

CHAPTER V

CONCLUSIONS

After finishing the research about succession planning in Sampurna and doing the analysis, the researcher has some conclusions based on those analyses. Based on the theoretical background and the data analysis, the conclusions are made as written below.

The result on the previous chapter stated that the founder of Sampurna wanted the business stay in the family, so she made succession planning carefully in order to make the business stay longer in the family circle. Mrs Hwariani follows the Bowman-Upton and Churchill and Hatten transferring of power, but a little bit different because she does the phase of selection and education in the same time which usually most of the other founder do selection phase first and then go to the education phase. In the Sampurna case, Mrs Hwariani combines two theories from Churchill and Hatten and Bowman- Upton theories in doing the succession. The researcher found that this succession planning is very supporting the founder to transfer the management to the next generation, not only for the founder but also for the second generation to transfer management to the third generation and so on.

The second generations also prepare the third generation as early as possible to make the third generation ready to enter the business. Different with Mrs Hwariani who only gives opportunity for the sons to handle Sampurna, the second generations

are more democratic, they oppositely give the opportunity to their sons and also their daughter. The second generations realize that they did not live in the old tradition anymore, they have already lived in the modern era, they feel that it will not be fair for their children if only the sons get the opportunity, because from the reality, not only man who has the right to run the business, woman also has the right to enter the business. They realize that there is gender equality now. However, they want to give the best to their children, so they will support whatever their children want to be, as long as it is positive. They do not push the children to handle Sampurna, but they keep giving direction to their children and educate them the way of working in this family business since they were very young.

Sampurna has a unique succession planning because Mrs Hwariani give the opportunity to the second generations not only handle Sampurna, but some of them also open the same business but with not with Sampurna name. Sampurna work in the service area, usually people will go to the nearest store to get service as soon as possible, so Mrs Hwariani felt save enough to allow her sons to open the same business as long as the store that belong to her son not lies close each other, so there will be no tight competition among them.

However, there are also some obstacles that must be faced by Mrs Hwariani, the obstacles not only come from internal family but also come from outsiders who are suppliers and also customers. Mrs. Hwariani always reminds her children to solve the family problems together without conflicts. If the problems can not be done by

the internal family, usually they will involve the third party as their advisor or counselors. To solve the obstacles that come from outsiders, Mrs Hwariani gives early understanding and information to the outsiders about the successors. Mrs Hwariani also introduces the successor to the clients and suppliers as soon as possible, so they will feel more secure to do business with the successor.

There is no potential problem for Mrs. Hwariani when doing the succession planning. Conflicts should not arise from the second generation after Mrs. Hwariani passed away, because they already have their own part in this family business and have become a solid team since long time ago. In the other hand, problem may arise from the third generation. The second generations give the freedom to the third generation to choose their own business, so there is possibility that not all of the third generation will manage this family business. However, some of the third generation start learns in managing Sampurna now. The shares of ownership will be the family matter, but the second generations have a plan to give the leadership to the oldest grandchildren who want to manage Sampurna.

The succession planning done by Mrs Hwariani is almost the same with the succession planning done with the other founder to maintain their family business. Sampurna is only one of the family business that done the succession planning. Every family and family business situation is different, so there is no one "master map" because there are no fixed or defined obstacles, succession planning is not a perfect science. However, certain things do tend to appear frequently. There are many

different dynamics and complexities to consider and there are no guarantees for making everyone happy. But successful succession planning is not an impossible task, and it doesn't have to split families apart.

There are advisors and counselors who can make sense of confusion and guide companies through the process, no matter how large the family or how long they have waited to get started. But waiting too long to get started can most definitely make worse problems. There are advisors and counselors who can make sense of confusion and guide companies through the process, no matter how large the family or how long they have waited to get started. But waiting too long to get started can most definitely make worse problems.

In the early days of a business, owners pay most attention to growing the company and give little thought to succession. Typically, the first thoughts about succession occur when children reach their teens and consider or begin working at the company – or when the owner gives serious consideration to retirement.

The success of transferring management smoothly in the Sampurna as the family business proved that succession planning is very important thing to consider in the family business. Unfortunately Mrs. Hwariani did not make the written succession planning for the transfer of power. Even though Mrs Hwariani can done the succession planning, but it looks like unstructured, because no fixed rule she made in this succession planning. It will better for Mrs. Hwariani to make written succession planning to make her plan structured. The second generation also should

make the written succession planning to make the transfer of power smoother and structured.

Managerial implications

Understanding succession planning can help the founder of a company or those who plan to transfer the management to the offspring in the family business area to review whether he or she has done the right strategy to transfer power to the offspring

Knowing more about succession planning for transferring management helps the founder or those who plan to transfer the management to the offspring to choose the best suitable succession planning he or she can do to smoothly transfer the power. It is suggested to do the succession plan in the written form to make it more structured.

Through this survey of research into family business succession planning it has become clear that many variables influence this process. The factors and processes impacting upon succession are diverse and change according to the situation. They range from the forces at work in the business environment to individual owner and manager characteristics. Certain external influences, such as suppliers and customers, may have a significant impact, however, human factors and processes appear to be the areas of most concern during family business succession

planning. The problems encountered in family business succession planning are generally 'human' ones. Consequently, the issues to be managed and the difficulties that must be overcome when family businesses plan for succession mostly revolve around relationships, individual attitudes and experiences, business and family cultures, and the values and aspirations involved. Understanding the importance of succession planning in the family business can help the founder of the business to transferring the business to the next generation smoothly.

Transferring the family business requires the family to make a determined effort to do the following:

- ✓ Communication.
- ✓ Creating a business strategic plan, including Business mission, Business goals, Strategy to achieve the goals.
- ✓ Creating a family strategic plan, including a unified vision of the family's role in the business, Code of conduct for family members.
- ✓ Preparing a Succession Plan, including arranging for successor training, setting a retirement date, championing your successor.

There are many organizations, books and magazines that can help the founder to plan and manage a successful family business. It is better for the founder to gather as much as information and read as many references as possible before developing a plan for managing and transferring the family business. The guidelines discussed will make the process easier and more successful.

Limitations

There are some limitations if the research is conducted by in-depth interview. The unstructured in depth individual interviews has a problem that the topic might be broader of that actually the researcher needs to be observed.

The other limitation is that in-depth interview is a very time consuming because the researcher depends heavily on the readiness of the respondents and some of the respondents are very difficult to be scheduled in the interviews. The respondents are very busy and some of them were mind if the interview recorded. Because of that, the researcher must remember the main points in the interviews. Sometimes the respondents do not want answer some questions, but fortunately not all of the respondents did the same thing. Besides, the researcher can not force the respondents to answer the questions. However, the researcher must appreciate the respondents' wants.

REFERENCES

- Beckhard, R., and W. Gibb Dyer. *SMR-Forum: Managing Change In The Family Firm: Issues and Strategies*. Spring: Sloan Management Review, 1983.
- Bowman-Upton, N. *Transferring Management in the Family-Owned Business*. Texas: Institute for Family Business, Baylor University, Waco, 1991.
- Churchill, Gilbert A., and Daan Iacobucci. *Marketing Research, Methodological Foundation* (9th edition). USA: Thomson, South-Western, 2005.
- Churchill N.C., and K.J Hatten. *Non-Market- Based Transfer of Wealth and Power: A Research Framework For Family Business*. American Journal of Small Business, Winter 1987, pp. 55-64.
- Dunemann, Mark, and Rowena Barret. *Family Business and Succession Planning: A Review of the Literature*. Australia: Monash University, 2004.
- Ghuri, Pervez N, Kjell Gronhaug, and Ivar Kristianlund. *Research Methods in Business Studies*. Great Britain: Prentice Hall, 1995.
- Harris, Jeff. *Business Succession Strategies That Work: Values, Morals and Matters of the Heart*, 2007.
- Hilburt, Jane, and Davis. *Strategic Planning for Family Businesses*. Key Resources, 2007.

- Kuncoro, Mudrajad. *Metode Riset untuk Bisnis dan Ekonomi*. Gadjah Mada University. Jakarta: Erlangga Offset Publisher, 2003.
- Lea, James. *Keeping it in the Family: Successful Succession of the Family Business*. New York: Wiley, 1991
- Lea, James. *Managing Change with Least Possible Risk*. American City Business Journals, Inc, 2004.
- Moelong, Lexy.J. *Metodologi Penelitian Kualitatif*. Bandung: PT. Remaja Rosdakarya Offset, 2004.
- Nawawi, Hadari. *Metode Penelitian Bidang Sosial*. Yogyakarta: Gadjah Mada University Press, 1985. Bab IX, hal 40-60.
- Panglaykim, J. *Bisnis Keluarga: Perkembangan dan Dampaknya*. Yogyakarta: Andi Offset Publisher, 1984.
- Schwerzler. Don A., and David A. Jones. *Succession Planning Obstacles in Family Business*. Family Business Experts.
- Sekaran, Uma. *Research Methods for Business: A Skill Building Approach*. Wiley, 2003.
- Susan, Wards. *Your Guide to Small Business*. Canada, 2007.
- Susanto, A.B. *World Class Family Business*. Jakarta: Quantum Bisnis & Manajemen, 2005.
- Thornton, Grant LLP. *Succession planning for family-owned businesses - Making the tough calls*, 2007.

Wasito, Hermawan et al. *Proyek Pengembangan Mata Kuliah: Pengantar*

Metodologi Penelitian. Yogyakarta: Atma Jaya University.

Wheelen, Thomas, L. and J. David Hunger. *Strategic Management and*

Business Policy (10th edition). Prentice Hall, Pearson Education, Inc,

2006.

Guiding Questions

Personal questions (for the founder):

1. What is the family mission? Why are you committed to establishing and operating the business?
2. Do you have succession plan? Is there a written succession plan?
3. Has the spouse and other key people provided input?
4. Has the succession plan been communicated to the relevant people?
5. Are you fully believed to the successor's ability?
6. How do you train the successors?
7. Do you need anytime to let go the business to the offspring?
8. Can family members in the firm effectively communicate?
9. Do you have a system to resolve conflict among family members?
10. Are women welcomed in the business? If not, why?
11. Is there a system in place for choosing a successor?
12. Do you have family's vision statement?
13. How will issues such as compensation, benefits and performance evaluation be handled?
14. How do you visualize the firm in the future?
15. What three things would you want your great-grandchildren to know about you?

Personal questions (for the offspring):

1. Do you have a desire to be the successor in the family business?
2. What are your reasons for wanting to be a successor?
3. Do you intend to work outside the family business?
4. Do you have the necessary education to handle the job?
5. What strengths do you have that can benefit the organization?
6. Do you have a vision for the company?
7. Are you willing to sacrifices (such as your family time) for the business?
8. Is your choice to become successor your own, or is it expected by the family?

9. How have you seen your parents demonstrate the values described in the vision statement?
10. How do you direct your children to continue this family business?

Questions Dealing with the family:

1. Has there been family discussion of succession issues?
2. Is anyone qualified to be successor?
3. Who will choose the successor?
4. How will the successor be chosen?
5. At what age will potential successors be allowed to work in the family business?
6. Is there minimum education level required to become the successor?
7. How will conflicts among relatives be resolved?
8. Will the successor start in an entry-level or management position?
9. Will family members and spouses be offered an opportunity to be involved in the family business according to their commitment and abilities?
10. Will all potential successors work at the headquarters or at different divisions?
11. Are the successors' suggestions taken seriously?
12. Do you always hold a family meeting regularly?
13. What will help these future leaders work together for long-term business success so that this family business can survive?

Questions Relating to the Business

1. What is the company's mission statement?
2. Has the founder told employees the business will stay in the family?
3. Is the family business ahead or behind technologically?
4. Is the family willing to sacrifice today to prosper later?

Guiding Questions

Pertanyaan pribadi(untuk pendiri perusahaan):

1. Apakah misi dari keluarga? Mengapa anda tetap teguh untuk mendirikan dan menjalankan bisnis ini?
2. Apakah anda memiliki rencana suksesi? Apakah rencana suksesi tersebut dituliskan?
3. Apakah rekan atau orang-orang penting yang lain menyediakan input/saran?
4. Apakah rencana suksesi telah dikomunikasikan dengan orang-orang yang bersangkutan?
5. Apakah anda benar-benar percaya pada kemampuan suksesor/penerus bisnis?
6. Bagaimana cara anda melatih suksesor?
7. Apakah anda membutuhkan waktu untuk benar-benar melepaskan bisnis ini kepada suksesor?
8. Apakah anggota keluarga dalam perusahaan dapat berkomunikasi secara efektif?
9. Apakah anda memiliki suatu system/cara untuk mengatasi masalah antara anggota keluarga?
10. Apakah wanita diterima dalam bisnis keluarga ini? Jika tidak, apa alasannya?
11. Apakah terdapat suatu system atau cara tertentu untuk memilih suksesor?
12. Apakah anda memiliki visi keluarga?
13. Bagaimana permasalahan seperti kompensasi, keuntungan dan evaluasi performa dalam bisnis keluarga ini diatasi?
14. Bagaimana anda membayangkan perusahaan ini di masa depan?/harapan seperti apa yang anda bayangkan untuk perusahaan di masa depan?
15. Sebutkan 3 hal yang anda ingin cicit anda tahu tentang anda?

Pertanyaan pribadi(untuk penerus perusahaan):

1. Apakah anda memiliki keinginan untuk menjadi seorang penerus dari perusahaan keluarga ini?
2. Mengapa anda ingin menjadi penerus?sebutkan alasan anda?
3. Apakah anda memiliki keinginan untuk bekerja diluar bisnis keluarga ini?
4. Apakah anda memiliki pendidikan yang dibutuhkan untuk menangani pekerjaan ini?
5. Kekuatan apa yang anda miliki yang dapat menguntungkan bagi perusahaan?
6. Apakah anda memiliki visi sendiri untuk perusahaan?
7. Apakah anda bersedia untuk berkorban(seperti mengorbankan waktu untuk keluarga anda) demi menjalankan bisnis ini?
8. Apakah pilihan untuk menjadi penerus merupakan keinginan anda sendiri atau keinginan keluarga?

9. Apakah anda melihat bagaimana orang tua anda menjalankan nilai-nilai yang digambarkan dalam visi keluarga?
10. Bagaimana anda mengarahkan anak-anak anda untuk bekerja dalam bisnis keluarga ini?

Pertanyaan yang berhubungan dengan keluarga:

1. Apakah telah terdapat diskusi keluarga mengenai permasalahan suksesi ini?
2. Apakah terdapat anggota keluarga yang dikulifikasikan sebagai penerus(pemimpin perusahaan)?
3. Siapakah yang akan memilih suksesor?
4. Bagaimana suksesor tersebut akan dipilih?
5. Pada usia berapa penerus yang potensial akan diijinkan untuk bekerja dalam bisnis keluarga ini?
6. Apakah terdapat pendidikan minimum yang harus dimiliki untuk menjadi suksesor?
7. Bagaimana permasalahan antar saudara diatasi?
8. Apakah suksesor akan memulai dari posisi awal atau posisi manajemen?
9. Apakah anggota keluarga dan rekan2 diberikan kesempatan untuk terlibat dalam bisnis keluarga berdasarkan atas kemampuan mereka?
10. Apakah semua suksesor yang potensial akan bekerja di pusat atau pada divisi yang berbeda?
11. Apakah saran dari suksesor benar2 diperhitungkan?
12. Apakah anda selalu mengadakan pertemuan keluarga secara teratur?
13. Apakah yang akan membantu para pemimpin masa depan bekerja bersama dalam kesuksesan bisnis jangka panjang sehingga bisnis keluarga ini dapat bertahan?

Pertanyaan yang berhubungan dengan bisnis:

1. Apakah visi dari perusahaan?
2. Apakah pendiri memberitahukan para karyawan bahwa bisnis ini akan tetap berjalan dalam lingkaran keluarga?
3. Apakah bisnis keluarga ini mengikuti teknologi yang ada?
4. Apakah keluarga bersedia untuk berkorban sekarang untuk kesejahteraan di masa depan?