

Leave family out of your business

Sometime last year, I wrote in these pages about the succession crisis facing many Ugandan businesses. That conversation was sparked by reports that banks were moving to seize assets of agribusiness giant Aponye (U) Limited following the death of its founder, Apollo Nyegamehe, in 2023.

What initially seemed like a warning has since materialised. On February 3, this newspaper carried a notice of sale by public auction/private treaty listing several core properties of the company. Unless decisive action is taken, those assets may soon change hands.

When the late Nyegamehe was alive, I admired his decision to involve several of his children in senior roles within the company, including appointing one as managing director. At the time, it appeared forward-thinking—a deliberate attempt at succession.

However, the more I have reflected on the broader realities of family businesses, the more cautious I have become. For most enterprises, especially those of significant scale, directly embedding family members in management can create more risk than resilience.

To be clear, it would be unfair to attribute Aponye's current challenges solely to the founder's children. Many of the debts at the centre of the crisis were accumulated while he was still alive. Yet, it is equally reasonable to ask whether the company would be in its present state had he remained at the helm.

Founder-led businesses often revolve around the personality and networks of one individual. But when that anchor disappears, weaknesses long concealed can quickly surface.

Family involvement in management presents several structural challenges. First,

competence cannot be assumed. Leadership of a complex enterprise demands experience, emotional intelligence, and industry knowledge. Blood ties do not automatically confer these qualities.

Therefore, where no family member genuinely meets the standard, the wiser course is to bring in seasoned external professionals who can run the business objectively and protect its long-term interests.

Second, passion is crucial because building and sustaining a successful enterprise requires many years of sacrifice and relentless focus. If children or relatives lack the calling to carry that burden, even the best academic qualifications may not save the business. And during turbulent times, only deep conviction sustains difficult decisions.

In his memoir *Making It Big*, Nigerian businessman and billionaire Femi Otedola recounts how he resisted intense

family pressure to appoint his children to executive positions within his companies. While he made them shareholders, he encouraged them to pursue their own passions. Today, they thrive independently—among them a DJ, an actress, and a fashion designer.

Internal family dynamics, particularly in extended or polygamous families, can further complicate matters. Appointing one relative over another to key roles often ignites rivalry, suspicion, and power struggles.

Sadly, once business decisions become entangled with unresolved family tensions, objectivity disappears and the enterprise becomes a battlefield rather than a productive institution.

There is also the subtle danger of entitlement. When family members feel immune from oversight, corporate governance weakens. Company policies are bent, standards erode, and

professional employees become demoralised. Over time, the organisation loses structure and credibility, both internally and with lenders, partners, and regulators.

None of this suggests that families should be excluded entirely. Family members can be valuable shareholders or non-executive directors, providing strategic oversight without interfering in day-to-day operations.

The lesson here is not anti-family; it is pro-institution. Businesses that outlive their founders are those built on systems, governance, and merit, not lineage or family loyalty.

In Uganda's evolving economy, we must learn to separate ownership from management. The survival of our enterprises may depend on it.

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