

Table of contents

List of Figures	XIII
List of Tables	XV
List of Abbreviations	XVII
List of Symbols	XIX
1 Introduction.....	1
1.1 Relevance of topic	1
1.2 Research question.....	5
1.3 Overview of research approach	6
1.4 Outline of structure.....	9
2 Theoretical foundation	13
2.1 Definitions and literature review	13
2.1.1. Family businesses	13
2.1.2. Private Equity, buyouts and portfolio companies.....	21
2.1.3. Review of the literature on buy-outs in family businesses	28
2.2 Relevant theories	31
2.2.1. Agency theory	31
2.2.2. Stewardship theory	40
3 Empirical foundation.....	51
3.1 Research approach.....	51
3.1.1. Elaboration of the research question.....	51
3.1.2. Research method.....	54
3.1.3. Control group	60
3.1.4. Data gathering.....	63
3.1.5. Analysis and presentation	67
3.1.6. Limitations	71
3.2 Sample description	73
3.2.1. Company and buy-out characteristics.....	73
3.2.2. Differentiation of sample and control group	76
3.2.3. Family influence before the buy-out.....	77
3.2.4. Family influence after the buy-out.....	80
3.2.5. Overview of interviewed companies	82

4 Background of buy-out transactions.....	87
4.1 Theoretical background	88
4.1.1. Decision to sell.....	88
4.1.1.1. Reasons for selling the company	88
4.1.1.2. Evaluation of possible buyers	95
4.1.1.3. Preparing the company for the sale.....	97
4.1.2. Sale transaction	99
4.1.2.1. Investment criteria of the private equity company.....	99
4.1.2.2. Family owners' goals in sale negotiations	100
4.1.2.3. Sale process	102
4.1.2.4. Communication of the buy-out and reaction from stakeholders...	106
4.1.2.5. Family owners' emotional separation and role post buy-out.....	107
4.2 Empirical background	110
4.2.1. Decision to sell.....	110
4.2.1.1. Reasons for selling the company	110
4.2.1.2. Evaluation of possible buyers	117
4.2.1.3. Preparing the company for the sale	123
4.2.2. Sale transaction	125
4.2.2.1. Investment criteria of the private equity company and buyers of the control group.....	125
4.2.2.2. Family owners' goals in sale negotiations	130
4.2.2.3. Sale process	131
4.2.2.4. Communication of the buy-out and reaction from stakeholders...	138
4.2.2.5. Family owners' emotional separation and role post buy-out.....	146
4.3 Summary of chapter	150
5 Changes in corporate governance	155
5.1 Theoretical comparison of family businesses and portfolio companies	156
5.1.1. Corporate governance in family businesses.....	156
5.1.2. Corporate governance in portfolio companies.....	166
5.2 Expected changes based on the literature.....	174
5.2.1. Owner influence on management decisions	174
5.2.2. Owner influence on corporate strategy	175
5.2.3. Supervision by and support from the supervisory board	178
5.2.4. Composition of the management team	180

5.2.5. Motivation and compensation of management.....	183
5.2.6. Decision making process of management	185
5.3 Observed changes based on empirical evidence	186
5.3.1. Owner influence on management decisions	186
5.3.2. Owner influence on corporate strategy	190
5.3.3. Supervision by and support from the supervisory board	197
5.3.4. Composition of the management team	206
5.3.5. Motivation and compensation of management.....	219
5.3.6. Decision making process of management	225
5.4 Summary of chapter	231
6 Changes in instruments of managerial control.....	237
6.1 Theoretical comparison of family businesses and portfolio companies	238
6.1.1. Instruments of managerial control in family businesses.....	238
6.1.2. Instruments of managerial control in portfolio companies	247
6.2 Expected changes based on the literature.....	253
6.2.1. Planning	253
6.2.2. Management accounting.....	254
6.2.3. Performance measurement.....	256
6.3 Observed changes based on empirical evidence	257
6.3.1. Planning	257
6.3.2. Management accounting	263
6.3.3. Performance measurement.....	273
6.4 Summary of chapter	277
7 Changes in financial practices	281
7.1 Theoretical comparison of family businesses and portfolio companies	281
7.1.1. Financial practices in family businesses.....	281
7.1.2. Financial practices of portfolio companies	289
7.2 Expected changes based on the literature.....	297
7.2.1. Financing.....	297
7.2.2. Reporting to banks	299
7.2.3. Investment activity	300
7.3 Observed changes based on empirical evidence	301
7.3.1. Financing.....	301

7.3.2. Reporting to banks	314
7.3.3. Investment activity	317
7.4 Summary of chapter	325
8 Conclusion, implications and outlook	329
8.1 Conclusion	329
8.2 Implications	335
8.2.1. Implications for researchers	335
8.2.2. Implications for practitioners	337
8.3 Outlook	339
Appendix	341
A: Overview of propositions	342
B: Cover letter	344
C: Interview guide	345
List of References	351