been reached with a potential buyer. This also seems to be a frequent challenge in family business transfers (e.g. Bb2, Bb6, Bb11 and Bb12). Financial barriers can also exist between the ownership and the personal household dimension. The children in the new starting business family accept that they have positions within the business dimension, but they are doubtful about an involvement in the ownership dimension. They regard the involvement as a financial risk, and since it could have implications for the situation within the personal household (Haynes et al, 1999), they are not totally convinced that succession is a good option for them. They understand and accept that the first generation business family members want to withdraw from the ownership dimension, but it remains to be seen whether the second generation business family members enter this dimension.

Role identification seems mainly to be a challenge for the first generation business family members. From their perspective, the original three-circle model is where they belong, and if they are not members of that system in the future, they do not necessarily feel like whole persons (Fontana and Frey, 1990). A withdraw from the overall system would have a strong influence on their role-person constellation (Davis and Harveston, 1998), and they may not know how to handle such a role transformation. Usually the recommendations are that such family members must find replacing activities in order to cope with their role changes (Bygrave, 1997), and for some family members these new challenges can be found within the family dimension. The family business transfer simply provides an opportunity to be more together with other family members. Another opportunity is to find some new activities that replace time spent within the ownership and business dimension in the three-circle model. One such alternative is to set up new businesses, and that is what serial entrepreneurs or serial business families prefer to do.

Entry barriers in the form of role innovation and absorption are in most aspects related to the business and the personal household dimension. As discussed earlier in connection with interpretations of business family member interviews, first generation business family members seem to be prepared to withdraw from the business and ownership dimension if the second generation business family members are willing to
enter their former positions. However, second generation business family members may prefer not to do so, because for a number of reasons (Ekrich and Loughead, 1996), and that is where relational rationality becomes part of Figure 10. To begin with, second generation business family members may not want to shift positions within the four-circle model, since they may fear that there is no space for role innovation because of the lack of serious withdrawal from the business dimension among the first generation business family members (Evans and Harvey, 1995). There may also be great expectations on role absorption from several different stakeholders during succession (Beckhard and Dyer, 1983) and therefore the second generation business family members may prefer not to enter some new roles within the business family. In that respect, a succession might from the perspective of the second generation business family members create a situation where the family business and the business family as a whole face a good solution, but due to the personal sacrifices for that solution, the second generation business family members do not agree on such a solution (Holland, 1985). The motive behind this reluctance might be found in the personal household dimension. Full responsibility for the family business may endanger the personal relationships to all the other family members in the personal household by creating work-family conflicts, and that is not necessarily a risk that a second generation business family member is willing to take. Succession might also imply a move from one region to another (e.g. Bfm8), and that might have an influence on the personal social networks of all members in the personal household. In that respect, a stronger involvement in the business dimension might endanger the established social networks with individuals outside the business family (Steier, 2001). Interestingly, it is the total opposite scenario for first generation business family members. They may in many situations have access to social networks thanks to their positions in the business dimension in the four-circle model, and if they then withdraw from that dimension, there is a risk that they will lose their social networks (e.g. Bb8, Bfm1 and Bfm17). This is a great challenge during both successions and family business transfers, and it may be something of which first generation business family members are not fully aware until the succession or the business transfer is completed (e.g. Bfm17).

All in all, the four-circle model in Figure 10 indicates that role changes and use of time are key aspects during family business transfers. A family business transfer will result in role changes and role settings, and the main question is how business family members view this change and prepare themselves for it. Relational rationality will be a key ingredient in that decision-making process. Special emphasis is put on the personal household of the second generation business family member, since a family business transfer will most likely decrease the amount of time available for this dimension. It is the opposite for the first generation business family members, but that challenge may be even greater than the one confronted by the second generation business family members during family business transfers. Naturally, it is important to notice that a family business transfer may include several second generation business family members and their personal households. Hence, the idea with the four-circle model in Figure 10 is that each business family member needs to view the change process from the perspective of their own personal household. This implies that there may also be conflicts between second generation business family members and a typical example of that could be where one couple within the extended family is willing to sign a marriage settlement while the other couple is not willing to do so (Mendoza and Krone, 1997).
6.5 Summary

This chapter has included presentations and interpretations of empirical material collected from three different sources of interview objects. Finnish business brokers were the first major empirical source and the interpretations of those interviews suggested that it is often the father who is the key person in family businesses. He often holds the majority of the shares, and hence has the power to start and complete change processes like successions and business transfers. It often seems that it is also this person who faces the largest problems connected to role identification during such change processes. In general, the analyses of the business broker interviews brought out the idea that there is not much information available on the behaviour of business family members other than the selling fathers. It may also be important to distinguish between the period before, during and after the transfer in order to increase the understanding of processes like successions and family business transfers.

Business family members from eleven different business families represented the second major data source. The analyses and interpretations of these interviews brought out some additional key aspects of family business transfers. The most important such aspects were exit and entry barriers, role innovation and absorption, triggers to change, and relational rationality. The analyses of this set of interviews also stressed the idea of looking upon changes from both the first and the second generation business family members’ point of view. That work will also naturally focus to a large extent on relational rationality and that is where the family business, the business family, the family, and social networks are of high importance.

Two business families created the third data set, and it is in relation to these interviews that the major idea about the four-circle model emerged. A key topic during successions and business transfers is clearly the personal household and the use of personal time. A succession or a family business transfer will create pressure for change in time planning, and business families will work out different solutions depending on how individual business family members view the effect of the change on the status quo of time usage within the four dimensions of the four-circle model in Figure 10. However, this is not only a great challenge for second generation business family members, but also for first generation business family members. In that respect, it is interesting to note that an exit from the business dimension might result in a loss of social networks for first generation business family members, while an entry for the second generation business family member may lead to the loss of some already established social networks. This might create great problems for both generations during successions and business transfers, and especially for the whole business family, since these change processes may be going on simultaneously.
7 CONCLUSIONS AND POTENTIAL IMPLICATIONS

This chapter includes an overview of key topics that have emerged during the research process. It starts by returning to the research questions and the contribution objectives. That section is followed by a discussion of the similarities and differences between successions and family business transfers, and this discussion leads in the next section to how business family members may prepare themselves for a forthcoming family business transfer. These two sections are similar to what researchers usually refer to as the managerial implications, and hence they are also slightly more normative than the other sections of this report. The fourth section in this chapter focuses on the methodology of the study and a critic of the research process, in addition to what was discussed in chapter five, is presented. Finally, this project has tried to answer three research questions, but also new prospective research questions have emerged during the process. The final section of this chapter presents some of the most promising future research questions concerning family business transfers.

7.1 Revisiting contribution objectives

The research questions and the contribution objectives were presented in chapter one. The three major research questions were:

*How do business family members view family business transfers?*

*What is of importance for business family members when a family business is sold?*

*What changes for business family members when a family business is sold?*

By focusing on these three research questions, the aim was to reach the following four contribution objectives:

*This thesis tries to reduce the strong existing imbalance in favour of successions as interesting research topics among family business researchers.*

*This thesis contributes to the family business research field by further highlighting the importance of input in the family business from business family members other than the entrepreneurial founder.*

*One of the aims of the study is to create a wider view of how business families reorganize themselves after a family business transfer is completed.*

*This thesis tries to provide a tool that business families themselves can use in internal family discussions about the future ownership and management structure of the family business.*

When reflecting on the research questions and the stated contribution objectives, the general starting-point is that the questions have been answered and that the contribution
objectives have been reached. To begin with, the introduction showed in accordance with the first contribution objective, the need for a broader view on ownership and management changes in the family business context. Regardless of the reason, family business researchers have been mostly preoccupied with family internal transfers, but Smyrnios et al (1997) showed that most business families choose other exit routes. There is not much research available on these other exit routes, but that also makes them worthwhile studying more in detail. Fairly uncovered ground is the Promised Land for researchers, and family business transfers are such an area. Pellegrin (1999) and Kenyon-Rouvinez (2000) have opened up the discussion about this area, and this thesis tries to take it forward and to give family business transfers more space within family business research. Clearly successions and business transfers have much in common, but the interpretations of the interviews in this study also indicate that there are several interesting differences between these two exit routes. That is important information for business families, but it is also a signal to family business researchers that it is time to direct more attention towards family business transfers. The future will tell if this thesis is only one single activity in that process, or if it is a building-brick in something that is going to interest family business researchers more and more. European demographics (ENSR, 1998) support such a development, and hopefully this thesis will offer further support.

The business family has been the main unit of analyses in this report, and by taking that approach it has been possible to reach the second contribution objective. Family members other than the founder have often been neglected in family business research (Poza and Messer, 2001), but by having the business family as the main unit of analysis one immediately avoids this problem, since there is no family unless several persons are involved. The interviews also brought out the importance of business family members other than the founder. A typical example is that the founders often wanted to have their wives present during the interviews with the motivation that they have been in this business together. The interpretations of the interviews stressed even further the importance of the contribution of several business family members. They showed that there are role divisions between family members in a family business, and every role is important for the functioning of the entire family business system. A typical example is that the founder takes responsibility for production and customer contacts while the wife takes responsibility for invisible work like administration. The interpretations also showed how differently business family members might look on a change process like a family business transfer, which is also a clear message to family business researchers thinking about methodological procedures. In that respect, it is often not enough to identify input from several different business family members. The results may also be more valid when the family business researcher acknowledges the importance of listing to these multiple voices when family businesses are in focus. Otherwise, there is a clear risk that family business researchers base their interpretations on the single voice of the founder or a potential successor.

The first contribution objective was to highlight the importance of business transfers as exit routes for business families planning for ownership and management changes, but the third contribution objective focuses more on the period after such an exit route has been exercised. Kenyon-Rouvinez (2000) has indicated that one option for selling business family members is to set up a new business, but the theoretical discussion in
chapter four revealed several other options that are open to selling business family members. Basically, the business families can choose between setting up and not setting up a new business after a family business transfer, but within these two categories there are different variations depending on changes in the family and business dimensions. The option exercised by the sellers depends on several factors in specific situations, but the mere identification of at least a theoretical option is an important contribution to the discussion about ownership and management changes involving family businesses. The theoretical sampling strategy also facilitated the identification of business families that have chosen different routes after the family business transfer. In that respect it has also been possible to reach the third contribution objective.

The development of the capital lens showed how multi-dimensional transfers can be, but this opinion also got strong support when one listened to the voices of different business family members. In that respect it is also important to remember that not only are there different family members involved in family businesses, they may also have very different roles in the family business, and this will have an influence on how they view change processes like family business transfers. The fourth contribution objective is discussed in more detail in chapter 7.3, but it can be argued that it has also been possible to reach this objective. The major part of that work was done during the literature review and the discussion of the capital lens. Those work processes made it possible to identify key areas in personal due diligence. The interview guides were developed based on this specific work, and they are additional key ingredients in the work of designing personal due diligence. The interviews and the interpretation of these contributed the final pieces.

In my opinion, it has been possible to reach the four contribution objectives, and thereby the research questions have also been answered. The first research question focused on how business family members view family business transfers, and the interpretations of the interviews indicate that this is highly dependent on their roles in the family business. However, it seems as though business family members, regardless of their roles, regard business transfers as challenging processes. The majority owners seem to face the highest exit barriers, but this may also create problems for other business family members, since it appears difficult for them to leave the family business entirely before the majority owner has made the decision to sell. Unfortunately, from the perspective of business family members other than the majority owner, this process can continue for years. Strong role identification appears to be the reason behind this long pre-transfer process. The situation is somewhat different for second generation business family members, since they are not willing to continue with the family business due to their already established identities outside the family business system environment. There is not enough interest in role transitions within the business family system among the second generation business family members in the cases studied, and hence, their major interest is to leave the business family.

Selling business family members seem to regard family business transfers as challenging processes and due to the support from the capital lens it was possible to obtain an answer to the second research question by identifying some key aspects that selling business family members believe are of importance during family business transfers. Typical such issues are that the employees can keep their jobs and that the
business continues as usual. It also seems as important to leave the family business after it has been sold, and this is somewhat different from what may happen during succession processes. The interpretations of the interviews also indicate that the majority owner often faces the highest exit barriers, and this may be due to their high level of involvement in the business operations. Second generation business family members did not face these problems, and this is understandable in terms of their long-term interest in the family business and the selection of cases. All in all, the capital lens turned out to be a very useful tool in the interpretative work in relation to the second research question. It made it possible to see more clearly that different business family members may view a transfer differently. Different capital forms are of different interest during a family business transfer and the reason for this is the different role sets of the business family members.

The efforts behind the search for answers to the two previous research questions have provided valuable insights into how business family members view transfer processes, but the third question focuses more on the period after the transfer. When trying to answer this research question, the interpretative work took the process back to the famous three-circle model. Earlier interpretative activities had stressed the importance of exit and entry barriers, triggers to change and relational rationality, but when all these elements are linked to the three-circle model, one really starts to understand family business transfers. The decision to complement the model with a fourth dimension, the personal household, only strengthens that impression. All this together turns the focus towards the importance of different roles in both the business family and the family business system, but also what kinds of challenges changes in relation to these roles bring to the selling business family members. To begin with, a second generation business family member has the opportunity to analyze a transfer from the perspective of his or her personal household. A transfer calls for more activities and time spent within the business dimension of the four-circle model, and a second generation business family member may take a decision by relating this change to the capital forms in the capital lens. For example, if more activities within the business dimension endanger the position within established social networks outside the family business environment, the second generation business family member may be reluctant to buy the family business. A transfer also implies a stronger position within the ownership dimension, and that brings forward aspects of financial capital. Is the second generation business family member willing to bear the increased financial risk, which eventually may be a risk for the personal household? The answer to this question will be different for different second generation business family members in different situations.

The four-circle model shows that first generation business family members will have slightly different challenges to face in family business transfers. From their perspective, a withdrawal from the business dimension results in more available time for other activities, but how should such time be spent? Business may have been the only or the major activity in life, and then it is not easy to adjust to a totally new time distribution pattern. The interpretations of the interviews also indicate that this role shift can have an influence on the level of social capital. The role position within the business dimension may be the most important gate to social networks, and when one withdraws from this position, there is a danger that connections to social networks will also disappear. The interpretations of the interviews suggest that majority owners are not always fully aware
of the consequences of such a change. The personal due diligence as presented in chapter 7.3 can be of some help in this respect.

The capital lens made it possible to come up with a fourth dimension of the famous three-circle model, but it had also other qualities. The existence of the lens implied that there was always some kind of reference point available during the process of deciding what should be included or excluded in the empirical part of the thesis. The capital lens also facilitated the presentation of how the interpretation process proceeded from the business broker interviews through business family member interviews towards the case descriptions. This way of working makes it also easier for the reader to follow how the researcher actually has arrived at his interpretations. In that respect, one could say that by using the capital lens one also identified the embryo of a methodological contribution. By this, I refer to how the interpretation process is presented to the reader. The reader has had the opportunity to follow the development of the capital lens layer by layer, but then it also becomes important for the reader to have the opportunity to follow how the researcher has used the different layers in the capital lens. In this respect, I believe researchers with a qualitative approach can often be more informative about how they reach their interpretations. They might describe how they have developed their analytical tool and what kinds of results they have been able to obtain thanks to the tool, but the description of the process in between is too often on a general level. This is not an optimal approach from the perspective of the reader, and by opening up this process on a more detailed level, and step by step, the reader gets a fair chance of interpreting the results and reflecting on the final product.

The capital lens worked well during the research process, and its use highlighted the importance of studying phenomenon from several different perspectives. The lens consists of five different capital forms, and by studying family business transfers from all five perspectives one ends up with richer descriptions of family business transfers than a one or two dimensional approach could have produced. For example, a family member might say that monetary capital is not important, but this piece of information becomes more valuable when one can relate it to social capital and the importance of not having a reputation among the employees of having sold for money. The social capital layer revealed this statement, and other examples could be given on how the different capital forms have resulted in promising interpretations. It also seems apparent that the major theoretical contribution, the four-circle model, would not have been possible without the multi-dimensional analyzing tool used during the process. In that respect, it can once again be stressed how important it is to approach new and interesting research topics from different perspectives, but also within the frame of the same study.

7.2 Successions versus business transfers

A business transfer might be the biggest business challenge during the career of a business owner, and since statistics (Cartwright and Cooper, 1995; Sharifi, Karan and Khan, 2005) argue that more than 70% of business transfers to some extent fail, it is obvious that several issues might go wrong during a transfer process. The transfer
process, including phases such as pre-transfer, transfer, and post-transfer (Mickelson and Worley, 2003), may continue for a long period, and in that respect it is easy to understand that there are several smaller challenges during different phases of the transfer process. A transfer process can be described in several different ways, but one option is presented in Table 23. The process description in Table 23 is based on work by Sevenius (2003) and Hiltunen et al (2000), but it is also heavily influenced by the literature review and the interpretations of the empirical material in this thesis in combination with substantial personal contextual understanding gained both before and during the research process. The general idea behind the process in Table 23 is that a business might obtain new owners from within or outside the business family, but regardless of buyer category, there are some common elements that are always present during both successions and family business transfers to non-family buyers.

Table 23 Phases in change processes like successions and business transfers

<table>
<thead>
<tr>
<th>PHASE</th>
<th>COMMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Triggers to change</td>
<td>High age or bad health, lack of successor or interest in the further management of the business.</td>
</tr>
<tr>
<td>2. Prepare the business for a change</td>
<td>Clarification of the relationship between family households and business sphere.</td>
</tr>
<tr>
<td>3. Search for potential buyers</td>
<td>Usually somebody who continues in the same way. Very seldom the personnel to begin with.</td>
</tr>
<tr>
<td>4. Negotiations (other children)</td>
<td>Financial barriers like price. Everything continues as before. The personnel can continue with the new owners. Facilities are perhaps kept in a separate company.</td>
</tr>
<tr>
<td>5. Complete the deal</td>
<td>The current owners take the final decision to sell the business and they are committed to their decision.</td>
</tr>
<tr>
<td>6. Inform about forthcoming changes</td>
<td>Inform the personnel, customers, suppliers and other key stakeholders about the deal.</td>
</tr>
<tr>
<td>7. Introduction of new owners and managers</td>
<td>Introduce them to the details of the daily operations of the company, and help them to gain control over the business.</td>
</tr>
<tr>
<td>8. Transition period</td>
<td>Former and new owners and managers need to work together for a certain time period.</td>
</tr>
<tr>
<td>9. Acceptance of change by other stakeholders</td>
<td>The personnel, customers and other key stakeholders start to accept the new owners and managers, while they have let the former owners/managers go.</td>
</tr>
<tr>
<td>10. Exit by former owners and managers</td>
<td>The personal exit from both business operations and ownership responsibilities by former owners and managers.</td>
</tr>
</tbody>
</table>

Table 23 includes ten different steps during change processes like successions and family business transfers, and some comments about each step are included in the table. The first three steps include different phases of preparations for a succession or a business transfer (pre-transfer). On a general level, there is always something that starts the process, and after the trigger event has passed, the owners must decide how to proceed with the change process. Basically, this implies that the owners must decide what to sell, when it should be sold, to whom it should be sold, and at what price (Goldstein, 1990). The following two steps in Table 23 focus mostly on negotiations and the completion of the deal. The final five steps put the actual transition process in focus, and this process depends greatly on the buyer, and how he wants to proceed with the transfer process. For example, is the buyer somebody who knows the personnel very well, or is both the company and the industry totally new to the buyer? Linked to this is also the question of what the new roles of the former owners and managers will be in the new set-up (Mickelson and Worley, 2003). Are they expected to leave the business
system environment completely, or will they stay in the business but perhaps in new roles?

Table 24 Differences between successions and business transfers

<table>
<thead>
<tr>
<th>PHASE</th>
<th>COMMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Triggers to change</td>
<td><strong>S:</strong> High age or bad health, interested successors.</td>
</tr>
<tr>
<td></td>
<td><strong>T:</strong> Lack of successor or personal interest for the further</td>
</tr>
<tr>
<td></td>
<td>management of the business. High age or bad health.</td>
</tr>
<tr>
<td>2. Prepare the business for a</td>
<td><strong>S:</strong> Business and family household might remain highly integrated.</td>
</tr>
<tr>
<td>change</td>
<td><strong>T:</strong> Business and family household will be separated.</td>
</tr>
<tr>
<td>3. Search for potential buyers</td>
<td><strong>S:</strong> The business family usually knows which children continue.</td>
</tr>
<tr>
<td></td>
<td><strong>T:</strong> Can be anybody, but sellers often prefer that it is somebody</td>
</tr>
<tr>
<td></td>
<td>who will continue in the same way.</td>
</tr>
<tr>
<td>4. Negotiations (other children)</td>
<td><strong>S:</strong> Every family member must be taken into account regardless of</td>
</tr>
<tr>
<td></td>
<td>status, and the principle of fairness may be strong.</td>
</tr>
<tr>
<td></td>
<td><strong>T:</strong> Business brokers prefer to involve only owners from the</td>
</tr>
<tr>
<td></td>
<td>business family.</td>
</tr>
<tr>
<td>5. Complete the deal</td>
<td><strong>S:</strong> The deal may continue for a long time, especially concerning</td>
</tr>
<tr>
<td></td>
<td>transfer of ownership.</td>
</tr>
<tr>
<td></td>
<td><strong>T:</strong> Transfer of ownership and management are often highly</td>
</tr>
<tr>
<td></td>
<td>integrated.</td>
</tr>
<tr>
<td>6. Inform about forthcoming</td>
<td><strong>S:</strong> Key stakeholders may be informed about plans while</td>
</tr>
<tr>
<td>changes</td>
<td>everything is still in progress.</td>
</tr>
<tr>
<td></td>
<td><strong>T:</strong> Stakeholders are usually informed when the deal is closed.</td>
</tr>
<tr>
<td>7. Introduction of new owners</td>
<td><strong>S:</strong> The new owners and managers often know the company very well.</td>
</tr>
<tr>
<td>and managers</td>
<td><strong>T:</strong> The company may be totally unknown to the new owners and</td>
</tr>
<tr>
<td></td>
<td>managers.</td>
</tr>
<tr>
<td>8. Transition period</td>
<td><strong>S:</strong> The transition period can continue for a very long time. Risk</td>
</tr>
<tr>
<td></td>
<td>of poor role clarification.</td>
</tr>
<tr>
<td></td>
<td><strong>T:</strong> Former and new owners and managers usually work together for no</td>
</tr>
<tr>
<td></td>
<td>more than three years.</td>
</tr>
<tr>
<td>9. Acceptance of change by</td>
<td><strong>S:</strong> It might take a long time until personnel accept new managers</td>
</tr>
<tr>
<td>other stakeholders</td>
<td>if the former owner/manager is still active in the business.</td>
</tr>
<tr>
<td></td>
<td><strong>T:</strong> Former managers usually lack the motivation to continue in</td>
</tr>
<tr>
<td></td>
<td>their former business.</td>
</tr>
<tr>
<td>10. Exit by former owners and</td>
<td><strong>S:</strong> Every business family member might continue in the family</td>
</tr>
<tr>
<td>managers</td>
<td><strong>T:</strong> Every business family member might have to leave the former</td>
</tr>
<tr>
<td></td>
<td>family business.</td>
</tr>
</tbody>
</table>

S = Successions, T = Business Transfers.

Table 23 includes the major phases in a succession or a business transfer on a general level, but when one starts to compare the two options with each other on a more detailed level, several differences between them are apparent. Some of the most obvious ones are included in Table 24. The comments in Table 24 indicate that there are differences between successions (S) and business transfers (T) in all phases during ownership and management change processes. On a general level, it can be argued that most of the differences have to do with whether the family business system environment will be introduced to a new management and ownership system. Succession usually implies that there will not be a totally new business family system. The major changes will happen in the form of role transitions within the already established business family.
system, and then it is perhaps also easier for the family business system to adapt to the changes. It is like the principle of role exits and entrances, where it is easier to exit and enter roles if the change is smaller (Ashforth, 2001). The situation is somewhat different in a business transfer involving non-family buyers, because there the former business family system is usually expected to withdraw totally from the family business system environment during the transition period (e.g. Bb6, Bb8 and Bb10), while at the same time a totally new sub-system needs to be integrated into the family business system environment. This might be a risky process, since not only are these two major system changes going on simultaneously, but at the same time the transition period during a transfer is usually much shorter than during successions (Hiltunen et al, 2000), which might even further add to the complexity of the change process. Clearly, a succession process might also be challenging for different reasons, but on a basic level a transfer process could be categorized as riskier, since great changes happen during such a short time period.

A third general reflection connected to the differences between successions and business transfers is the fact that former managers and majority owners may continue to be involved in the family business environment during successions although there have been some intra-role changes between the different role holders. Such an approach requires strict role clarification, and it can easily happen that business families are not clear enough about these changes and that may create challenges for other stakeholders like the personnel (e.g. Bb11). For example, if there is no clear message to the personnel regarding who is the boss or who handles personnel issues, there is a great risk of conflict, and in such situations the personnel may be loyal to the former manager because that is the safest option (Havunen and Sten, 2003). This may create great problems for second generation business family members during successions (Evans and Harvey, 1995), and that is why role clarification is critical especially during successions.

On a general level, there are several differences between successions and business transfers, and on a detailed level in relation to triggers to change, the two options often have totally opposite starting-points. In that respect, a succession happens because there is a successor available in the business family, while a business transfer seems to be accentuated when there is no successor in the family (e.g. Bfm1, Bfm4 and Bfm6). High age or bad health may in both situations add to the eagerness to start a change process (Neubauer, 2003), but in the end it often depends on whether there is a successor in the business family. Naturally, one should not disregard the issue that there should be both a capable and willing successor available during successions (Havunen and Sten, 2003). In theory, there might be several potential successors available in the business family, but for different reasons some of them may not be willing to enter new roles in the business family systems. Based on the interpretations of the interviews conducted the main reasons for this may be a lack of space for role innovation or a greater risk of inter-role conflicts in the process of combining work and family life (Stavrou, 1999). Succession may create time-based conflicts (Greenhaus and Betell, 1985) that have spillover effects (Georg and Brief, 1990) from the business into the private sphere, and due to relational rationality, second generation business family members may therefore choose not to exercise the succession option.
A change process will always create a need for preparing the business for a change and both successions and business transfers might proceed in the same manner in relation to this part of the change process. The only major difference between the two exit alternatives is connected to time. During a succession process, there is usually much more time available for changes since the business will remain within the control of members from the established business family, and there is a real option for having a favorable timetable. In theory, the same time is available in preparations for business transfers but since the business family might find itself in a situation where the family business has to be sold since there is no successor in the family, the real situation seems to be, at least according to the business brokers interviewed (e.g. Bb2, Bb6 and Bb9), that time for transfer preparations is limited. Closely linked to this is also the question of when the formal change is over. A business transfer will in that respect be clearer than succession. Moreover, there should also be less risk that the final arrangements are not made according to a certain timetable. Business families have the opportunity to be more flexible with changes in the timetable during successions, but a non-family buyer may not be willing to continuously alter the timing for the final business transfer.

The search processes for the new owners and managers will also be quite different during successions and business transfers. In a succession, the new owners and managers are by definition members of the business family, or at least the family, and they will be well known to all business family members. Often the only major question mark in such search processes is when the succession should be completed. In that respect, a business transfer confronts two challenges. Firstly, the potential business buyers must be identified, and the interpretations of the business broker and business family member interviews seem to suggest that business family members may be very critical during this search process. On the top of the agenda is often somebody who runs the business in the same way as the former business family (e.g. Bb6, Bb7 and Bb9), but it might be very difficult to find such a person and especially at the time when the buyer is needed. In that respect the search process for potential buyers may take a long time before it is successfully completed (e.g. Bb12). In theory, there are many potential buyers to a family business, but during a succession the potential successors are by definition a limited number (Wikholm, 2002b), and therefore that evaluation process should at least in theory be both shorter and easier to complete regardless of the end result.

The mere identification of potential successors or buyers may be the start of the negotiations concerning the final deal, although the actual negotiations also include other major elements. Basically, the idea with this step in the change process is to discuss all matters related to the change and at the end reach an agreement about how to proceed. This is also the phase where most of the elements in Figure 9 on decision-making during business transfers are present in different forms. Triggers to change have already been discussed in connection with the first phase in the change process as described in Table 23. However, the business family members themselves should discuss all the other elements in Figure 9 during this phase. A good preparation for this is the personal due diligence, which is presented later on in chapter 7.4. To begin with, the focus in the discussions could be on exit and entry barriers. The first generation business family members in particular should be aware of exit barriers in the form of role identification. The family business is most likely an important contribution to the
identity construction among these business family members (Kaye, 1998), and the question is what happens with this identity when the family business is transferred to the next generation business family members or to non-family buyers. Strongly connected with this is the aspect of alternative identities, and the mere existence of such identities might be an important message to the new owners and managers that the selling first generation business family members are serious about bringing the change process to an end (Harvey and Evans, 1995). If the first generation do not already have established second identities, there may be higher risks for reduced possibilities for second generation business family members or external business buyers to rapidly engage themselves in needed role innovations. If second generation business family members feel that this is the situation, they may also be reluctant to start a succession process, and then a business transfer might be the only option for first generation business family members.

Reduced possibilities for role innovation in combination with relational rationality, where the key components are the personal household and/or social networks of these personal household members, may be other factors contributing to the reluctance among second generation business family members to enter a succession process. Relational rationality and social networks are also something, which the first generation business family members need to reflect on during the negotiation phase. Involvement in the family business might be the entrance to the social networks of the first generation business family members, and therefore these business family members need to reflect on how dissolution of the involvement in the family business environments influences their positions in these networks (e.g. Bb12). It is possible that a business transfer would end a great share of these personal relationships (e.g. Bb7, Bb10 and Bfm16), and hence it might be valuable for first generation business family members at least for a certain time period to continue to work for the new owners and managers to the family business. Interestingly, for the second generation business family members the case may be the total opposite. For them, a greater commitment to the business sphere could lead to dissolutions of some social relations (Stavrou, 1999). Hence, it is crucial for both second and first generation business family members to discuss how a change process will influence the positions of these business family members and their role sets in social settings.

Both role identification and (lack of) role innovation are crucial elements in the negotiations during both business transfers and succession, although role clarification could be added to these two key concepts. Role clarification implies that roles are clearly defined (Hall, 2003) so that business family members and also other key stakeholders are aware of expectations related to different roles. It is important to clarify the different roles because that can also reveal potential expectations of role absorption. That is more or less what Lansberg (1988) refers to in his article about the succession conspiracy, and if the roles are not clearly communicated, key stakeholders will most likely have high expectations on role absorption by both successors and buyers. The selling business family can deal with this challenge by involving every business family member during the negotiations, but this process seems to be somewhat different depending on whether the business goes through succession or a business transfer. The major difference is to be found in who are involved during the negotiation process and what their roles are during the process. The interpretations of the business broker
interviews seem to indicate that during business transfers it is most important that the owners are represented (e.g. Bb10). The wives may take part in the negotiations (e.g. Bb1, Bb4, Bb8 and Bb9), but otherwise there are no other business family members involved. Succession is different in that respect, at least in the beginning of the process. Other business family or family members might be involved in the discussions about the family business succession due to the principle of fairness (Ling, 2002), but when a decision is made on who the successor will be, the negotiations usually continues with fewer involved business family members (Todd, 1985).

Role identification and lack of opportunity for role innovation may be critical exit- and entry barriers during both succession and business transfer negotiations, but it is important to notice that during this step, also financial barriers might emerge. For example, in successions one discussion topic will be the roles of the siblings and how they should be compensated, when the successor eventually buys the family business (Havunen and Sten, 2003). This element is not necessary present in the same way during a family business transfer, because such transfers usually have only a direct impact on owners and their positions. Compensation for other family members may be accentuated much later, for example when a family member dies. Financial barriers may not only be present in terms of how to compensate family members with little involvement, but this step in the change process also touches upon price negotiations, which are often a financial barrier during business transfers. The interpretations of the interviews indicated that business family members do not want to get the reputation that the business was sold for money (e.g. CF1f), but still they often want to get a certain price for it. It also happens many times that buyers and sellers do not come to an agreement on price, and therefore the deal is never completed (e.g. Bb4). Step five in the change process is thereby not achieved. Price negotiations may also be a financial barrier during successions, although the business family usually has more options to exercise than during a business transfer. For example, a company might be split into two different companies in order to meet the interests of siblings, or then the selling parents lend money to the buyers in order to facilitate the transfer (Siikarla, 2001). This may also happen in a business transfer, although one may expect that a business family is more willing to find alternative solutions for financing the deal if the buyer is a family member from the same business family as the sellers.

Negotiations are ended by the completion of the deal, and that is the first real major test for business families focusing on the succession alternative. There are business families where the succession process may continue for several years until something happens, and that might be a danger for both the family business and the business family (Havunen and Sten, 2003). A business transfer may also have a very long preparation period (e.g. Bb1, Bb8, Bb10 and Bb12), but usually the actual negotiations and the completion of the deal are brought to an end during a period of about six months (e.g. Bb4). Sometimes the sellers regret the deal even close to the completion (e.g. Bb7), but otherwise business transfers are in many ways much more straightforward processes than successions. Successions can be completed during a much longer period since it is strictly a family internal transfer, but that also adds to the complexity and the risk of poor role clarifications.
The next steps in the change process starts to focus on the post-transfer period, and the first step there is the transition. That period usually starts with information about changes and the introduction of the new owners and managers. This information should basically be the same during both successions and business transfers, but the timing will be different. A business transfer will be announced when it is completed and all the papers are signed (Hiltunen et al, 2000). Until then, it is simply too early to announce potential changes. That may cause problems for the selling business family members, especially where relationships with customers and personnel are concerned. The interpretations of the interviews suggest that the business family members (e.g. Bfm1, Bfm10 and Bfm12) want to be more open about their intentions, but that on the other hand could give potential buyers an excessive advantage during negotiations. This is slightly different during successions, where the business family can announce much earlier that there will be a change in the management of the company, and that the introduction of the new manager will start gradually. This is possible, since the same business family will continue to be involved in the family business although there are some intra-role changes in the business family.

The actual transition period is likely to be quite different during successions and business transfers. The major difference is connected with the length of the transition period. A business transfer will have a clearly defined transition period, and in accordance with the recommendations from interviewed business brokers (e.g. Bb2, Bb3 and Bb9), it should not last for any longer than about three years (Mickelson and Worley, 2003). A succession process may be very different for two reasons. Firstly, one could argue that the transition period to some extent starts when the second generation business family members enter the family business through employment, ownership, or membership on the board (Brockhaus, 2004). A clear plan for the succession process might be lacking, but the mere introduction of the next generation business family members can be seen as preparations for potential succession. This naturally also implies that the actual transition process may be going on for a long time before it is completed. The risk of an overly long transition period is also present, which might not be in the interest of the successors or the development of the family business (Sharma and Manikutty, 2005).

A long transition period during succession processes may be what the business family has planned for, but there is also the risk that it is the result of poor role clarification or that it creates such a problem (Wang et al, 2000). This highlights the importance of the final stage in the change process with respect to exits by former owners and managers from the family business. A business transfer will include an agreement on the timing of such exits. These agreements might change during the process (Mickelson and Worley, 2003) or during the transition period (e.g. Bb5), but in principal there is a clear beginning and end to the transition period during business transfers. First generation business family members may also highly appreciate this, because they will be able to let the family business go (e.g. CF1f and CF1m). A succession process may also include clear agreements about these aspects, but since it is often agreed that the former first generation business family members will continue to be involved in the family business despite completion of the formal succession process, there is a risk that the succession only, or at least partially, is completed on paper but not in practice (Evans and Harvey, 1995). This may cause great credibility problems for the second generation business
family members, especially when trying to gain the trust from the employees. Hence, the information about the changes is a crucial step during change processes like successions (Lansberg, 1988).

The exit by former owners and managers from the family business may be completed in different ways (Sonnenfeld and Spence, 1989), but preparations for exit plans may lower the exit barriers for first generation business family members. There is evidently a great risk of problems with changes in the role identification of these business family members (Gomez-Meija et al, 2001). If they do not have other identities to focus on, the transition period will be difficult to enter and exit. It is important to notice that the need for planning an exit is not merely something that the majority owner of the family business should engage into, but it might be needed for every single business family member. This is especially the case during family business transfers, where it is not uncommon that buyers may expect every single business family member to leave the family business regardless of their positions in it (e.g. Bb6, Bb7 and Bb8). Here it can be argued that the buyers prefer every element of the former dominating business family system to leave the family business system environment. This is totally different from what can be expected in successions, where perhaps the major target is only to reposition the business family members and to redefine the roles of the business family members within the system instead of having them to leave the system entirely.

All in all, both successions and business transfers are challenging processes with both similarities and differences. The major phases are the same in both change processes, but within the different phases there might be great differences. These differences might be connected with the triggers to the change process or what will happen during the change process. Due to differences in both triggers to change and elements during the change process, the outcome may also be very different. The next section will in particular focus on the outcome of successions and business transfers.

7.3 Life after family business transfers

The previous chapter showed that both successions and family business transfers involving non-family members are critical processes with several challenges. To begin with, the processes can last for several years, and the time aspect as such can add to the complexity of the change processes. The actual disengagement will most likely follow different patterns whether it is a succession or a family business transfer, but they have at least one issue in common, and that is the importance for business family members to have an idea of what will happen after the completion of the disengagement process. Successions and family business transfer processes will be started for various reasons, and this will influence the personal disengagement processes (Mickelson and Worley, 2003). However, one thing seems to be important regardless of the reasons for transfers, and that is the anticipation of the situational context during the post-transfer period. Sharma et al (2001) found that there is a relationship between satisfaction with the succession process and the outcome of the process. This research seems to support the finding. Consequently, it appears easier for selling business family members to give up their family business roles if they already have started to build up a second or other
identity. This is not an easy task for individual business family members, but here it is suggested that personal due diligence is one way to cope with this. This due diligence version may facilitate planning for the period after the transfer for the individual business family members, and Table 25 includes a description of what such a personal due diligence might look like.

Table 25 Personal due diligence during family business transfers

<table>
<thead>
<tr>
<th>Capital Type</th>
<th>Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial capital</td>
<td>In which ways are you for the moment benefiting financially from being a business family member? Are you planning to sell the whole family business or just parts of it? How will a potential family business transfer change your personal situation financially? How will a potential family business transfer financially change the personal situation of all the other business family members?</td>
</tr>
<tr>
<td>Organizational capital</td>
<td>What interests you in the family business? What kinds of opinions do you have on how a new potential owner runs the family business? Is there something special, which you would not like the new owners to change in the family business?</td>
</tr>
<tr>
<td>Human capital</td>
<td>How do you view the situation of the personnel during a potential family business transfer? How are you planning to use your own human capital after the family business transfer is completed?</td>
</tr>
<tr>
<td>Relationship capital</td>
<td>Describe your business role set in the context of the family business. How will this role set change due to the family business transfer?</td>
</tr>
<tr>
<td>Social capital</td>
<td>How important is the family business for the business family? How will a business transfer influence the selling business family and its members? How will your personal role set change due to the family business transfer? How will other business family members cope with changes in their personal role sets due to the family business transfer? How will your personal time distribution pattern change due to the family business transfer?</td>
</tr>
</tbody>
</table>

Although Table 25 builds on the capital lens that was developed in chapter four, it has also been influenced by interpretations based on the material from the interviews. In general, the idea with Table 25 is that business family members may prepare themselves for a family business transfer and for the post-transfer period by relating their personal situation to different forms of capital and to changes in their own situation due to the family business transfer. To begin with, there is the linkage to financial capital. A typical characteristic for smaller family businesses is that the personal household and the family business have strong financial linkages (Römer-Paakkanen, 2002), and it is not that easy to separate them. Interviews with business brokers also confirm this (e.g. Bb2 and Bb8), and it seems to be something of which selling business family members are not always fully aware until the potential buyer starts to review the potential purchasing target (e.g. Bfm9). A typical aspect of this is access to the product-portfolio of the family business. Second generation business family members in particular seemed to enjoy access to these kinds of products without having to pay the full price for this access. This was something that one younger business family member (Bfm9) did not reflect on until the family business was sold and the personal distribution channel was closed.
Monetary capital is another crucial aspect of financial capital. The transfer of a family business will hopefully give improved access to monetary capital, and the interviews indicate that this new situation needs to be approached from two different angles. Firstly, and foremost from the perspective of the first generation business family members, one needs to reflect on how important the monetary capital from the deal is to the sellers (Hiltunen et al, 2000). It is not uncommon that the transfer should finance the continuing lives of the selling entrepreneurial couple, and this is something which these first generation business family members need to reflect on (Havunen and Sten, 2003).

How much money do they need for keeping up their living standard in the coming years? This is an important element in family business transfers, although selling business family members do not regard the money side of a deal as so important. Two pieces of evidence support this statement. Selling business family members argue that what happens to the family business is more important than price paid for the business (e.g. CF1f, Bb1 and Bb12). Another issue supporting the contention that monetary capital is not so important in family business transfers is the fact that selling business family members seldom have any clear and specific ideas of how they are going to spend or invest their money (Petty, 1997). The sudden availability of monetary capital may also be a shock for the sellers; they do not necessarily handle it in a manner consistent with their personal well-being (e.g. Bb12). Still, it is a question to which selling business family members should give some thought before the deal is completed.

Aspects related to financial capital indicate that selling business family members regard the future of the family business as more important than getting the highest possible price. An alternative interpretation is that selling business family members prioritize the opportunity that the organizational capital of the family business preserves its value and is further developed by new owners most preferably in the same way as they themselves would have developed the family business (Kaye, 1998). In practice, this can mean several different things. It can be anything from availability of fresh coffee (e.g. CF1f) to the maintenance of quality policies (e.g. Bfm15). However, individual business family members seem to take different standpoints on this matter, perhaps due mostly to their personal roles or positions in the family business system. For example, selling business family members, who have had rigorous customer contacts may prioritize aspects of organizational capital other than selling business family members, who have mainly been working at the office and with the finances of the company. This once again, addresses the importance of viewing family business transfers from the perspective of the individual business family members. This is the only way to get an overview of how individuals personally view changes related to family business transfers.

Preservation of family businesses easily focuses on organizational capital, but human capital levels are also closely connected to this side of family business transfers (Sharma and Manikutty, 2005). Most selling business family members seem to prefer that everything continue as usual regardless of the change in ownership and management, and part of this is the relationship to the personnel, which is the major human capital of the family business. Selling business family members most often mention that they would like to see that the personnel have the opportunity to continue in the family business together with the new owners. In that respect, there is a clear view of how the human capital of the company should be treated in the future.
(Mickelson and Worley, 2003). However, it is interesting to note that although the selling business family members show a great concern for other person’s human capital, there is seldom any mention of their own human capital and its future use. This might not be a problem for first generation business family members, who are selling the business because of high age or bad health, but the situation must be somewhat different for family business members representing the second generation. They cannot stop working yet. They need something to do, but due to the transfer agreement between the selling business family and the buyers, there might be restrictions on what they actually can do. For example, sellers are seldom allowed during the next 2 to 4 years to be active within the same industry (Siikarla, 2001). This implies that they may not actually be allowed to do what they know best, and this may cause some temporary career problems for second generation business family members. If prior to a transfer selling second generation business family members have already created a second identity, this is not necessarily a problem, but there may be cases where second generation business family members have limited options in practice. This is also a good reason why it is important for selling business family members to reflect on the future use of their personal human capital after the family business has been sold to non-family buyers.

Most selling business family members do not seem to be concerned about the future use of their personal human capital. Very seldom did they mention it explicitly during the interviews. To some extent it is the same with relationship capital, at least for second generation business family members. They seldom mentioned that they would miss any specific contacts to different kinds of actors involved in the family business. In other words, they are aware that they are leaving a certain role in the family business and the business family, which will also result in loss of certain role sets, but this is not perceived as a major problem. On the contrary, it is most often in line with their ambition to avoid a succession and to stay in the family business. Instead, it seems more likely that they to some extent fear that they will have to take charge anyway (e.g. Bfm8), and that could have implications for their present role sets in other situational contexts. All in all, no further connection with the relationship capital of the family business does not seem to be a major problem for second generation business family members but one must relate this to the selection of informants in the study. These next-generation family members have not been willing to go through a succession. They have often already made up their minds about selling the family business, and since they might only have a formal and distant relationship to the family business, it is not difficult to give up involvement in activities that focus on increasing the relationship capital of the family business.

Although relationship capital is not often an issue for second generation business family members, the situation might be somewhat different for first generation business family members. They usually have a stronger involvement in the daily operations of the family business, and they usually have the major responsibility for customer relationships (Johansson and Lewin, 1992). Interestingly, there might also be a difference due to gender within this aspect of family business transfers. Husbands typically have customer and production responsibility in the family business, while wives take care of invisible work such as paperwork and personnel matters (Javefors Grauers, 2002). This also affects connections to the relationship capital of the family business. For example, in a few cases selling husbands (e.g. Bfm1 and Bfm4)
mentioned that they will have, or have had problems, in giving up customer contacts. They have usually been in business together with their customers for a very long time, and the customers might to some extent have even become friends of some sort. This does not make it easier for selling husbands to give up their involvement in relation to the creation and development of customer capital. It appears to be somewhat different for selling wives. They (e.g. CF1m and Bfm16) mentioned that they miss the contacts with the personnel after the family business transfer. This is another sign of the social capital aspect of a family business transfer, and it shows the importance of role sets. Every role member in a business family is also involved in role sets, and these role sets involve personal relationships and social capital. For example, some wives (e.g. CF1m and Bfm16) mentioned that they miss the contacts with the personnel after the family business transfer. This is another sign of the social capital aspect of a family business transfer, and it shows the importance of role sets.

Although social capital is important during the business career, one interpretation of the interviews is that selling husbands may not notice this until the family business is sold. Then they notice that they are no longer the focal actor in a personal business network. They are no longer in the actual centre of business operations, and this might be difficult to handle (e.g. Bfm16). Their whole life and their main identity have often been so closely connected with the family business that there has seldom been time or interest for building up an alternative identity. This is especially a problem in successions (Sonnenfeld and Spence, 1989), and it also seems to be a challenge in family business transfers. One reason is that selling business family members usually have to leave, or want to leave, the family business soon after the family business transfer (Hiltunen et al, 2000). During a succession, one always has the opportunity to transform one’s role within the business family and to remain involved in the family business operations, but this is not always the case in family business transfers where the buyer is a non-family member. Then one has to build up a new identity and new role sets fairly rapidly, and that is not always easy under pressure.

Finally, from an individual perspective it is important to understand how a family business transfers changes personal life and how one should continue building up new identities and role sets. However, it is not enough for a family business member to view this change and disengagement process from a personal perspective; it is also important to view it from the perspective of the other business family members. Post-transfer business family types such as serial business families or new starters may regard it as
very important for the family to have something that ties its members together (Ross and Staw, 1993). A family business can be the glue that achieves this (Kenyon-Rouvinez, 2000). Other selling business families may view this quite differently (Brockhaus, 2004). Nevertheless, it is important that the individual business family members have an idea of how the business family as a system will react to a family business transfer. Interestingly, only a few of the business family members interviewed mentioned this aspect. Most of them, however, admitted that it is perhaps easier to adjust to a future change if not everything happens at once. This is the situation when the selling business family sell the actual business, while they maintain control over the facilities. In one case (CF2), the business family even regretted that it did not handle its family business transfers in such a way. These kinds of business family members often say that it would have been nice to have something left, and it might also have made the transition process smoother, which was also found by Ashforth (2001) in his research.

7.4 Critical overview of the study

Towards the end, it is logical to look back upon the major research process. An often formulated question during this phase is “what would be done differently if the process started all over again?” For a researcher with a focus on interpretations in relation to a hermeneutic circle with its preunderstanding – understanding cycles, this question is not easy to answer. The main reason for this is the circumstance that towards the end of the on-going research process the researcher will have reached a deeper level of understanding than that prior to the beginning of the research process (Arbnor and Bjerke, 1997), and then it is by definition obvious that the end-result would be different if a similar research process would be conducted again. Still, there are clearly some decisions during the research process that could have been realised in a different manner.

The evaluation of the completed research process about transfers of family businesses concentrates in this section on generalisation of results and the consequences of having the business family as the main unit of analysis. Another kind of critique against the procedures selected was presented in chapter five. In terms of generalisations of results, it can be argued that the idea behind that ambition is to say something about a population based on findings generated from a sample (Yin, 2003). This has not been the ambition within this research project for at least two different reasons. Firstly, by definition it will be difficult if not impossible to find two identical systems with identical system components and similar design of the whole system (Arbnor and Bjerke, 1997). This implies that business families will differ from each other since different human beings with different relationships between each other construct the systems. In addition, they are actively involved in different family businesses with all their individual characteristics (Zahra and Sharma, 2004). This means that statistical generalisation belongs to research environments other than this one.

Secondly, the aim of the system approach is not to produce statistically solid arguments about how similar systems behave, but to derive better system descriptions than previous researchers have presented in their reports. This implies that it is more relevant
to refer to analytical generalisation than statistical generalisation (Hall, 2003; Nordqvist, 2005). Analytical generalisation implies that one should try to link particular findings from cases to theory (Schwandt, 1997), and in that respect one can argue that this thesis to some extent include generalisations, at least in theory. For example, the perceptions about how business family members look upon human capital in relation to employees can be argued to fulfil this criterion. Table 25 with its focus on similarities and differences concerning successions and business transfers can also be categorised as an example of the idea with analytical generalisations. Table 25 includes descriptions of what succession and business transfers may look like in theory, but their final appearance will be determined when they are positioned in system environments involving sub-systems like business families and family businesses.

At this phase in the research process, one also needs to reflect on the appropriateness of having the business family as the main unit of analysis. This decision was made early in the research process, since it was the firm believe that it is this sub-system with all its individual components that face the toughest pressure for change during family business transfers. It might have to leave its system environment totally and perhaps even to end the sub-system itself. The interviews with the retired (CF1) and new starting (CF2) business families revealed the strengths and the weaknesses of this decision. In many situations, family business researchers collect information from one or perhaps two business family members, but especially the interviews with the business family members in the new starting business family member reveal the weakness with that approach. For example, the parents represented the common view that a succession will be completed within two years concerning their second family business. In their opinion, everything was arranged for, but the second generation business family members did not confirm the scenario. They were still very doubtful about the future of the family business, and how they personally would be involved in it. A decision to interview only the majority owner in that business family would in that respect have resulted in a total different interpretation of that business family and its future constellation. In other words, a single source or generation approach would have included a higher risk of bias, and therefore it is usually better to listen to multiple than single sources (Zahra and Sharma, 2004). In that sense, interviews with every business family member were a good decision, and it also gave a better description of the business family system than a single majority owner interview could have contributed to.

The practice of interviewing every business family member turned out to be successful, especially in relation to the new starting business family (CF2). Those interviews also revealed the real challenge of interviewing several members from the same family. The arrangements with the informants was that the information could be used for the purpose of this research project, but no information that would be connected to them personally by outsiders should be documented in the final product. In other words, the family members did not object that the other family members recognized comments by other family members, but outsiders should not have the same opportunity. This implies that it would be possible to follow the procedure that has been followed in some qualitative studies (Hall, 2003) of letting the informants review the transcriptions of the interview and the interpretations during the on-going research process. Still, it was decided not follow this approach and basically for two major reasons.
Firstly, the case stories showed that there were sometimes totally different opinions among the business family members from the same family about how the family had managed to combine business and family-life. Neither was it entirely certain that every business family member was aware of all aspects of the opinions of the other business family members. If the business family members were to read the final version of this report, they would to some extent identify diverging opinions. However, the major research process would then be over, and it would not have an influence on the final product. However, this approach raises at least two critical questions. First, there is the danger that interpretations of the empirical material are not totally in line with what the business family members sought to express with their comments. Still, the transcriptions are there, and the interpretations are the results of combining analyses of every business family member interview with the level of personal preunderstanding of the researcher. In that respect, it is unlikely that an individual business family member would make exactly the same interpretation of the results as the researcher. In such a situation, the decision to allow the business family members to read the material during the process would only make the research process longer, and perhaps also start processes within the business family that could endanger the role of the researcher. It is never easy to draw the line between the roles of the researcher, the interviewer, the observer and the consultant. Triggering new discussions about what is happening in the business family could easily have shifted the focus from the role of the researcher toward the role of the consultant, and that could have had undesirable effects on the end-product.

The dilemma of how to deal with diverging opinions in family member interviews was in the end not so severe. This was because the business family members interviewed were willing to share opinions with the other business family members. Still, the family interviews revealed another problem, which Hall (2003) also came across during her own interviews with business family members. During the interviews in this study, many business family members revealed a great deal of very personal information about disagreements and tragedies in their families. Some of them even mentioned that they had not discussed the matter with anyone in the way it was now done. This showed that I had managed to create confidential relationships with the persons interviewed in a short time, and that was an inspiring experience. On the other hand, it created the problem of having to decide what could be used in the final report. This was especially the case with one business family member interview, which lasted for about three hours, but where in the end the decision was made to include only a few comments in the final product. This decision was made because the information was personal. In a situation where one must include information to improve the trustworthiness of the study, yet ensure the integrity of the individual, the latter always had priority. There have been a few situations where it was difficult to draw the line, but in every situation the personal integrity of the interviewed has had priority. It is my opinion that the quality of the thesis has not suffered substantially from that decision. As family comes before business in the word family business, the integrity of the informants should always come before the ambitions of the researcher.

Reflections on the integrity of the informants brings with it concepts such as topic avoidance (Afifi and Schrodt, 2003) and communication privacy management (Petronio, 1991). Topic avoidance is a common phenomenon in successions (Lansberg, 1988) because individuals want to protect themselves and their positions. It can be
argued that this self protection (Afifi et al, 2005) is present during family member interviews and it most likely creates a situation where individual business family members keep secrets and do not reveal information to outsiders. This can endanger their own position or relationships within the family. In that respect, one can argue that relational rationality once again enters into the discussion. It can also be assumed that individual business family members will not reveal information to a researcher if they feel that the information can hurt the positions of the other family members or their own relationships to these family members. This may especially be the case in this report, since business family members were told that the other business family members would in the end have an opportunity to read the final versions of the interpretations of the material from their specific family. If this had not been the set-up from the beginning, it could have been very difficult to decide what can be included in the final report. The communication efficacy (Makoul and Roloff, 1993) will differ from family to family, and since a researcher during some short meetings may not sense the correct level of communication efficacy, one may in the end endanger the relationships among business family members by simply revealing secrets that business family member had not for different reasons been willing to share with the other business family members. In my opinion, this was not the problem in this study. However, it is an important message to other business family members to remember to set the rules before interviews with individual business family members begin.

Family interviews include numerous ethical aspects, which in the end may have an influence on the trustworthiness of the study. There is also another aspect in relation to the interviews, and especially selection of interview persons that could perhaps have been arranged differently. Early on in the process, the decision was to select the business family and its members as the main unit of analysis. In the end it implied that the majority of the informants interviewed were business family members. In practice, in the retired business family (CF1), the daughter fulfilled only the criterion of being an ex business family member, and this indicates a potential weakness with the strong focus on the business family and its current members. The daughter from the retired business family offered valuable comments about having a business in the family, and the interpretation of her comments imply that it is not always easy to have a business in the family, or to be a member, or a potential member in the business family. In that respect, it seems to be possible to learn more about business families by including other family members in the data gathering process. It could, for instance, have been valuable to include the two children from the new starting business family in the informant groups. Why have they chosen not to be part of the business family? The children who are members of the business family argue that there is no difference between children inside or outside the business family, but are the children, who are not members of the business family, of the same opinion? Only interviews with them can reveal their opinions. In bigger families with a large number of business family members it would perhaps not have been possible to follow such an approach, but in the case of the retired business family (CF1) and the new starting business family (CF2), it would have been possible. However, the decision was to only involve business family members, and that was the major route during the whole research project. Still, other family member interviews would perhaps have added even more information on how business family members look upon business transfer. One such person is definitely the husband of the daughter in the retired business family. From the perspective of the parents, he was a
potential new manager, but the daughter did not allow such a scenario. The daughter mentioned something about how the husband viewed the whole situation, but it would have been valuable to interview him.

Clearly, the decision to focus only on current or ex business family members was in some respect not the optimal decision for data gathering, but it still is a much better decision than many other family business researchers have followed in their research work. As the discussion in chapter two indicated, it will always be difficult to draw the line between those who are members of the family and those who are not, but perhaps one should listen more to voices from both sides to determine where everybody perceives the line between business family and not business family to be. Such an approach can give even more information about how it is to be a member of a business family and that is something that other business family researchers could pick up in the future. Still, I am totally convinced that when family businesses or business families are in the focus of research activities it is always better to listen to multiple voices than a single (majority owner) voice (Zahra and Sharma, 2004). It adds to the complexity of the research. It makes it more challenging, but in the end it creates the potential for better business family descriptions and increased understanding about them.

A final remark about the trustworthiness of the study is connected with the aspect of time. Most business family members were interviewed two to five years after the family business transfer and the informants have stated how they felt at that time about the family business transfer and their future. Kenyon-Rouvinez (2000) found that serial business families often had a transition period of five to seven years before they started up new activities, and this indicates a potential drawback with the set-up in this research project. There is the possibility that the interviews were conducted too close to the event of the family business transfers. This potential weakness is real. However, the starting-point was that there is a greater risk of post-rationalisation and selective memory as time passes (Alvesson and Sköldberg, 2004). This was apparent from the new starting business family (CF2), where one did not really discuss the first family business transfer any longer since it was a long time ago. Hence, it was regarded as important to interview business family members only a few years after the family business transfer was completed. Nevertheless, it is important to notice, as was mentioned in chapter four that business family members and business families might reorganize themselves differently as time passes. Shortly after the family business transfer, the selling business family might represent one new category of business families, while after some additional years it may be in a totally new system environment again. This is the case with one business family member (Bfm8), who was not willing to enter a succession and to continue when her father wanted to end his involvement in the family business. The potential successor moved to another city, but only a few months ago the successor was back in business, and the business family is now an example of the family modifiers category. These kinds of transitions are only possible to follow during a very long time-span, since they can happen at any time. That is also important to remember when one reads the interpretations of how the business family members interviewed have reorganized their lives.
7.5 Suggestions for future research

This research process with its focus on family business transfers has resulted in ideas for several new and promising learning and research opportunities. This section briefly presents four potential minor research areas that could further strengthen family business research and go deeper into topics, on which little family business research has been done.

This thesis has focused to a large extent on role transitions during family business transfers. The idea has been to listen to individual business family members, since the assumption was that differences in individual positions within the business family systems lead to different reactions among the business family members when a family business is sold to a non-family buyer. The findings partly confirm the prevailing assumption about different reactions, but it would be interesting to look into this issue in more detail with a stronger focus on gender. Most of the business family members interviewed say that in a business family the husband typically focuses on production, while the wife handles the office, personnel issues, and the finances. Some respondents also indicate that the wife has more social contacts with the personnel due to this division of labor. Basically, one could argue that the husband is a fairly tough employer, while the wife has to take care of the complaints from personnel resulting from his leadership style (e.g. CF1d). This creates a situation where one can easily see that a family business transfer will be perceived differently by the husband and the wife. This suggests that it would be interesting and most likely also rewarding, to look in more detail into these differences with a stronger gender perspective. Generally, the wife has often been ignored in family business research (Poza and Messer, 2001), but in this context it could offer some new and interesting information for both family business researchers and family business owners. One can also add the fact that the wife is often younger than the husband (Statistics Finland, 2005). Why should they be willing to retire at the same time? This difference in age can also have implications for the planning of the family business transfer and the time after the completed transfer. In that respect, it is an interesting area, where more research could be rewarding.

Another interesting area for future research comprises the actual transition period during a family business transfer. Family business researchers (Morris et al, 1997) argue that this is a critical sub-process during a succession or a family business transfer, but the actual process is to some extent still a black box. Previous research (Harvey and Evans, 1995) indicates that this process is complicated, but there is little research on what actually happens in it. Problems with divisions of job responsibilities is a reported problem during succession processes (Havunen and Sten, 2003), but how do the involved actors actually go about and plan for the transition process? One of the business family members interviewed (Bfm16) said that “he starts on Monday and then we see.” That is one single business family, but how is this organized in other business families? Do business families plan the transition process in detail, or do they just tackle the problems as they come? In this thesis, the focus has mostly been on small and medium-sized businesses, but how is it in larger family businesses? Is the transition processes there planned in more detail regardless of whether it is a succession or a family business transfer?
Another dimension of the transition period is the perspective of the personnel. Sellers most often argue that it is important for the employees to continue together with the new owner, but how do the employees perceive the actual transition process after the deal is completed? Harvey and Evans (1995) state that the personnel may have difficulties in accepting a successor, but how do they react when a new owner enters the former family business? One buyer (F1) was interviewed during this research process, and he reported that he was constantly under the magnifying glass, but how is it in other cases? Are the personnel still loyal towards the former owner during the transition period, or do they immediately give their full support to the new owner? One can also easily deduce another research question from this, and that is how will the transition process proceed when the personnel is the buyer? In practice, this means that during a family business transfer the control shifts from the selling business family or the selling entrepreneur to their former subordinates. A fair assumption is that it is not easy for a former leader to go through such a role transition, but at the same time it can also be a tough challenge for the personnel. This is definitely an area which could be researched in more detail further on.

A third area for potential future research is related to ownership and future changes in the ownership structure of family businesses. This thesis has focused on total business transfers, which imply that the selling business family has given up all their shares of their family business, or where they have sold full business operations. However, discussions with selling business family members have revealed that different challenges may emerge when business families start to plan for new ownership structures. One such challenge may occur when two business families own a business together. What happens when one of the business families come to the conclusion that it is time to make changes in the ownership structure? It might want to give up its control, but how does the other business family react to that potential future change? A slightly similar scenario could be that there are potential successors within both business families, and there may be divergent opinions about which family is to provide the new successor. How do co-owning business families handle these kinds of potential conflicts?

Another dimension of shared ownership is that a business family may decide not to give up ownership of its family business entirely, but for different reasons to sell only a part of it. From that perspective it would be interesting to see how the selling business family and its individual members adapt to this new control position. In Finland, we have a few examples where the business family for a period has sold out parts of its business, but then it has for some reason often chosen to buy back the shares after a few years. In that respect it would be interesting to research in more detail how the introduction of the new owners influence how the family business has been run. Can the selling business family adapt to a situation where it no longer has full control, but perhaps only the majority, and how does it view and prepare itself for this new power balance? A further aspect of the ownership challenges is related to the size of the family business. This thesis has focused mainly on small and medium-sized family businesses and business families with just a few members, but how are ownership issues handled in larger family businesses and larger business families? Redlefson (2002) has touched upon this matter, but it would be interesting to look in more detail at how larger business families set up strategies for future ownership structures. Are the rules of the
game known to, and accepted by, every single business family member, and how do business family members decide on the rules?

A fourth and final area for promising future research is related to life after family business transfers. Some of the business family members interviewed (e.g. Bfm14) reported that they started up a new business after the family business transfer, and hence their personal social networks also changed substantially. Another aspect of this is that some selling business family members (e.g. CF1m) reported that they miss the daily contacts with their customers and employees. This was especially the case among representatives of the first generation. This circumstance gives rise to a potential interpretation that a family business transfer will most likely change the social networks of the selling business family members, but more research could be worthwhile here. How do the social networks actually change due to a family business transfer, and are these positive or negative changes? This has partly been in focus in the result discussion in this thesis as well, but there is certainly a need for going into more detail about these aspects of family business transfers, at least if one takes into account the major concerns of selling business family members both before and after they have entered the post-transfer period.
REFERENCES


Appendix 1 Interview guide for business broker interviews

The family
- Are there differences between family- and non-family business transfers?
- When family businesses are in focus, who is your main client?
- Do you meet other persons than the majority owners during the transfer process?
- How committed is usually the whole family to the decision to sell the family business?
- How do families go about and discuss a potential family business transfer, or is it just a question for the majority owner?

The family business
- Is it more difficult for a family to sell a family business, which has been under the control of the business family for a very long time?
- How important is the future of the family business after the transfer?
- Do they have clear criteria of who the potential buyer to the family business could be?
- Do they usually end their involvement in the family business when it is sold?
- If some family member continues to work in the family business after the transfer, is there some change in the level of motivation?

The transfer
- When do business family members contact you concerning a potential transfer?
- How much time is needed to prepare a family business for a transfer?
- Is usually the whole family business sold in the transfer or is it also a common procedure to sell businesses in parts?
- How much time is usually needed for a family business transfer?
- Do the sellers mention what they are going to do after the family business transfer is completed?
- Do you know what business family members do after they have completed the family business transfer?
- Have you experienced that sellers regret the deal shortly before the completion of the deal is to take place?
- Have you been involved in transfers, where the former selling business family has bought back their family business?

Contacts
- Is it possible that you could help me to come in contact with business families, which have sold their family business?
Appendix 2 Interview guide for business family member interviews

The family business
1. What was the industry?
2. When was the family business started?
3. How many employees worked in the family business, when it was sold?
4. How many family members/non-family members worked in the family business?
5. What have your role been in the family business?
6. Has the family business gone through any succession process?
7. At the time for the transfer, did you have any other family businesses?

The family
- Who belongs to the family?
- Which family members were involved in the family business and in which ways?
- How would you describe your family?
- What did the family business mean to you personally?
- What did the family business mean to your family?
- How did you reach the decision to sell the family business?
- How much time did it take to reach the decision to sell the family business?

The transfer
- When was the family business sold?
- Who was the buyer?
- Did the transfer include the whole family business?
- Did you sell the company or the business?
- Why was the family business sold?
- Did you consider a potential succession or was the transfer the only option?
- What was important for you personally when the family business was sold?
- What was important for your family when the family business was sold?
- In which manners did you discuss the transfer within the family?
- How did you experience the transfer process?
- Is there something you would have liked to change in retrospect?

The period after the transfer
- Did you all end your involvement in the family business when it was sold, and if you did so, why?
- How do you look on your personal life situation after the family business transfer?
- Has life after the family business transfer turned out as expected?
- Did you plan well in advance how your life would be after the family business transfer?
- Has the degree of family belonging changed after the family business transfer?
- Have you been able to use the knowledge you gained during the family business career also after the family business transfer?
• Have you been able to use the contacts you created during the family
  business career also after the family business transfer?
• Is there something special you miss from your family business?
• Have you or your family any plans of starting some new venture after the
  family business transfer?
• Have you considered buying back your family business?
• What have you done with the money?
Appendix 3 Overview of interviews with informants and respondents

Pilot interviews (P)

Pilot informant 1, (P1), lawyer involved in business transfers, 14.5.02
Pilot informant 2, (P2), person who has sold his company, 6.3.03

Business broker interviews (Bb)

Business broker 1, (Bb1), 27.2.03  Business broker 8, (Bb8), 27.8.04
Business broker 2, (Bb2), 6.3.03  Business broker 9, (Bb9), 5.10.04
Business broker 3, (Bb3), 1.4.03  Business broker 10, (Bb10), 26.11.04
Business broker 4, (Bb4), 10.4.03  Business broker 11, (Bb11), 25.4.05
Business broker 5, (Bb5), 5.5.03  Business broker 12, (Bb12) 26.4.05
Business broker 6, (Bb6), 4.6.03
Business broker 7, (Bb7), 4.6.03

Business family members (Bfm)

Business family member 1, (Bfm1), 8.4.03  Business family member 10, (Bfm10), 17.12.05
Business family member 2, (Bfm2), 8.4.03  Business family member 11, (Bfm11), 9.5.05
Business family member 3, (Bfm3), 22.4.03  Business family member 12, (Bfm12), 9.5.05
Business family member 4, (Bfm4), 2.6.03  Business family member 13, (Bfm13), 26.5.05
Business family member 5, (Bfm5), 2.6.03  Business family member 14, (Bfm14), 26.5.05
Business family member 6, (Bfm6), 9.6.03  Business family member 15, (Bfm15), 15.6.05
Business family member 7, (Bfm7), 16.6.03  Business family member 16, (Bfm16), 15.6.05
Business family member 8, (Bfm8), 25.6.03  Business family member 17 (Bfm17), 16.6.05
Business family member 9, (Bfm9), 2.7.03

Cases on business families
(f = father, m = mother, d = daughter, s = son)

Case family 1, father (CF1f), 23.11.04
Case family 1, mother (CF1m), 23.11.04
Case family 1, daughter (CF1d), 22.12.04

Case family 2, father (CF2f), 12.8.05
Case family 2, mother (CF2m), 12.8.05
Case family 2, son (CF2s), 13.9.05
Case family 2, daughter (CF2d), 13.9.05

Follow-up interviews
Father, who bought a family business (F1), 16.5.03
Father, who hired an external CEO to the family business (F2), 30.8.04


