Greetings, Friends of the Koch Center!

As we end the academic year, I wanted to flag a few projects relevant to our work at the Koch Center. Our mission at the Koch Center is to engage our stakeholders, whether students, the broader community, or academic scholars, in robust and research-informed discussions on ownership - family and otherwise - and its implications for performance and the shape of the wider economy. While inspiring, this is a big vision to run with our small team. As a result, we have to rely on working with close partners to accomplish our mission. Each of the engagements noted below was done in close collaboration with individuals across the business school. I am grateful to work with colleagues across the university in pursuing this work, and then to have the opportunity to share those learnings with all of you!

Sincerely,
Peter Boumgarden, PhD
Koch Center Director

Given COVID’s impact on the global economy and our ability to travel, it has been nearly three years since we were able to take Olin’s MBA class to Spain as a part of their award-winning global immersion. And so, it was with great anticipation on March 26th that we hopped on a plane and headed to Barcelona with the class of 2022. My colleague Sam Chun and I were able to lead the first of three courses in Europe. Our class, “Foundations of General Management,” integrates insights from strategy, organization, and financial management to provide a practical way to think about developing and implementing a strategic vision.

Throughout the course work, one of the things that Sam and I ended up exploring was the different dynamics in play based on who owns a company. The five cases we used (Kodak, Chateau Margaux, Pandora, Aravind, Southwest) provided unique ways to think about how different forms of ownership (public/private, VC or PE backed versus family held) lead to distinct goals and different competitive pressures. Fresh off the “Ownership Insights” course with Spencer Burke, it was fun to continue to explore the role of ownership in shaping the dynamics within an organization, a framing too often left behind the scenes.

For the core project of the course, we tasked the student teams with setting up a wine distribution business. The group then visited three family-owned Spanish vineyards to understand better what a vineyard might look for in the distributor relationship. In addition to walking us through the strategic choices of product distribution, owners and key employees of Pere Ventura Family Wine Estates, Gramona, and Familia Torres offered unique perspectives on how they sought to balance innovation and continuity over time. This theme resonated with this year’s Data+Design series on balancing continuity and change.

Specific to best practices around family ownership, it was wonderful to hear of the Familia Torres group and their involvement in the Primum Familiae Vini (PFV) group. PFV is an “international association of some of the world’s finest wine-producing families from France, Germany, Italy, Portugal, and Spain.” This network of families has worked to generate, test, and share several creative practices in sustainability and product quality across these some of the world’s leading wine-making families. It was a wonderful learning experience and one that I think continued to give our students insight into ownership and competitive strategy.

I also wanted to provide a shout-out to Kurt Greenbaum for his excellent work on Olin’s "On Principle" podcast. If you haven’t had a listen already, I would highly recommend this project.

In the most recent episode, Kurt captured the story of Angel Likens and the unexpected 2017 burning to the ground of the Bogey Hills Country Club in St. Charles County, Missouri. Specific to family business, Angel’s story offers insights on the role of a crisis in driving change in an organization and how to balance what was expected of the reinvention with the opportunity to think fresh about their family organization. Kudos to Angel and her leadership here. It was an honor to be in conversation with you!
How do you balance the pull of tradition, the weight of history, and the need to look forward and innovate? How do you dream big in the midst of a crisis?

Many Thanks to our executive in residence, Spencer Burke, for continuing to track interesting examples of family business and family office within the news.

- The Italian fashion industry, where family ownership of leading brands dominates, is seeing a lot of next-gen break-outs. Is this a reflection of the invasion of Individualistic Culture from Northern Europe and the U.S. into Italy or just of the confining opportunity sets for aspiring next gens presented in ever-larger fashion giants?

- Fidelity's inspirational 2nd gen leader, Ned Johnson, passes. He led this family-controlled firm for 44 years and instituted the many strategic shifts that made Fidelity Investments an iconic brand in the financial services industry. The company is now 49% family-owned, with employees owning 51%, and is headed by his daughter, Abby.

- Most of us remember starting our careers and thinking, "Wow, if I could ever accumulate $1 million, I will be all set." What is that number today? Here is a great thought piece by Forbes Wealth Strategist John Jennings (Spencer's partner at the St. Louis Trust & Family Office) on how to think about how much money is enough.

- We tend to think of ownership in singular forms -- the publicly traded firm, the firm controlled by private equity, the family-owned business. The reality is that a combination of ownership forms are perhaps more common. Consider the publicly traded but family-controlled firms. Might such combined forms of ownership be strategic paths toward balancing the relative strengths of each? Consider here an example of KKR and other private equity funds using forms of employee ownership in their acquisition post-investment. I (Peter) hope to explore more about these combined forms of ownership in future writing and events around the Koch Center!

Finishing the Family Investment and Impact Series

On March 8, 2022, the Koch Center held Markets and the Evolution of Value, the second in a broader series on "Family Investment and Impact." Koch Center Director Peter Boumgarden sat down with Cliff Asness, Founder, Managing Principal, and Chief Investment Officer at AQR Capital Management. They held an in-depth conversation covering topics ranging from quantitative finance to hedge fund management.

If you were unable to join us, or you would like to tune-in again, you can watch the full recording on the Olin YouTube Channel:

Watch here!

Later that month, on March 24, 2022, the Center held a session on Impactful Investing: High-Performance Strategy through Diversity. Our final installment of the 2021-2022 "Family Investment and Impact" series focused on how some individuals and families are looking at diversity not merely from a philanthropic standpoint but instead as a set of values that overlap with economic opportunity. Our team of leaders from UBS, 5th Century Capital, Concentric Equity Partners, and TPG walked us through how to approach this work strategically.

Knowing how to do this well—and at scale—is a challenging strategic question that will be further explored in a forthcoming white paper.

Thanks, as always, for reading. We hope to see you on campus or online sometime soon!

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