

A House of Innovation Model for Transgenerational Family Business

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Abstract

Family business is very important to the economy system of Thailand and the world. Various crises from economy, war, epidemic in the past created both opportunities and challenges for family businesses. A family business which has been operated by multiple generations possesses its own idiosyncrasies affected by external factors and internal factors. In response to these changes, this article presents a house of management innovation for family business developed from the theory of organizational creativity, marketing innovation, , management innovation, and social innovation using qualitative study methods. Knowledge was extracted from two case studies which have been operating for more than 50 years and have been inherited the business to the second or third generation. The model has been developed in the form of a house consisting of the 4P components. The base of the house is Passion, the two pillars are Perseverance and Perspective, and the roof of the house is Purpose.

Keywords: Family Business; Innovation; Management; Succession; Marketing

Introduction

Family businesses play an important role in the global economy. They propel the development progress of different world regions, i.e., approximately 75% to 90% of the businesses in the world are family businesses or controlled by family members. In particular, Thailand has the highest total entrepreneurial activity in East and South Asia (Family Business United, 2020).

In Thailand, family businesses accounted for approximately 28 trillion baht or 72% of the total business value in the country and more than 50% of these companies are listed in the Stock Exchange of Thailand. Their property and business management were operated by family members (Deloitte, 2020).

Well-known survival statistics were 30%-13%-3%. It referred to 30% of businesses staying in the first generation, 13%



survived in the second generation and 3% survived in the third generation. The numbers were by John Ward in 1987, who studied more than 200 family businesses in Illinois. Although, this record has passed more than four decades, such statistics had been widely used to date (Family Business Institute, 2021; Baron & Lachenauer, 2021).

One of the factors that makes the family business survive or not is the succession of next-generation heirs. Their readiness to manage the business copes with various changes through adaptation and innovation to keeping up with new environment, especially in the crisis.

What are the challenges of innovation in the family business? Studies have shown that family businesses have unique characteristics that make them both innovative and non-innovative. Non-innovative attributes consist of a lack of experience working with other industries, inactive listening to ideas or innovation from outsiders (Not-Invented-Here syndrome) and attempts to invest only in low risk projects. Their innovation attributes include quick decision-making in introducing new products quickly into the market, a unique production process and proprietary know-how, as well as having good relationships with organizations within value chains (The Family Business Consulting Group, 2021).

However, it has been studied that family businesses have a higher efficiency in innovation than non-family businesses when measured in terms of the number of patents, the number of new products and the revenue from new products. Investing in family business innovation is normally with an aim to diversify corporate portfolios to achieve long-term

sustainability with limited resources (Kammerlander and van Essen, 2017; Kachaner et al. 2012).

Family-owned businesses that have been around for more than 50 years have the challenges of innovating to adapt their organizations to changing circumstances. Especially the heirs in the 2nd generation and in the 3rd generation, the successors of the business entity. That leads to research question as follows:

“What are the components of the innovative management model of a multi-generational family business in Thailand?” and “How should next-generation heirs approach innovation management during crises?”

Literature review

In this section, four groups of concepts will be explained: definition of family business, creativity and leadership drive, change management, marketing innovation and management innovation, social innovation and sustainable innovation in family businesses.

Definition of family business

A family business is a commercial enterprise whose decisions are influenced by generations in the family, which are related by blood, marriage. They have both the ability to influence the vision of the business and the willingness to use this ability to achieve outstanding goals.

Listed companies meet the definition of family enterprises if a person establishes or acquires a company (share capital) or their family or successor has the right to make the decisions determined by 25 percent of their share capital (European Commission, 2018; Kraus et al., 2012).



Creativity and leadership drive in the family business

Creativity was the creation and production of new ideas at the individual and organizational levels in order to bring out benefits, differentiation, and commercial use. Creativity at the enterprise level majorly led to problem-solving processes driven by internal motivation, available resources, and innovative management skills of leaders (Amabile, 1998).

Leaders of good businesses should put themselves to a flow or state of mind that performs a particular activity until they had a lot of feelings and energy to connect themselves and focus on the achievement of the work. Thus, they would extend their energy for employee participation and positive attitude in the workplace. Creative leaders innovated through their visions beyond themselves and asked the right questions to stimulate ideas for new ways of working, new products in the market (Csikszentmihalyi, 2004).

Authentic leadership and mindfulness in the family business contributed to a creation of work environment that facilitates innovation. Such leadership consists of optimism, hopefulness, trust, and positivity. This enabled the exchange of values between leaders and followers in the organization (Baykal, 2018).

Change management in family business

Change management regarding adoption of technology or innovation in family businesses had several challenges. First, overly stable processes kept family businesses from focusing on change. Second, they attempted to reducing

dependence from outsiders. Third, focusing on long-term goals was preferred to short-term goals. Fourth, opposition to change incurred by some groups in the family who feared losing their power. Fifth, emotional attachment to invested assets has led to the inability to make decisions to revamp. And last, their fixed mindset disregarding outside opinions was key resistance to change (Kö, Kammerlander and Enders, 2013).

Studies revealed that changes in the organization of family businesses were caused by investments in human capital and the diversity of human resources in the businesses. That was, to say, family businesses had unique organizational resources and had a unique bundle of resources compared with their counterparts. Their efficiency of innovation process was through pooling resources to create innovation in the family business. The growth of human capital in the family business extended to the availability of social capital and access to financial capital from the patient capital which brought about family business wealth and sustainability (Heider et al., 2022).

Family businesses had the potential to innovate but were bounded by conservative and risk-averse attitude. The term about willingness and ability to innovate had been coined as “Willingness-ability paradox of family business innovation” (Chrisman, Chua, De Massis Frattini, and Wright, 2015), where past studies focused solely on the size of the organization but overlooked to question the diversity of resources available. When analyzing the four personalities according to the risk level and the degree of attachment to the traditional practice, it revealed 1)



Seasoner: low risk taking and low attachment, 2) Re-enactor: low risk taking and high attachment, 3) Digger: high risk taking and high attachment, and 4) Adventurer: high risk taking and low attachment (Rondi et al. 2019).

Marketing innovation and management innovation

Marketing innovation referred to the transformation of marketing mixes for commercial use in new ways including services, processes, promotions, competitive price schemes and marketing strategies. Family businesses innovated in marketing by creating products sourced from local materials with global design, having good and long-term relationship with suppliers and customers at home and abroad markets, setting reasonable price to consumers, using more adaptive marketing strategies than large non-family organizations.

Organizational innovation connoted the transformation of management processes within an organization. This had resulted in new types of relationships with other organizations in both the public and private sectors. This innovation contributed to reducing conflicts between owners and agents as well as disputes between stakeholders. It enabled the ability to control the organization and to establish joint ownership (Espeche et al., 2022).

Social innovation and innovation for sustainability

Family businesses contributed to the communities and societies in which they belong through job creation, introduction of relevant technologies, enhancing

quality of life, maintaining the artistic-cultural capital and livelihood of society. Although in some cases, some businesses considered only their own financial interests and demonstrated social responsibility sparingly.

But majority of studies had also found that family businesses took on a more social role than non-family ones, especially when family surnames are used in various activities. Family businesses cogitated on family reputation. They avoided downsizing the number of employees and were more environmentally conscious (Labaki et al., 2014).

The sustainability of a family business denoted the ability to maintain wealth and welfare for family members from generation to generation. Sustainability success factors depended on the ability of leaders of previous generations to nurture successors of new generations (PwC, 2016). Effective succession involved multiple activities including sending young heirs to experience professional work outside family business, creating a succession plan over a period of two to three years, providing a broader decision-making process, psychological strengthening for leadership, and planning for the retirement of leaders of previous generations. It was evident that the young generation leaders of Asian business were educated at leading international institutions. As a result, family businesses became more professional and had more modern management systems (Bennedsen et al., 2022).

Research methodology

In this study, qualitative research methodology was used in the form of case studies for family businesses (De Massis



& Kotlar, 2014; Yin, 2009; Eisenhardt, 1989). Case study research was widely used in strategy and innovation management as it offers a detailed and context-rich approach to understanding the complexities of business strategy and innovation processes. It provided a rich and detailed data collection process, which allows researchers to gather extensive data from multiple sources. Researchers could use different sources such as interviews, observations, documents, and artifacts to collect data. Case study method could be used to develop new theories or to test existing theories. The detailed analysis of a particular case provided a foundation for developing new theories or testing existing ones. Researchers could use the findings of the case study to develop new concepts, frameworks, and theories that could be applied to other cases or situations.

Research was carried out with purposive sampling from a data source of family business cases in Thailand. The selection criteria were as follows: 1) businesses with a 2nd generation or 3rd generation

successors to inherit the business, 2) establishment with longer than 50 years, 3) having well-known brand, 4) ability to survive more than three crises, 5) domestic and foreign product presence, and 6. crafting innovations in marketing and organization management.

Data sources were compiled from secondary data of companies, successor interviews on television shows, business point of view websites, and research articles.

After searching for cases according to the criteria above, two businesses were selected: Srichand United Dispensary Co., Ltd. ("SRICHAND"): cosmeceutical manufacturer and Dhanabadee Decor Ceramic Co., Ltd. ("Dhanabadee"): one of the manufacturers of rooster bowls.

Conceptual model

The author presented the conceptual framework as a house-of-innovation layout, which consisted of: house base, twin pillars and house roof as depicted in Figure 1.

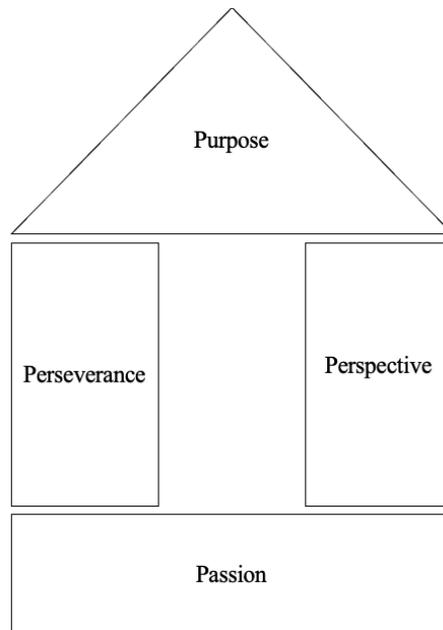


Figure 1 House of innovation model for transgenerational family business

Definition of a house base – “Passion”

The base of the house, represented with “Passion” means having the drive of leaders of all generations in business development. Leaders have the heart to innovate for a family business based on family bonding, love, and relationships provided to each other. On this love of development, it is necessary to have an understanding that the family and its business is a teamwork. This suggests that every member has a role and responsibility in improving the organization. There should be a proof of their own leadership in every individual similar to the anti-current paddling. Leaders should have ability to prioritize what is urgent and what is important and working in a timely manner. They would consider that obstacles are just the steps in progressing the work, not something that

cannot be solved, or known as “passion to win”. In true love for the family business, it is coupled with truth and honesty. Family members or employees who work for families with genuine love will neither cheat nor separate into businesses that compete with the family's core business for personal gain. This passion will drive the family business to evolve endlessly forward.

Definition of a first house pillar – “Perspective”

The first pillar of the house is a “Perspective”. It denotes having a far-reaching and forward view in an outside-in standpoint. Thinking outside the box reveals understanding of various conditions of changes outside the organization, whether they are political change, regulation change, global or domestic economic turbulences, and so



on. In past decade, industry structure and competition has also been revolved or disrupted incorporating customer attitudes and behaviors, emerging technologies, the change of players in supply chain, existing rivals and new entrants. These outside phenomena bring about the birth of marketing innovation and management innovation. Marketing innovation involves listening to what customers want before creating a change, rebranding from an older model to a new one, reconfiguring channels, etc. Management innovation relates to modernizing the capabilities of long-time employees, allocate jobs that are suitable for their abilities, setting up supporting systems in workplace, etc.

Definition of a second house pillar – “Perseverance”

The second pillar of the house, represented with “Perseverance”, refers to indefatigability in opposition to the transformation from members and systems in the family business. It is an inside-out viewpoint from leaders who aspire to create innovation that brings about the change. Leaders from previous generations are normally opposed to change. New generation leaders can reduce such resistance through involving them in change management. At the leadership level, there is anxiety about whether investing in innovation and new technologies will be worthwhile in the long run, how much impact it will have on the wealth of family members and businesses. A clear step-by-step plan of action, as well as experiments to prove how practically what is envisioned should be written in the change plan. This may require a review of changes to the “Family Constitution” to make it clear about

innovation management and investment criteria for project approval.

Definition of a house roof – “Purpose”

The roof of the house is epitomized with “Purpose” means having a commitment to innovation for the benefit of others. It involves making a positive impact on the economy and for long-term sustainability of family businesses. This innovation with purpose must be a helix collaboration of all sectors including public sector, private sector, local and global civil society. Purpose creates awareness and sustainability of the family’s brand through social and environmental responsibility, preserving the legacy of the family business. These aspirations are carried out through the philosophy of living and business wisdom of the ancestors or the first-generation leaders. The “work-life” philosophy is transferred to the leaders of the second, the third, and subsequent generations. Examples are the views on people management to fit with the job, executing work with fast or slow speed depending on the situation, non-retaliation when betrayed by internal business misappropriation, responsibility when the goods and services are defective, relentless self-development, familial and filial sacrifice, gratitude for allies, aiding business partners in crisis, and so on.

Research results and key findings

Case study of SRICHAND

(Perspective, 2021; Sriwilas, 2019; Hanutsaha, 2020)



Srichand United Dispensary Co., Ltd. was founded in 1948. Mr. Rawit Hanutsaha, the third-generation successor, is a marketing innovator by reinventing the 70-year-old SRICHAND cosmeceutical brand. SRICHAND used to be sold in provincial stores around the country. Mr. Rawit created performance leaps in sales turnover, distributed to malls in the city and as far as overseas market.

In the past, the brand SRICHAND had become popular among girls for controlling facial sebum. In 2021, the brand was transformed to be a cosmetic that could generate more than 500 million baht worth. Another role of Mr. Rawit was a motivational speaker through podcasts routinely run every morning, with a home-based studio. Doing podcast forced him to continuously update news to improve knowledge and not to go out of date.

SRICHAND was set up by his grandfather, although Mr. Rawit's father did not work in the family business with his grandfather. The beginning started when company was deteriorating, and the grandfather fell ill. Mr. Rawit had left his banking job to work for SRICHAND, as grandfather died, and uncle retired. Joining the party at the age of 27 in 2004, the first challenge was employee distrust in a third-generation heir who was younger than his grandfather's generation staffs. Consultation with his mother guided him about core values of previous generations consisting of hardworking, honesty, and patience. Therefore, it led him to self-proving. He must be in the workplace before the employees and be back after the employees. This proving period consumed for six months.

Mr. Rawit graduated with bachelor's degree in electrical engineering in

Thailand and master's degree in finance from United States. He had about five years of experience working with a global multinational bank. On his very first day working at SRICHAND, there were no computers in the office, only typewriters, and few people worked. Therefore, he aimed to revamp organization infrastructure.

The first phase was the collection of financial, accounting, and inventory information. Any managerial queries needed to be answered with numbers. This could be considered as digital transformation starting with digitization. The second phase was a visit to a B2B pharmacy customer in the south. It was a marketing crisis for family business where traditional pharmacies lost ties with principal supplier like SRICHAND. The third phase was finding B2C consumer insights. What was on the minds of consumers? SRICHAND users said that its traditional product was very cheap but difficult to use, the packaging was not beautiful and looked unpleasant on makeup tables.

All problems were solved by Mr. Rawit. New products were radically developed with more convenience, modern packaging and easiness to use. However, the brand name SRICHAND were retained because its uniqueness on the shelves compared to other cosmetic brand names from Japan and Korea. Professionals had been hired to do all the new marketing communications and branding. It was based on the fact that if leader could not do such communications as good as a professional, it was better for a professional to do it. Mr. Rawit and professionals focused on making the brand look like a multinational product. Using English to communicate had



caused a lot of virality online. Product sales jumped to over 200 million baht in the first year. However, production failed to match with this unexpected market demand, causing opportunity loss to sell products during the hype period.

That incident caused Mr. Rawit to be reckless and rush other products out focusing on revenue, and fear of losing opportunities. He had skipped important steps that had been done before: market research, listening to the real needs of customers, and accepting customer innovation through market experimentation. The following year, the product was dropped, overstocked, and then sold at reduced price. It was an important lesson that product development process should not skip important stages: listening to customers and experimenting before seriously expanding the results and production capacity. It was his learning not to underestimate market signals, to conduct research by making prototypes for customers to experiment with, to communicate as a video demonstration to visualize innovation. Entrepreneurs with too much money failed because they did not test hypotheses, resulting in little knowledge of the market and the feasibilities of new products. The more tested hypotheses, the lower the risk.

In the early phase where knowledge was limited, leaders should not put a lot of investment into it. As the latter phase came, market knowledge was gathered, then capital could be added.

SRICHAND grew to 500 million baht because all new products were modernized, without changing its brand name. It was distributed over 10 countries around the world. It could penetrate Japanese market that was a nationalist

market and a cosmetics market leader. SRICHAND could differentiate itself from minimalistic Japanese cosmetics.

The timing of entering the market was important. If it was too early, the market did not accept it. If it was too late, the market would be saturated. There would be a factor of luck and experience of leader.

To be more successful than others, imagination was the key. Leader had to go back being a five-year-old when creativity was prolific. Imagination had been diminished as human grew older because human was subconsciously framed by society and others' way of thinking resulted in thinking inside the box.

For Mr. Rawit, marketing and management innovations within the organization had 3 axes. The first axis was idea generation for product creativity. The second axis was idea validation through talking with customers to gain customer insights and loyalty. The third axis was to modify the way marketing was planned from what to do to what should be experimented. The ultimate goals were to empower people to work hard and to give them happiness in their work through meaningful work.

Mr. Rawit's office was full of quotes words of world-class businessmen, thinkers, and writers such as Elon Musk's quote of "focus on working on what matters, albeit very difficult, and there are no shortcuts to success". Doing a podcast called Mission to the Moon channel (SRICHAND in Thai means moon) every day was considered continuous self-improvement through storytelling. His channel inspired more than 365,000 followers to re-skill and update themselves.



Mr. Rawit was a person who liked to read a lot of books. He read a wide variety of genres including business, novels, because he thought he was with little knowledge. He started with books in marketing, then behavioral economics, wealth management, and success how-to. Lately he focused more on health because health was very important for leaders over the age of 40. There was nothing more important than health. Having money, time, and happiness would only be valuable if and only if a person was healthy. Mr. Rawit believed that the highest knowledge level of marketers and executives was to deeply understand psychology.

Case study of Dhanabadee ceramics

(Perspective, 2022; Sriwilas, 2018; Museum Thailand, 2021)

Founded in 1955, Dhanabadee was one of the origins of rooster bowls in Thailand and crockery. Rooster or chicken bowls were part of Chinese and Asian culture. The popularity spread to the whole regions in Taiwan, Hong Kong, Macau, Japan Korea, Vietnamese, Thai, and etcetera. It had been known to all Chinese Thais for more than 50 years. The second-generation heir, Mr. Panasin Dhanabadeesakul, inherited the chicken bowl business and had expanded into a ceramic business applied as a work of art for home décor, the largest in Thailand and exported to more than 70 countries around the world. Turning around the chicken bowl business, as a result, Lampang's ceramic industry had returned to prosperity. It became one of his creativity in social innovation.

Founder of Dhanabadee, Mr. Chin E

(Simyo), father of Mr. Panasin, who discovered kaolin and the first ceramics were started. In fact, the chicken bowl was originated from China and the production knowledge were carried with overseas Chinese. Who really owned the chicken brand? No one owned the brand. This was because it was produced in China's middle class without intellectual property registration. While the aristocracy used porcelain, which was also ceramic, but the chicken bowl was far more durable. Chicken drawing were inspired by the environment of southern Chinese people representing a symbol of morning awakening, diligence, prosperity painted with a flick brush as a pattern of running chicken with orange heads and black tails.

Another second-generation heir, Ms. Yupin. The eldest sister, 10 years away from Mr. Panasin, was the custodian of Thailand's first bowl and museum, who sacrificed to leave school for her sisters and brothers to study. Two other sisters came to help the family business, but both were now retired.

Father Chin E taught his children the philosophy that “Live humble life, never react to terrible person”. Father used to help people but eventually was reprimanded. He believed that bad karma was individual, we should not mess with bad people.

The turning point was when Father Chin E, while staying in Chiang Mai, went to see the knife sharpening stone at the market. He was familiar with the mineral used to make ceramics in China and instantly recalled the material. This was a turning point that originated chicken bowls in Thailand for nearly 80 years ago. He traveled from Chiang Mai to Lampang, cycling to see the rocks of



Chaem district in Lampang near the mountain. Bringing the rocks back to the train for experimentation, it turned out that the rocks inside contained refractory kaolin. High quality ceramics were made in 1955.

Then he invited his friends in Chiang Mai, Lampang, Chonburi to make the first production factory named Ruam Samakkee, all of whom had experience making ceramics from China. When it was successfully produced, the bowl sales were very good, selling to both Chinese and Thais. Because Thais had been using chicken bowls imported from China for a long time. During the state of World War II. Thailand could not import chicken bowls from China or Japan. As a result, Thai chicken bowls produced in Lampang quickly became a substitute. When a product had gained a very high sales growth. The founding partners of father's generation were broken, cut prices, reduced quality, and then there were many foreign imports during postwar period. The factory went out of business, causing father to do it alone and change ceramic design and production to be Talai cup for thai-style coconut cupcake. New design pattern was no longer chicken but unique blue line crossing on white ceramic.

By sculpting the monument with kaolin for Father Chin E, Mr. Panasin also had a greater knowledge of ceramic especially on using the optimum temperature in forming large ceramics for statues.

Political factors also affected chicken bowls. Policy to reduce imports of goods from abroad was used during World War II as a stimulus to the domestic economy as well as booming campaigns for eating noodles for cheap and healthy cause. When the subsequent government changed its policy to be open for imports,

Thai chicken bowls sales were weak and then disappeared from the market.

A turning point in 1996, Mr. Panasin found a chicken bowl in the kitchen at home, so he thought about making a replica chicken bowl for exhibitions and home decorations. Unexpectedly when it went to the exhibition, the chicken bowl became very popular and exported to various countries. Then there began hundreds of plagiarism competitors. Mr. Panasin was not angry, he considered it to be the wake of the industrial trend in Lampang province. To differentiate chicken bowls from other players, Mr. Panasin decided to create brand identity with "Dragon Stove" emblem at bowl base to represent chicken bowl originality. Afterwards, product lines were expanded to various kitchenware with auspicious patterns, impressions and memories for business organizations and consumers. Machines were introduced to increase productivity from 30 to 300 bowls per day per person burned with two rounds for better quality. *Ancient Dragon Stove* was an archaeological site for burning various bowls inside the earthen chest allowing heat to flow from low to high. Father Chin E had spent two years in accumulating capital and specific soil to constructing the stove.

Before building Dhanabadee ceramic museums in 2012, the business went very well, but was suddenly impacted by a crisis caused by the minimum wage hike, which raised by more than 80%. This forced manufacturers to increase the price of goods by at least 30% and simultaneously also reduce costs by 30% to stay in the market without any profit, which was impossible. Prior to the closure of the business, Mr. Panasin decided to keep his father's treasure by turning



production plant into a museum. Unexpectedly the museum became reputable creating new markets and team was capable to increase productivity by reducing 30% losses in factories.

Back to early 1990s when Mr. Panasin had worked as a designer, fabric and tile designer in a large company, he was informed of declining performance of his family businesses as a result of the Persian Gulf War crisis, Mr. Panasin decided to leave the job to help his family business, Dhanabadee.

From the idea that Talai coconut cup products could be adapted to other products, but the family members still did not accept it, he was provided with forty thousand baht to try and complete the products by himself. This became “proof of concept project” for successor with the model of “one factory, one labor”. Mr. Panasin must complete all production by himself for a small factory. The experience yielded him discovering product ideas to change from Talai cups to bathroom decorations market. As he found that current offerings were expensive, unattractive and intolerable, so he thought that if Dhanabodee manufactured it, it should be better quality and design. It turned out as market failure because great design did not guarantee great marketing. Leaders who will do commercial arts needed to understand and validate the market.

Mr. Panasin changed his perspective from inside-out to outside-in to see exactly what the customer wanted. Finally, there was not enough cash to make a ceramic, so he had to make silkscreen as a printing house to collect cash first, similar to Father Chin E had done when collecting cash and kaolin before building Dragon Stove. When a printing house business

was very famous, the subordinates went out to set up a factory to compete. Mr. Panasin then turned to produce home décor and it was selling very well. Afterwards, labor-intensive business transformed to capital intensive one by using machines and tools, lessening dependency on skilled employees.

Marketing innovation started with market research asking both gurus and customers what buying decision factors were. The answer was “identity”. Sometimes Mr. Panasin designed something new because of tiring of old designs but customers did not adopt because it did not represent identity. This led to great changes by producing something very simple but generating sales very well.

Mr. Panasin invented design by himself using materials in bathrooms and households to create patterns on ceramic products although he did not directly graduate in ceramics. Self-research included reading texts and trial-and-error in large quantities resulting in new designs printed in silkscreen and coated given that having fun in work.

When new products were produced and sold with high revenue, new entrants copied it and sold it at a cheaper price. Mr. Panasin shared Father Chin E’s quote that “People can follow our past, but they cannot follow our future”. This implied being first mover and developing continuously.

Management innovation incorporated multiple practices. First, sales growth must be balanced with local and overseas market, production cost and tax planning. Successors should look at financial accounting information and beware of internal fraud and control. Second, company culture should be designed to



ensure synchronization between leader and teams and embrace fineness of northern Thai culture.

Market innovation suggested the following: First, nurture customers with our signature and trendsetting. Second, storytelling through museum with gratitude to the ancestors enabled brand communications and customer referrals. Third, support customer experiences along their journeys to diversify markets to travel and tourism. Fourth, change marketing push model to pull model helped reduced marketing expenditures.

Purpose of Dhanabadee were embedded in their philosophy of “Sincere”, “Develop”, and “Social Compensate”. “Sincere” referred to integrity in trading. “Develop” meant never stop advancing all marketing mix. “Social Compensate” covered various aspects including 1. Giving lecture for universities regarding ceramics, marketing, exporting 2. Writing heritage books 3. Donating to elephant hospital through white elephant ceramic sets. 4. Maintain Buddhism with home décor 5. Provide scholarships for children 6. Support nursing home and 7. Leverage ceramic museum to inspire the next

generation at provincial, national, and global level.

"To live without value to anyone or even myself is a life that does not benefit the world at all." What Mr. Panasin had done was death preparation as it would accelerate ourselves to do good deeds for others all the time including maintaining our own physical health to reduce the risk of business.

The Thai government registered the chicken bowl from Lampang province as a geographically indicatable product or GI on September 12, 2013. This meant that the chicken bowl from Lampang was a product that had been confirmed in quality by international trade law.

Discussion and conclusion

Both case studies were compared according to different dimensions of the house of innovation model, the results are shown in Table 1 and Table 2.



SRICHAND case study

Table 1 Innovations in the management of SRICHAND

Passion	The desire to continue the business occurs with the aging and passing of the founder, who was a grandfather. The enthusiasm to preserve the family's brand. Compassion to retain old personnel by organizing appropriate nature of work.
Perspective	A broad view of engineering and finance. Experience working with multinational companies. Seeking customer insights. A wide view of cosmetics for Asian and European styles. New viewpoints derived from the study of new business literature. Business and inspiration from global business icons.
Perseverance	Patience to create change by proving himself first. Creating readiness for personnel to implement information technology and applications, starting with the use of computers. Using software package in managing cost, resources, accounting, finances, etc. Investing in advertising carefully to improve new marketing communications and brand positioning. Changing the way marketing works from following a master plan to designing marketing experiments.
Purpose	Creating a podcast to share knowledge to inspire the next generation. It has over 300,000 followers.

Dhanabadee case study

Table 2 Innovations in the management of Dhanabadee

Passion	Love for a father who fought hard, endured, raised five children in a large family. The grandeur pride of the rooster bowl. Sonhood of the house and desire to continue the business and rescue family business from the crisis. Passion to design and continuous development for both materials, pattern, and manufacturing techniques.
Perspective	Transforming from fine arts to applied arts, production, and commercial marketing. Self-development in accounting and financial knowledge. Observing nature and the surrounding environment to create new designs. Learning from masters and clients to understand key success factors by embedding “identity” in all artistic products.
Perseverance	Self-proof in having leadership ability in ceramic production with one-man one-plant on a limited budget. Product innovations triggered by producing a large number of repetitive designs that resulted in ceramic vases with warm wood and natural motifs.
Purpose	Building a museum to be a learning center for Lampang province and Thailand. It becomes a new marketing communication of innovation through brand storytelling.



According to two tables above, there were both similarities and differences of innovation attributes and actions. The details were as follows:

“Common” in the big picture:

Passion: Both successors had the same passion for innovation caused love and respect. They had pride and gratitude for ancestors. They were incessant self-learners.

Perspective: Innovation was, at first, coming from doing what successors were good at. Then, they extended to what needs to be done for innovation to align with and ahead market directions. Similarly, marketing innovations both were crafted from storytelling.

Perseverance: Both successors must prove themselves before joining family businesses. They had to wait for the right timing. Innovation would not happen easily in the family business, leaders in generation 2 or generation 3 needed patience. Regarding management innovation, they had to endure the same old badges of personnel.

Purpose: Both leaders had several ideas aspiring to change and to do it for the common good which were the beginning of their social innovation.

“Differ” in little details:

Passion: (No differences)

Perspective: The starting point was slightly different, SRICHAND started from finance to marketing and management whereas Dhanabadee started from design to marketing and management. SRICHAND told a whole new story whilst Dhanabadee told the old story to the new.

Perseverance: Prudence, courage, risk-taking were slightly different. For SRICHAND’s part, young-generation leader dared to risk the last penny with a famous advertising professional. For Dhanabadee’s part, leader dared to risk opening a museum with parsimony, which unexpectedly became their differentiation from other players in the market.

Purpose: SRICHAND perceived social innovations being done for the younger generation involving helping change their mindsets for growth. While the Dhanabadee focused on doing it for the geography with arts and culture, history and religion.

The theoretical discussion according to the results were as follows:

The results of “Passion” for both firms were consistent with Amabile 1998), Csikszentmihalyi (2004), and Baykal (2018). The desire to preserve the family brands and succeed businesses from male ancestral figures are common theme in Thai families. Authentic leadership demonstrated through retaining and developing old-generation personnel with lovingkindness. Crisis acted as a challenging pressure which became sources of creativity and passion to win.

“Perspective” dimension of SRICHAND case study was in line with Kö, Kammerlander, and Enders (2013) and Rondi et al. (2019) on change management perspectives and human capital. The ability to have a broad view of different disciplines and experiences working with different companies could provide a competitive advantage for the family business. Dhanabadee case study, on the other hand, confirmed the study of Heider et al. (2022) and Chrisman et al. (2015) on long-term growth and internal innovation



in family businesses. The ability to transform from fine arts to applied arts, production, and commercial marketing can provide new opportunities for growth and expansion of the family business.

On “Perseverance” view, both cases demonstrated the importance of perseverance to persist in the face of adversity or failure as discussed in Espeche et al, (2022). The first case study revealed innovation in creation of new marketing methods and management methods using information technology, while the second case study disclosed innovation in material & design experimentation and self development in management methods.

Lastly, “Purpose” aspect, the results of both case studies aligned with the findings of Labaki et al. (2014) and PwC (2016) regarding the importance of environmental concern and sustainability in family businesses. Case study 1's creation of a podcast to inspire the next generation showed a purpose-driven initiative that could contribute to social innovation. Meanwhile, case study 2's building of a museum as a learning center for Lampang province and Thailand was a manifestation of environmental concern and sustainability in preserving cultural heritage. Moreover, Bennedsen et al. (2022) suggested that young generational leaders were more professional with international education. In both case studies, the next generation had taken a proactive role in innovating their family business by utilizing technology and marketing communication tools. Case study 1's use of a podcast demonstrated an understanding of the power of digital media, while case study 2's museum building showcased a forward-thinking approach towards brand storytelling.

Managerial implications

For leaders in second or third generation who are interested in innovating in the family business, guidelines for good family business practices in innovation are presented here:

1. The business successors should have a strong positive attitude covering love, bonding, understanding, responsibility, and gratitude. These will bring about a desire for family business. The desire to preserve the legacy and history of the family, which comes at the expense of sacrifices, leaving the enjoyable full-time jobs to start with the family business where successors might not like, or might not be good at managing it. It is in line with the concepts that innovation does not require single in-depth expertise, but broad multidisciplinary expertise.

2. Successors should have five to six years of experience working with other organizations in order to bring outside experience and new perspectives on marketing, technology, administration, finance to develop a family business. This concept is consistent with the academic literature that innovation is born out of creativity by thinking outside the box.

3. New-generation leaders should be tolerant of improving the organization to be innovation ready. The challenges of family businesses are having aged people, outdated systems, traditional processes, outdated ideas, and powerful leaders in previous generations. Successors should understand each individual ability to absorb and embrace technology and innovation. Conducting the training or coaching helps upgrade their competencies. Enabling young staffs to help older generation staffs is also



recommended.

4. New-generation leaders should make great purpose or resolutions for the benefit of others such as society, industry, environment, public health, arts and culture or even a country. This should be greater than the vision of a family business because a social innovation will create long-term sustainability for the family business.

Limitations and future research

Although the ventures used in this qualitative study were very interesting, it

was limited in number which was only two cases in this study. Challenges were limitations of the depth of content and the willingness to disclose information about family businesses directly from business successors.

Future research studies should incorporate case studies from various industries, resource diversity, organizational capabilities, market presence, innovation types and topologies, strategies and collaborations. The traditional family business research studies on the size of the business, the age of the business or family roles and relationships only.

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