

Executive Summary

The organization considered for the purpose of this study is K D Upasena group, which is well known in Rathnapura district as KDU group of companies. It's a family owned business founded by late Mr. K.D. Upasena. KDU group of companies, which started off as a small vegetable shop in 1982 has blossomed to a giant family conglomerate by diversifying into different industries and having 22 subsidiaries by 2014. Though KDU group is renowned for its tea production they are also in to gemming, hydro power, fuel, restaurants and hospitality industry providing employment to over 2000 in Rathnapura area and achieving an average revenue growth of 11% over the last 10 years.

In times when most of the family businesses globally do not survive beyond second generation, KDU group of companies is a unique local example of a family owned business which challenged this norm. Today taking the footsteps of his father, Mr. Saman Upasena and Mr. Thushan Upasena who won outstanding entrepreneurship awards at the APEA 2014, run this family conglomerate as the Chairman and Deputy Chairman respectively. Mr. Deelaka Upasena representing the third generation, the son of Mr. Saman Upasena has also joined the team to take the business to the next level.

The underlining theme of the study is “Survival and growth factors lead to sustainable growth of family business” as incorporated in their journey of over three decades. Although ample research have been conducted globally and articles are widely held, local companies are hardly looked upon in identifying successful factors for profitable growth of family owned businesses. Therefore it is of the researchers' interest to see how a home-grown family conglomerate has progressed over three decades amidst the ever growing challenges faced by many firms of this nature.

In this case study the researchers were able to identify five successful factors that lead to the sustainable growth of KDU group of companies. The case framework for the purpose of the study recognized four variables such as long-term orientation of the business, succession planning process of key members in leadership positions, aligning family values with business interest and Recruitment and training of employees. It was found that

entrepreneurial leadership is also another variable that had a strong influence in enabling the business to survive in the long run. Further, the researchers found that trust between family and non-family members who involved mainly in the management of the business moderate the effect of above variables in achieving a profitable growth.

The effect of these successful factors in achieving a sustainable growth may differ from one family business to another and their application must be considered case by case. Further, the study however, does not develop a concrete explanation to the sustainable growth of KDU. Rather it is an attempt based on the data gathered and available knowledge of family owned businesses, in discussing factors that have been associated with profitable growth of a family conglomerate which has been in existence for thirty three years.