



PICTURE:
Bocconi University in
Milan, Italy, courtesy of
Bocconi University.

AIdAF-EY Chair in Strategic Management of Family Business in memory of Alberto Falck, Bocconi University, Milan

*Interview with Prof. Guido Corbetta,
Professor of Strategic Management in Family Business*

Prof. Guido Corbetta was one of the first academics in Italy to start the conversation about the family business field. Immediately realizing the importance of basing academic research on relevant practical insights, AIdAF, the Italian national association for family businesses was established in 1997 by Alberto Falck and other entrepreneurs with Corbetta's assistance. Its remit was to monitor the development of family firms and bring together the family firm community in Italy. Falck died in 2004 but not before Corbetta and he had overseen the creation of a new Chair in collaboration with EY at famed Bocconi University in Milan. The Chair, wholly dedicated to the study of family business, was named in Falck's memory and is now associated with pioneering work across the field.

Professor Corbetta is now Professor of Strategic Management in Family Business at Bocconi University. We spoke to him in Milan to find out more about the AldAF-EY Chair and the pressing need for Italian family firms to grow.

How did you come to be interested in the subject of family businesses?

I started out as a strategy and management student here at Bocconi University. In 1985 the Lombardia Association for Entrepreneurs asked my then professor to carry out some research on intergenerational transition. He chose me to take it on, probably because my parents had a business and my uncle owns a large company. So I started researching with 12 interviews and then became fascinated with the topic.

At the time it was hard to convince people in Italy that family businesses were important and worth studying. People thought 'family' belonged in psychology or sociology and had nothing to do with business. So to build my case, I ventured outside Italy and contacted academics in Europe and in the US; pioneers like Miguel A. Gallo and John Ward. They gave me the encouragement I needed to carry on and I'm still very grateful to them for their support in these crucial first years.

In the beginning I was mainly interested in intergenerational transition because the topic was new in Italy. Then I moved to a more general subject – the intersection between family and company. The idea was to try and understand how the two systems influence each other, focusing on governance and management. I went on to publish my first book on family businesses in 1995.

Were Italian family businesses interested in your studies?

At that time Italian family businesses were just focused on running their company and did not really think about family management systems. One of the first Italian companies to start thinking about how to manage a family business and set out rules for the next generation was the Drago-Boroli family, owners of the De Agostini group. I

think they set the bar for defining good governance. Even before we established AldAF and the chair at Bocconi, the larger business families represented by Alberto Falck, Maurizio Sella, the Fumagallis, the Ferragamos, the Zegnans and others used to get together to discuss their specific challenges. They didn't call it a family business association but that's pretty much what it was. Alberto Falck then saw the benefit in taking it further, joining forces with other families and creating AldAF, which is also the Italian chapter of FBN, the Family Business Network.

Has governance become more of a priority to family firms in Italy?

Business families are now ready to admit the importance of the topic but we still struggle to make them aware of the sense of urgency. We get very basic questions such as "Should we start doing workshops for our next generation?" It's becoming more understood that if a family does not plan and put governance in place it will fail. We have had a few cases where families failed to anticipate the difficulties of transition, amongst them famous names like Gucci. These examples have been crucial in spreading the awareness of the subject but it's still hard to find case studies that demonstrate best practice – or show how not to do it. The more case studies we have that show the importance of governance, the easier it will be to convince others.

Why do family businesses seem to resist the formalisation of governance?

Putting systems in place for governance is not easy to do with our Italian culture. We've been raising awareness for more than 20 years but it still sometimes seems as if we're just beginning! Recently though for the first time we've started seeing interest from SMEs and not just large companies, so that could be a positive sign.

How is the Chair in Strategic Management of Family Business structured?

The Chair is dedicated to the memory of Alberto Falck who unfortunately did not live to see it bear fruit but he was instrumental in its design and realisation. It's sponsored

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Prof. Guido Corbetta - Bocconi University

PICTURE:
AIdAF annual
gathering, courtesy of
AIdAF



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Prof. Guido Corbetta - Bocconi University

by EY which is quite unique for a traditional university like Bocconi. That strategic alliance between EY, AldAF and the university has been key to our success. There are nine of us in the team including another full-time professor, Carlo Salvato alongside visiting professors and researchers.

We teach, research and publish like any other Chair at Bocconi but this is a university that is known for keeping in touch with the community. The business school here has always had faith in AldAF and has been very supportive of AldAF. Of course we place a lot of value on our research but it's just as important to make sure people outside the university get to see the work and benefit from it.

Does the Chair have a clear research focus?

I think it would have been a mistake for us to focus the Chair only on one topic. We might have become better known but we would not have been as useful to the community. Carlo Salvato for instance comes from an entrepreneurship background and also heads that division at the Academy of Management. We have other people focused on governance, generational transition and transmission of skills, i.e. succession.

What is the Observatory and what trends has it helped you see?

We launched the Observatory in 2009. It is a data center with analysts dedicated to monitoring the long-term development of all family firms in Italy – not just a select few. The remarkable insights we've been able to publish have helped set our chair apart from others.

I believe the family business model will remain the most dominant amongst the ownership types in Italy. We have seen an increase in IPOs and cooperatives but they will never outnumber the family businesses in the private sector. I do think the prominent family names might change though; for instance, at this year's AldAF Conference an award was given to the Rana family; they are producers of fresh pasta and have been around for 40 years but until recently were little known. So yes I think we will see new names rise.

What are the challenges and opportunities in the near future for academic study of family business?

I think we have to be careful not to lose relevance in what we research. That is why ties with the business community are so important and why we must collaborate with associations and other interested parties. That's how you find the right questions to research. European family business academia has suffered somewhat in recent years and lost some of its relevance but I think we've improved our methodological skills and we're ready to come back stronger, with results that will stand the test of time.

What is the role of family firms in shaping the future of Italian business?

Family companies will always be important in Italy due to their sheer numbers, but also because they represent an opportunity for social integration into local communities – this is a key focus in Italy today. The big challenge we face is that most family companies fail to grow beyond a certain size and therefore do not create enough jobs. One of the reasons is their insistence on growing organically and the refusal to look at M&A as an option for growth. I believe this is a weakness that prevents more family companies featuring in the financial markets. It is crucial to the future economy that Italian family companies turn their attention to growth.