RECOMMENDED BOOK

_Dynasties: Fortunes and Misfortunes of the World’s Great Family Businesses_ (David Landes)

By: Boris Matijas, Family Business Transformation

“As wealth grows, so do the opportunities for disagreement,” writes David Landes in this highly recommended book, which the author himself describes as “a book about family and business, success and disappointment, love and discord”.

Following an exhaustive investigation of family and historical sources, Landes relates 11 stories chronicling the founding and rise of some of the world’s most powerful business families. In direct, familiar language, the author makes it clear that the question of continuity is a constant problem for family businesses. Striking a balance between two narrative components – success and failure – Landes crafts well-documented accounts and draws conclusions that all family businesses should consider. For example: “Failure will, of course, kill the business. But so will success, with all the diversions and temptations of fortune.”

Landes’s choice of the families portrayed in the book was based on the assumption that dynastic feats are determined by two factors: the nature of business and the way in which society perceives entrepreneurship and private enterprise in general. As Landes makes clear, this second factor is decisive in the development of family businesses because it exerts a strong influence on its prospects for success.

The book contains many historical references and documents that provide an introspective look at the family dynamics behind the success of major business projects. Despite the cultural and religious diversity of the sagas portrayed in the book, one recurring element is seen in all of the stories: uncertainty about the appointment of a successor. Despite economic and business success, the families are constantly haunted by the spectre of continuity and the question posed by the author: “Does the clan produce enough people and talent to continue running the show?”

_Dynasties: Fortunes and Misfortunes of the World’s Great Family Businesses_ is the latest work by an author ranked among the leading historians of industry and technology. The book is full of anecdotes and offers conclusions that can easily be extrapolated to most centenarian family businesses – such as the notion that rich families can only stay rich by delegating the management of their companies and assets to outside professionals.

The book is eloquently illustrated with highly relevant documents. Perhaps the most historically important of these, for the purposes of research on family businesses, is a set of rules written by Robert Peugeot in 1936 with the aim of imposing his vision of the future for the family business:
- Shares in the company shall be handed down only to sons, never to daughters or sons-in-law...

- All members of the company must reinvest earnings from the company in the company...

- All Peugeots must have enough collateral income to satisfy these terms...

- All children shall have a seat on the board of directors. Their right to vote shall initially be partial but will increase as they acquire experience...

- Company executives are prohibited from taking part in any political activity that is not local in scope...

Family-owned companies are enormously important to the economic development of all of the world’s economies. The longevity of family businesses is largely determined by the two factors mentioned above: the nature of business and the way in which society perceives entrepreneurship.

Through 11 documented stories about some of the most iconic family businesses in a variety of sectors, including banking (Baring, Rothschild, Morgan), the automobile industry (Ford, Agnelli, Peugeot, Toyota), oil (Rockefeller, Guggenheim, Schlumberger) and steel (Wendel), Landes takes an intelligent, insightful look at some of the main issues of particular concern to family businesses.