STEP Project Overview

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Global Prosperity: The STEP Project

Intuitively, we understand that the prosperity of our communities and countries are somehow related to the strength of family businesses. Statistics indicate that it is even more true than we might suspect. In many of our most productive countries—the United States, Germany, Spain, India and Brazil, to name just a few—families control up to 90 percent of the businesses and contribute more than 50 percent of the gross domestic product. In the emerging economies, families are the developmental foundation for new business and future prosperity.

Until now, the focus on ensuring prosperity through family businesses was to help them preserve wealth and survive from one generation to the next. Through the STEP Project families will come to understand the requirements for long-run growth and productivity that can generate prosperity for many generations to come.

A critical facet of all thriving businesses and growing economies is no secret: Entrepreneurship. Entrepreneurship is about “the new” – new products, new processes, new capabilities, new markets, new business models, new ventures. The prosperity challenge is thus clear. If family businesses are the social and economic bedrock of our communities and countries, then how do they nurture the imagination and foresight, and foster the boldness and calculated risk taking that allows them to generate “the new”?

The STEP Project is uncovering the answers to this challenge on a global scale by bringing together successful multigenerational family firms worldwide with the most respected business experts and academic institutions in Europe, Latin America, the Pacific Rim and North America. These research collaborations will produce a detailed picture of the practices of family businesses that thrive from one generation to the next. It will compare the strategies from one area of the world with another, giving family firms new, innovative directions to consider.

Perhaps even more importantly, each year regional summits will bring the families and researchers together to discuss the findings, challenges facing family firms, and new directions for exploration. This worldwide network will also have various global gatherings for academics and families to capture the innovation and initiatives of the world’s most important business model—the family firm. As a first of its kind initiative, the STEP Project thus holds the potential to revolutionize views on global prosperity.
The STEP Project is a global applied research initiative that establishes learning partnerships between academics and business families in order to explore the entrepreneurial process in the family form of business organization. Family companies are acknowledged to be the dominant form of business organization worldwide. They play a critical and enduring socio-economic role in their communities and countries. In particular, they represent an often overlooked pool of resources for entrepreneurial activity. Understanding how to enhance their survivability, competitiveness, and entrepreneurial contribution is thus a critical issue for economic development.

Family business scholars and practitioners generally focus on assisting families in simply passing a business from one generation to the next. In doing so, they overlook the real imperative behind growth and continuity: How do business families pass on the entrepreneurial mindset and capabilities that enable them to sustain and create new streams of wealth across many generations? This is what we refer to as “transgenerational entrepreneurship.” The STEP Project is the first global study to establish a true nexus between the fields of entrepreneurship and family business. By examining the transgenerational potential of business families it is filling an academic gap in the research and a practice gap for families and professors.

The STEP Project is founded by the Institute for Family Enterprising at Babson College. Babson is known for its leadership in entrepreneurship education and for its “pracademic” approach to higher education and learning – a “pracademic” is one who is committed to both the rigorous development of leading edge knowledge and the application of that knowledge through entrepreneurial and timely solutions to business leaders. The STEP Project perfectly fulfills these pracademic commitments by utilizing an entrepreneurial approach to both the research and educational application to families.

Through this approach the STEP Project will:
- Create a research network of more than 40 universities worldwide that focus on family entrepreneurship and wealth creation.
- Establish a global benchmarking network of more than 1200 families that are interested in entrepreneurial continuity and growth.
- Generate a body of knowledge from cases and survey data that addresses the complexities of the family form of business organization.
- Provide universities worldwide with opportunities for program and product partnerships that focus on family entrepreneurship.
- Bring thought leadership to the fields of entrepreneurship and family business through the emphasis on transgenerational wealth creation by families.

Accomplishments

**July 2005** – Enlisted eight European founding partners and launched STEP Europe with an Academic Summit at Bocconi University, Italy.

**2005-2006** – Developed research model and methods, and conducted pilot study in Europe with 12 family in-depth case studies.

**August 2006** – Enlisted nine Latin American founding partners and launched STEP LA with an Academic Summit at Babson College, US.

**September 2006** – Hosted first Summit with academics and families at HEC in Paris.

**2006 – 2007** – (i) Enlisting additional European STEP partners, (ii) developing survey and methods, (iii) conducting phase I Europe research, (iv) Latin American pilot study, and (v) enlisting Asian founding partners.

**September 2007** – European Summit, Barcelona, Spain.

**November 2007** – Latin American Summit, Costa Rica.

**2007 – 2008** – (i) Europe Year 3 (ii) Latin America year 2, (iii) Asia Pacific year 1 (iv) North America Launch
The STEP Project is more than a research program. It is a unique shared learning partnership between academic institutions and business families worldwide. The research cycle revolves around a series of regional and global learning Summits (figure one). The design allows for value added application to each of the partners at every stage of the research and learning process.

Babson is building a global partnership network of leading academic institutions in four regions of the world – Europe, Latin America, Pacific Rim, and North America. Our goal is to have a total of 40 institutions worldwide who are committed to entrepreneurship and family business research. These academic institutions then form partnerships with business families in their regions. The families allow the academics to investigate their families and companies and the academics in turn deliver personalized findings back to the families and invite them to participate in the learning Summits. At the Summits, the academics and families come together in order to discuss findings, participate in peer benchmarking and determine the continuing agenda for the research. figure one

Each global region utilizes the same STEP research model, but organizes their data collection, dissemination and Summits as independent groups. Babson collects the combined global data and hosts global Summits. Each region has Founding Partners that join Babson to administer and drive the research. We currently have Founding Partners in Europe and Latin America and will add the Pacific Rim and North America in 2007.
The STEP Project utilizes a blended research strategy that combines in-depth qualitative case research with extensive stakeholder survey analysis of owners and managers. Family businesses represent a complex interaction of family ownership goals, individual family member careers, and business competitiveness concerns. Research efforts must be relationship-based in order to get inside the business and gain insight into this complexity. The usual large database variance studies used by academics do not meet this criteria. The STEP research design, however, has a consortium of universities/researchers working together so that each partner can leverage their institutional relationships with families in their region. Each institution will conduct two in-depth cases and collect a large number of survey data points inside of 10 additional families/firms each year. While this is a minimal amount of research per institution, the combined data creates a large global data base that can be used for comparative case and quantitative stakeholder analysis.

**Research Strategy Model**

STEP research partners make an initial three year commitment to the STEP Project. In year one, partners conduct the pilot cases and in year two and three they conduct the in-depth case and survey research. Each regional team will determine if they will move forward in Phase II. The intent is that there will be a STEP global survey of family businesses in Phase II. At the end of each research year there will be regional Summits that bring together academic researchers and business families to move from research to practice. This shared learning format that allows the findings to have an immediate application is a key distinctive of the STEP Project.
The STEP Summit is a distinctive part of the STEP Project applied research design. Through the Summits, the STEP Project delivers immediate value back to the families participating in the research and allows researchers to test the real time relevance of their findings.

Summits are held each year at the end of the research cycle in the four regions of the world. Academic partners invite the families that have participated in their research to join them in a summit environment. The summit is not a seminar for the families. It is an applied research dialogue between academics and family members that blends research discussions about the findings with application, impact analysis and benchmarking for the families. The Summits are the perfect embodiment of the “pracademic” commitments of Babson and the STEP Project.

At the end of every third year Babson will host a global Summit for all partner institutions and families who have been involved in the STEP Project. With a target of 40 institutions worldwide conducting in-depth research on a minimum of ten families per year, the STEP project will have a pool of more than 1,200 families who have personal interest in attending the global Summit.

During the Summit, academics facilitated and observed a series of presentations and roundtable discussions with the family member participants. Some of the research findings and questions explored during the Summit included the following:

- How is entrepreneurship different from “business as usual?”
- How do the family’s personal values impact growth and continuity?
- Is the family’s commitment to continuity a sufficient condition for transgenerational entrepreneurship?
- Is it effective for entrepreneurship when the family business’ strategies and structures parallel the family’s life stage?
- How do families utilize their pool of resource to find an advantage in entrepreneurship?
- How critical is the role of the founder in the family’s entrepreneurial success – past and future?
- How does succession impact the firm’s entrepreneurial capabilities?
- How do businesses institutionalize their intuitive family capabilities that lead to entrepreneurial success?

Ramon Carbonell – COPCISA, Spain
2nd Generation Construction and Energy Company

"During the Summit our family was able to discuss with the academics and with other family businesses topics about growth and continuity that we can never talk about at the office or home…without the distraction of telephones, secretaries and daily operations. It has been very important for me to be able to get the members of my family involved in these shareholder discussions."
The STEP Project is a corporate entrepreneurship study in the context of business families. The goal is to understand the transgenerational nature of business families and groups by assessing how they create new economic activity across time. In order to assess the full range of entrepreneurial influences and outcomes we must establish the system as the meta unit of analysis. The research will thus assess the family, the firm(s), the entrepreneur(s), and the interacting influences within the system.

The outcome variable that we are investigating is “transgenerational potential”. Since this is a theoretical construct that can only be investigated through generations, the intervening dependent variable is entrepreneurial performance. We will assess the antecedents to entrepreneurial performance using the theoretical frames of Entrepreneurial Orientation (EO) and the Resource Based View construct of “familiness.” We will also explore the external mediating factors connected to the model represented in the outer circle.

Research Questions

Q1: How do business families generate and sustain entrepreneurial performance across generations?

Where business families are defined as the unit of analysis according to the performance outcomes associated with the constellation of business activities controlled and directed by a vision of the dominant familial coalition (Chua, Chrisman and Sharma, 1999). Where entrepreneurial performance is defined in the context of corporate entrepreneurship as seeking above average returns through the pursuit of new ventures, innovation and strategic renewal (Dess & Lumpkin, 2005).

Q2: How does entrepreneurial performance relate to continuity and the transgenerational potential of family groups?

Where systemic family influence is assessed through the bundle of resources and capabilities that are generated within the system as distinctive (f+) or constrictive (f-) familiness in relation to entrepreneurial performance (Habbershon, Williams & MacMillan, 2003). Where the organizational ability to generate entrepreneurial performance is assessed through the theoretical dimensions of entrepreneurial orientation as the processes, practices and decision making activities that lead to new economic activity (Lumpkin & Dess, 1996).
The STEP Project is designed to make significant value-added contributions to business families, academic institutions, and the larger arenas of family business and entrepreneurship. The family business field of studies has largely focused on succession and relationship issues in the family, versus the more strategic, growth, and entrepreneurial aspects of business continuity. The STEP Project is in the forefront of generating new models and frameworks that connect the continuity of family businesses to acting entrepreneurially through time—what we refer to as transgenerational entrepreneurship and wealth creation. As the research develops, it holds the potential to reshape how scholars, practitioners, and family business leaders evaluate the capabilities of business families and their contribution to the long-term socio-economic health of communities and countries.

**Business Families**
- Part of Regional and Global Network of Families
- Connection and Access to Academic Institutions
- Participation in Regional and Global Summits
- Ongoing Stream of Leading Edge Knowledge
- New Models for Understanding Growth and Continuity
- Personalized Feedback from Research
- Peer benchmarking on Entrepreneurship Practices
- Coaching from Academics and Practitioners
- New Types of Educational Events and Materials

**Academic Institutions**
- Regional and Global Network of Peer Institutions
- Participation in a Global Research Project
- New Research and Networking Capabilities
- New Knowledge and Practice Capabilities
- Building of Family Business Reputation and Brand
- Expansion of Educational Offerings to Families
- Development of Younger Scholars
- New Stream of Publications and Academic output
- New Courses on Transgenerational Wealth Creation

**Fields of Study**
- Nexus of Family Business and Entrepreneurship
- Global Data and Cases on Family Businesses
- New Understanding of Family Business Continuity
- New Domain on Transgenerational Wealth Creation
- Stream of Publications on Transgenerational Thinking
- Courses on Entrepreneurship and Family Business
- Network of Scholars with Learning Synergies
- New Partner Program Opportunities
- Spin Off Research and Knowledge Outside of STEP

**Communities and Countries**
- Local Institutions working with Business Families
- New Knowledge on Role of Families in Economy
- Policy Making Implications for Business Continuity
- Connecting Local Businesses to Global Networks
- Country Level Comparisons and Benchmarking
- Building New Knowledge in Local Communities
- Expanding the Reputation of Regional Institutions
- Business Opportunities Resulting from Network
- Enhance Transgenerational Nature of Businesses
The STEP Project is a collegial consortium of universities and researchers that are organized into four global regions – Europe, Latin America, Pacific Rim and North America. Babson College is leading the formation of the regional teams and governance protocols. Each region will operate independently of one another, but will follow the same research model in order to generate valid and comparable results. Babson College and the Global Executive Committee will coordinate shared research data and global events.

Each institution who is invited to join the STEP Project must make a three year commitment and pay a yearly consortium fee of $6,000 US. The fee is split between regional research activities and global advancement of the STEP Project. STEP Project Partners must make the following contributions:

(i) Participate in the leadership and governance of the Project
(ii) Deliver 2 Pilot in-depth case studies using STEP methodology in year one
(iii) Deliver 2 in-depth case studies and conduct survey research on multiple stakeholders in 10 families in year two and three
(iv) Enlist business families from research to participate in a yearly regional Summit
(v) Participate in research and publication efforts according to STEP Protocols

Global and Regional Governance

The STEP Project will be overseen by a partnership between Babson College and the regional leadership from each of the four regions of the world. There will be collegial leadership model with Babson providing staff support for the global activities and each region or institution providing staff support as required to advance the Project.

**Global Board**: The Global Board will oversee decisions in regard to global development, funding, branding, protocols, knowledge/publishing outlets, events and administration in conjunction with the regional Founding Councils/Regional Executive Committees.

**Founding Council**: Each region will have a Founding Council comprised of peer institutions who are joint founders with Babson through their commitment to advance the STEP Project. The Founding Council will serve as the regional governing body in conjunction with the Global Executive Committee. Each Founding Council will be comprised of a senior scholar from the peer institutions. Additional persons from each institution may participate in the activities and committees of the Regional Founding Councils.

**Regional Committees**: Each Founding Council will establish working committees as they see fit. Examples include.

- **Regional Administration/Co-Chair**: One person/institution will serve as co-chair (with Babson) of the Founders Council to provide regional administrative support and to host the regional Summit during the coming year.

- **Research and Publication**: This committee will be part of the ongoing research design and strategy. They will oversee the research implementation, data collection and reporting, and publication/outlet protocols.

- **Marketing and Finances**: This committee will oversee the marketing and branding strategy and protocols, and all issues related to budgets and fund raising.
As part of the global STEP Project, each of the institutional partners are afforded a vast array of opportunities for advancing family enterprising in their institutions, regions and within the larger field of family business worldwide. Partners can choose the opportunities in which they would like to participate and craft their contribution according to their resources and abilities. The STEP Project also gives institutions a platform for seeking funding from families, foundations and corporate service providers for advancing their participation and leveraging opportunities for their institutions.

**Findings** – Yearly findings booklets that report on the research and Summits results for that year.

**Summits** – Regional and global Summits that allow participating families to join with families worldwide and academics for shared learning and networking.

**Roundtables** – Specialized Global Roundtable events that bring select families together for more focused benchmarking.

**Institutional Events** – Educational and coaching activities that institutions can personalize to their participating families.

**Case Books** – Published cases on family companies worldwide for curriculum advancement.

**Trade Books** – Collaborative books for family leaders on family entrepreneurship.

**Academic Articles** – A published stream of leading edge journal articles from institutions worldwide.

**Seminars** – Executive Education partnerships between institutions to offer family entrepreneurship events and activities.

**Degree Programs** – Regional and Institutional partnerships for courses, curriculum and degree programs for family members.

**Training** – Training events for professional service providers to family businesses on the requirements for continuity and growth.

**Institutional Advancement** – Partnering to establish centers for family entrepreneurship in universities worldwide.

**Governmental Impact** – Information and influence on the role and contribution of families to entrepreneurship.
The STEP Project is currently operating in three regions of the world: Europe, Latin America and Asia Pacific. Europe will have completed three years of research by June 2007, Latin America will completed its second year by September and Asia Pacific is currently in its first year of research. See below for a list of all of our current partners by region:

**Europe**
- Alba Graduate School of Business, Greece
- ESADE, Barcelona, Spain
- HEC, Paris, France
- Jönköping International Business School, Sweden
- Lancaster University, Lancaster, England
- UCD, Dublin, Ireland
- Universita Bocconi, Milan, Italy
- University of Edinburgh, Edinburgh, Scotland
- University of Jyväskylä, Jyväskylä, Finland
- Universitat St. Gallen, St. Gallen, Switzerland
- Universitat Witten/ Herdecke, Germany
- Universiteit Antwerpen, Antwerp, Belgium
- University of the Western Cape, South Africa

**Latin America**
- Fundação Dom Cabral, Brazil
- Universidad Adolfo Ibáñez, Chile
- Universidad de Los Andes, Colombia
- PUCMM, Dominican Republic
- Universidad San Francisco de Quito, Ecuador
- Tecnológico de Monterrey, Mexico
- INCAE Business School, Costa Rica/Nicaragua
- IESA, Venezuela
- Inter American University of Puerto Rico
- CENTRUM, Pontificia Universidad Católica del Perú

**Asia Pacific**
- Chinese University of Hong Kong, Hong Kong
- Nankai University, Tianjin, P.R. China
- Sun Yat-Sen University, Taiwan
- Sun Yat-sen University, Guangzhou, P.R. China
- Kyungpook, National University, Korea
- Waseda University, Japan
- Queensland University of Technology, Australia
- Bond University, Australia
- Indian School of Business, Hyderabad, India
- UNITAR, Malaysia
- Singapore Management University, Singapore

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