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NEXT MEETING

Wednesday

18th December 2024

at 7.00 PM

at Rotary Cochin Balbhavan

AGM & Election of Directors
for the RY 2025-26



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PROFESSIONALIZING FAMILY BUSINESSES: A ROADMAP FOR GROWTH AND LEGACY

Family businesses have long been the backbone of the global economy, contributing significantly to GDP, employment, and innovation. However, sustaining a family business across generations requires not just business acumen but a strategic approach to professionalization, balancing family values, and operational efficiency. Mr. Rajesh Kumar, CEO of Gateway Global, addressed the Rotary Club of Cochin on the topic of *Professionalizing Family Business*, sharing insights from his years of experience working with family-owned enterprises.

The Unique DNA of Family Businesses

Mr. Kumar began by posing a thought-provoking question: *What is the most exciting thing about family businesses?* His answer was simple yet profound – family itself. Unlike non-family businesses, family enterprises operate at the intersection of three dimensions: family, business, and ownership. This unique triad brings both opportunities and challenges, making professionalization essential to ensure continuity and success.

Three Pillars of Professionalization

Gateway Global, which works exclusively with family-owned and managed businesses, focuses on three core aspects of professionalization:

1. Family Governance:

Developing family constitutions or



charters that serve as emotionally binding documents to guide decision-making and maintain harmony across generations. These charters establish ground rules, clarify roles, and create mechanisms for resolving conflicts within the family.

2. Business Performance:

Enhancing operational performance through structured processes and performance systems. Family businesses, with their distinct decision-making approaches, require tailored strategies to optimize their management and incorporate non-family professionals seamlessly.

3. Next-Generation Development:

Preparing the next generation to adapt to family business dynamics

through executive coaching and structured programs. Many family businesses face challenges in attracting and integrating younger family members, who may prefer entrepreneurial ventures or corporate careers. Gateway Global's programs aim to bridge this gap by equipping the next generation with the skills and mindset needed to contribute effectively.

The Four-Layer Model of Professionalization

Mr. Kumar introduced the *Four-Layer Model* for sustainable family business development:

1. Self-Professionalization:

Professionalization starts with the business owner. Leaders must model discipline, adopt systems like the RACI matrix (Responsibility, Accountability, Consultation, and Information), and align their behavior with organizational values. This creates a strong foundation for professional culture.

2. Family Governance:

Structuring family relationships through written agreements, family assemblies, and moral commitments to address issues such as compensation, succession, and shared resources. Clear guidelines for stakeholder behavior, lifestyle choices, and financial responsibilities can help avoid conflicts.

3. Business Structuring:

Establishing robust systems, standard operating procedures (SOPs), and measurable key performance indicators (KPIs) at all

levels, including senior management. Importantly, professionalization must start at the top, ensuring the board and leadership set an example.

4. Legacy and Excellence:

This final layer focuses on creating a lasting legacy through societal impact and philanthropy. By aligning family and business goals with CSR initiatives, families can perpetuate their values and ensure generational continuity.

Overcoming Common Challenges

Addressing audience questions, Mr. Kumar highlighted two major challenges in family businesses:

1. Merit vs. Entitlement:

In situations where family members have varying capabilities, businesses must decide between inclusivity and meritocracy. Some families adopt a meritocratic approach, linking compensation and roles to qualifications and performance. Others prioritize inclusivity, ensuring all members are treated equally.

2. Short-Term vs. Long-Term Vision:

When hiring external CEOs or professional managers, aligning their short-term objectives with the long-term vision of family owners is critical. This requires extensive discussions, clear goal-setting, and incorporating cultural nuances.

The Role of Family Constitutions and Governance

A family constitution, though not legally binding, serves as a moral compass for future generations. It encapsulates the founder's vision,

values, and guidelines for managing the business and family relationships. Courts may consider these documents in mediation, underscoring their importance in preventing disputes.

Building a Sustainable Future

Mr. Kumar concluded by emphasizing that professionalizing a family business is a journey, not a one-time effort. The process, which can take 8 to 12 months or longer, requires open communication, consensus-building, and cultural alignment. By addressing governance at the family, business, and ownership levels, families can create structures that endure for generations.

Key Takeaways

- Family businesses are unique and require tailored strategies for professionalization.
- Start professionalization with self-discipline and expand to family governance and business structuring.
- A family constitution provides a framework for harmony and sustainability.
- Balancing meritocracy and inclusivity is crucial for long-term success.
- Clear governance and alignment between short-term and long-term goals are essential.

Mr. Kumar's insights underscore the importance of blending tradition with modern management practices to ensure the growth, legacy, and sustainability of family businesses. His talk inspired the audience to reflect on their own businesses and consider steps toward professionalization, ensuring they thrive for generations to come.

**by Mr. Rajesh Kumar
CEO, Gateway Global**

ROTARY INTERNATIONAL PRESIDENTIAL MESSAGE FOR DECEMBER 2024

To adapt, as laid out in Rotary's Action Plan, we must occasionally step out of our comfort zone and try something new. Here are two examples of clubs that adapted — one with heart and one through critical thinking and strategy.

The Rotary Club of Chandigarh Mid Town, India, led with heart earlier this year. To engage members and grow membership, Club President Nitin Kapur personally called every former member of the club and invited them to a gathering billed as an alumni meetup.

Eight former members attended, and the results were stupendous. The visitors had a chance to connect once more — not only with current members but with the sense of camaraderie and belonging that membership gave them. By the end of the evening, the club welcomed six of the former members back into the Rotary family.

Club President Kapur showed courage when he reached out to the alumni. Not only did he adapt and try something new but he had the strength of character to show the club's alumni how much they still meant to the family of Rotary. That bravery paid off.

People want to feel needed and appreciated. People want to feel that they belong. And they might

never feel that way if we don't have the courage to tell them.

Meanwhile, the Rotary Club of Seoul-Hansoo, Korea, has been experimenting with different club models to great effect. Over the past four years, Seoul-Hansoo has created and maintained four satellite clubs — a service club, an interest-based club for musicians, a cause-based club that mentors professionals, and a club for college students.

These satellite clubs are part of a five-year plan the Seoul-Hansoo club implemented to increase membership through innovation.

What's the secret to founding and maintaining so many satellite clubs? Membership between Seoul-Hansoo and its satellite clubs is fluid and synergistic. Many members of the satellite clubs attend the sponsor club's meetings. And many of the sponsor club's members participate in the satellite clubs.

Additionally, the focus of each satellite club is no accident. Each one appeals to different interests of people in the sponsor club and in the community, attracting existing and potential members. This is an excellent strategy to both retain and attract members because it offers flexibility. If someone is interested in joining but they can't make it to the sponsor club's meetings, they



have plenty of options to choose from.

These are just two examples of how we can adapt with our hearts and minds. Every club is different, so I encourage you to reach out to members of your club and of the community around you. Ask them about the club experience and what you can do to improve.

Talk to enough people and you might find ways that you can adapt and spark *The Magic of Rotary* in your club.

Stephanie A. Urchick
President 2024-25

A ROTARIAN ASTRONAUT LIVES HER OUT-OF-THIS-WORLD DREAMS

When one thinks of Rotary Club gatherings, the image of camaraderie and inspiring talks comes to mind. But imagine attending a meeting where the guest speaker is floating, her hair untamed by gravity, with the Earth as her backdrop. That's precisely what the Rotary Club of Köln am Rhein experienced when their out-of-this-

world member, Samantha Cristoforetti, took them on a virtual tour of her workplace—the International Space Station (ISS).

Cristoforetti, a European Space Agency (ESA) astronaut, has captured the imagination of people worldwide, not just through her stellar achievements in space but also as a proud Rotarian. Her journey

to becoming an astronaut is nothing short of extraordinary. From her childhood in a remote village in the Italian Alps, where she dreamed under starry skies and devoured books about explorers, to donning the uniform of one of the first female fighter pilots in the Italian Air Force, her life story reads like an adventure novel.



In 2008, Cristoforetti seized her once-in-a-lifetime opportunity when the ESA announced its astronaut selection. Out of over 8,400 applicants, she made it through grueling tests and interviews to achieve her lifelong dream. Her training prepared her for the unexpected, even emergencies like becoming untethered in space—an occupational hazard she faced with unwavering determination.

Cristoforetti's first mission to the ISS in 2014 set a record for the longest continuous spaceflight by a woman at the time—200 days. Her second mission, in 2022, saw her become Europe's first female space station commander. Alongside groundbreaking research, she performed a seven-hour spacewalk, deployed nanosatellites, and worked on cutting-edge robotic arms. Yet, she never lost her sense of wonder. From savoring rare sights like noctilucent clouds to sipping the first espresso brewed in space (courtesy of her Italian roots), Cristoforetti made the cosmos her playground.

As a Rotarian, Cristoforetti brings her cosmic perspective down to Earth, inspiring fellow members. She even carried the banner of the Rotary Club of Köln am Rhein to the ISS, proudly displaying it as it floated beside her in zero gravity. Her TikTok videos, a blend of science and humor, have made her a global sensation, proving that space and Rotary's mission of connecting

people transcend boundaries.

When not orbiting Earth, Cristoforetti calls Cologne home, where she lives with her partner and two children. Her adventures have also taken her to the ocean floor, where she commanded a NASA underwater mission, and to Norwegian fjords, training for future lunar exploration. Her next destinations? Perhaps the mountains of Chile or the stunning vistas of Patagonia—places she has flown over countless times but longs to see from the ground.

Samantha Cristoforetti reminds us that whether reaching for the stars or working for our communities, dreaming big and staying grounded in purpose can transform lives. At Rotary, she's found a kindred spirit—a shared commitment to making the impossible



Cristoforetti was the first European woman to participate in a spacewalk.

possible.

An abstract from the original article in Rotary magazine : <https://www.rotary.org/en/rotarian-astronaut-lives-her-out-world-dreams>



Rtn. Dr. Shiv K. Nair / Rtn. Madhavi

12 Dec



Rtn. Thomas K. Jacob

14 Dec