Family Employment after Transition: Roles, Pay, Performance and Exit Rules

An Enforceable Operating Framework for Merit, Fairness and Enterprise Value

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Abstract

Family employment after an ownership or leadership transition can either strengthen continuity or recreate the conflicts that succession was intended to resolve. Ownership, kinship and employment confer different rights. A shareholding does not establish job entitlement, a family role does not define executive authority, and distributions should not be disguised as salary or benefits. This paper develops an enforceable family-employment framework covering entry, roles, pay, performance, development, conduct and exit. It begins with a board-approved policy purpose, separates owner and employee status, defines coverage and allocates decision rights. Every position must meet a genuine business need and carry an approved role profile, accountabilities, budget, manager and measurable contribution. Family and non-family candidates are assessed through consistent criteria, open selection, conflict disclosure and independent review for material appointments. Role architecture and market evidence anchor base pay; incentives connect controllable outcomes, risk and conduct to sustainable value. Ownership returns and family benefits follow separate approval, accounting and tax routes. Written contracts, probation gates and balanced scorecards create accountability. Calibration tests hiring, ratings, pay, promotion, discipline and opportunity for unexplained family bias. The framework protects non-family talent, controls related-party arrangements, establishes speak-up routes and applies common information, intellectual-property and conduct standards. Underperformance progresses through evidence, feedback, support and a measured improvement plan. Voluntary and involuntary exit rules control authority, relationships, data, payments, communications and continuing obligations. Employment termination and share ownership remain legally distinct, with any leaver consequences governed by binding instruments and applicable law. Five figures, five tables, eight frequently asked questions and twenty-six primary or authoritative sources support implementation. Numerical scores are illustrative analytical examples. Every conclusion depends on company facts and authorised employment, corporate, tax, remuneration and governance advice.

JEL Classification: J24, J31, J41, M12, M14

Keywords: family employment, remuneration, performance management, succession, related parties, governance

1. Define the employment-policy purpose

Protect enterprise performance, family relationships and fair opportunity through one approved employment mandate.

The succession team should reconcile strategy, values, workforce policy, family constitution, ownership objectives and law. Each conclusion records the accountable body, source, timing, candidate or owner, evidence, dependency, control and unresolved exception. The immediate output is a family-employment charter.

Management continuity must be proved through operating outcomes while ownership choices remain explicit. Reviewers test capability, authority, relationships, stakeholder confidence and downside response against native records and observed performance. Company strategy, role requirements, family objectives and governing law control every conclusion.

Material gaps require an owner, corrective action, test, advice and decision date. Consequences should flow through leadership capacity, customer delivery, cash, financing, value, control, fairness and transaction timing. Residual risk remains visible until authority is operable, stakeholders are protected and the relevant governing bodies approve the next gate.

2. Separate owner and employee status

Make ownership rights independent from entitlement to a job, title, pay, promotion or management authority.

The succession team should reconcile registers, role records, contracts, governance documents and family communications. Each conclusion records the accountable body, source, timing, candidate or owner, evidence, dependency, control and unresolved exception. The immediate output is an owner-employee boundary statement.

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3. Set policy coverage

Identify family definitions, entities, roles, jurisdictions, employment types and transition situations governed by the policy.

The succession team should reconcile family perimeter, group structure, workforce data, contracts and applicable requirements. Each conclusion records the accountable body, source, timing, candidate or owner, evidence, dependency, control and unresolved exception. The immediate output is a controlled policy-perimeter map.

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4. Assign decision rights

Allocate hiring, pay, performance, promotion, discipline and exit decisions to qualified and unconflicted bodies.

The succession team should reconcile delegations, committee terms, organisation, board authority and conflict rules. Each conclusion records the accountable body, source, timing, candidate or owner, evidence, dependency, control and unresolved exception. The immediate output is an employment-decision RACI.

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5. Define entry criteria

Set education, experience, external-work, conduct, vacancy and competitive-selection requirements before appointment.

The succession team should reconcile role architecture, candidate evidence, labour market, family policy and business need. Each conclusion records the accountable body, source, timing, candidate or owner, evidence, dependency, control and unresolved exception. The immediate output is a family-entry standard.

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6. Require genuine roles

Prove every position has an approved purpose, accountabilities, budget, manager and measurable contribution.

The succession team should reconcile organisation design, workforce plan, job descriptions, budget and operating model. Each conclusion records the accountable body, source, timing, candidate or owner, evidence, dependency, control and unresolved exception. The immediate output is a role-necessity test.

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7. Use open selection

Compare family and non-family candidates through consistent criteria, evidence, interviews and approvals.

The succession team should reconcile candidate records, assessments, references, market mapping and decision minutes. Each conclusion records the accountable body, source, timing, candidate or owner, evidence, dependency, control and unresolved exception. The immediate output is a merit-based selection protocol.

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8. Control conflicts in hiring

Disclose relationships, recuse interested decision-makers and use independent challenge for material appointments.

The succession team should reconcile interest register, committee records, assessments, advice and approvals. Each conclusion records the accountable body, source, timing, candidate or owner, evidence, dependency, control and unresolved exception. The immediate output is a hiring-conflict control.

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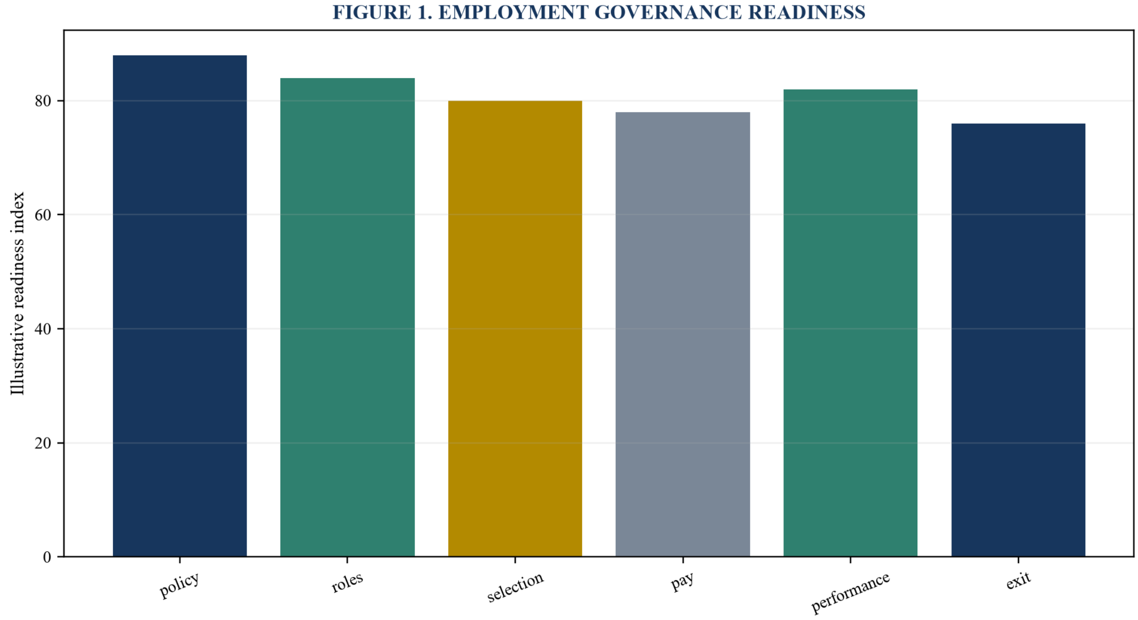
Table 1. Family employment decision rights

Decision	Primary authority	Required control
hire	management and HR	open criteria
executive appointment	board	independent review
pay	remuneration authority	market benchmark
exit	authorised employer body	fair process

Illustrative programme design; company-specific facts and authorised advice govern.

Figure 1. Employment governance readiness



Values are illustrative readiness indices and require company-specific evidence.

9. Create role architecture

Define job families, levels, accountabilities, skills and career paths across the enterprise.

The succession team should reconcile organisation, strategy, work design, market practice and capability data. Each conclusion records the accountable body, source, timing, candidate or owner, evidence, dependency, control and unresolved exception. The immediate output is a role-and-level framework.

Management continuity must be proved through operating outcomes while ownership choices remain explicit. Reviewers test capability, authority, relationships, stakeholder confidence and downside response against native records and observed performance. Company strategy, role requirements, family objectives and governing law control every conclusion.

Material gaps require an owner, corrective action, test, advice and decision date. Consequences should flow through leadership capacity, customer delivery, cash, financing, value, control, fairness and transaction timing. Residual risk remains visible until authority is operable, stakeholders are protected and the relevant governing bodies approve the next gate.

10. Set market-based pay

Benchmark base pay by role, scope, performance and market while separating dividends and family benefits.

The succession team should reconcile job evaluation, pay data, contracts, ownership distributions and tax advice. Each conclusion records the accountable body, source, timing, candidate or owner, evidence, dependency, control and unresolved exception. The immediate output is a role-based remuneration schedule.

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11. Design incentives

Link variable reward to controllable, balanced and sustainable outcomes with risk and conduct safeguards.

The succession team should reconcile strategy, scorecards, budgets, risk appetite, market data and workforce policy. Each conclusion records the accountable body, source, timing, candidate or owner, evidence, dependency, control and unresolved exception. The immediate output is a performance-linked incentive plan.

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12. Separate pay from distributions

Route employment reward through payroll and ownership returns through authorised shareholder processes.

The succession team should reconcile contracts, payroll, dividend policy, accounts, tax, related-party and approval records. Each conclusion records the accountable body, source, timing, candidate or owner, evidence, dependency, control and unresolved exception. The immediate output is a pay-versus-ownership ledger.

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13. Govern benefits and perquisites

Define eligibility, valuation, tax, approval and disclosure for vehicles, housing, travel, education and other benefits.

The succession team should reconcile benefit policy, payroll, tax, market data, approvals and usage records. Each conclusion records the accountable body, source, timing, candidate or owner, evidence, dependency, control and unresolved exception. The immediate output is a family-benefit control register.

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14. Use written contracts

Document duties, location, reporting, compensation, confidentiality, IP, restrictions, notice and termination.

The succession team should reconcile employment law, role profile, policies, compensation and legal advice. Each conclusion records the accountable body, source, timing, candidate or owner, evidence, dependency, control and unresolved exception. The immediate output is an executable employment agreement.

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15. Set probation gates

Test capability, behaviour, relationships and independent performance before confirming appointment.

The succession team should reconcile objectives, manager feedback, work outputs, conduct and review records. Each conclusion records the accountable body, source, timing, candidate or owner, evidence, dependency, control and unresolved exception. The immediate output is a probation decision pack.

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16. Build objective scorecards

Connect individual goals to strategy, cash, customers, operations, people, risk and values.

The succession team should reconcile business plan, role accountabilities, baseline data, targets and controls. Each conclusion records the accountable body, source, timing, candidate or owner, evidence, dependency, control and unresolved exception. The immediate output is a balanced performance scorecard.

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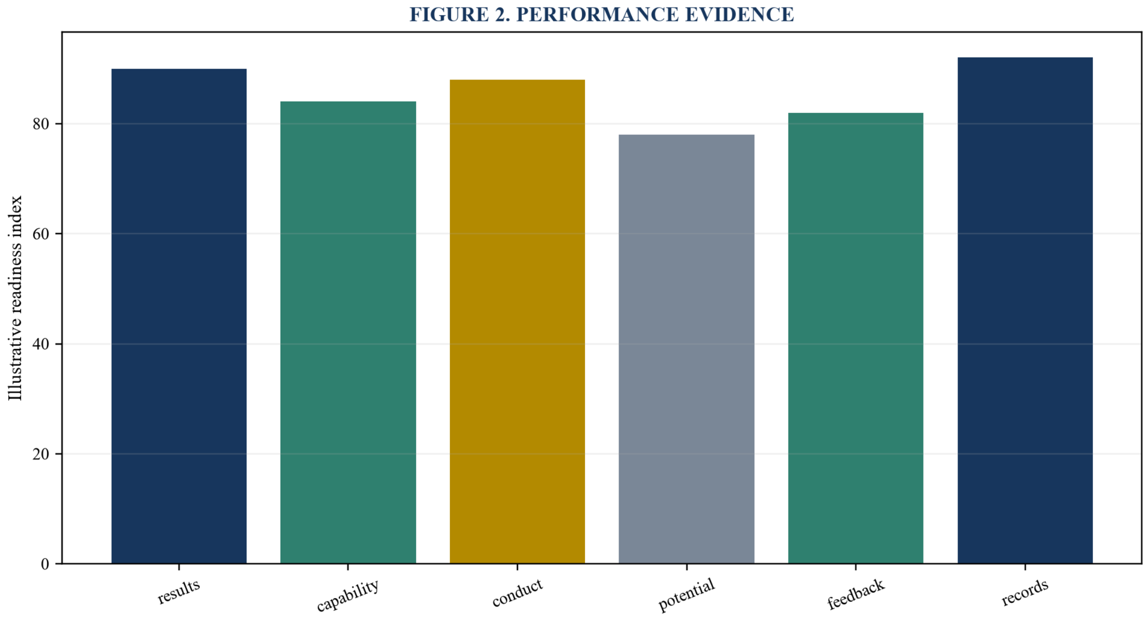
Table 2. Performance architecture

Dimension	Evidence	Decision use
results	operating outcomes	reward
capability	observed work	development
conduct	behaviour record	trust
potential	next-role evidence	succession

Illustrative programme design; company-specific facts and authorised advice govern.

Figure 2. Performance evidence



Values are illustrative readiness indices and require company-specific evidence.

17. Run regular performance reviews

Use evidence, calibration, feedback, development and documented consequences consistently across employees.

The succession team should reconcile scorecards, operating data, manager records, calibration and employee response. Each conclusion records the accountable body, source, timing, candidate or owner, evidence, dependency, control and unresolved exception. The immediate output is a performance-review record.

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18. Calibrate family and non-family outcomes

Compare ratings, pay, promotions, discipline and opportunity for unexplained bias.

The succession team should reconcile workforce analytics, decisions, benchmarks, demographics and reviewer challenge. Each conclusion records the accountable body, source, timing, candidate or owner, evidence, dependency, control and unresolved exception. The immediate output is an employment-fairness dashboard.

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19. Set promotion rules

Require role availability, demonstrated next-level capability, sustained results and independent approval.

The succession team should reconcile career framework, performance, assessment, succession needs and vacancy evidence. Each conclusion records the accountable body, source, timing, candidate or owner, evidence, dependency, control and unresolved exception. The immediate output is a promotion-readiness test.

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20. Fund development fairly

Allocate education, coaching, rotations and assignments by role need and potential with repayment or service rules where appropriate.

The succession team should reconcile skills gaps, development plans, budgets, performance and market options. Each conclusion records the accountable body, source, timing, candidate or owner, evidence, dependency, control and unresolved exception. The immediate output is a governed development portfolio.

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21. Manage reporting lines

Avoid conflicted family supervision where feasible and add independent review where relationships remain.

The succession team should reconcile organisation chart, family relationships, delegations, performance and escalation routes. Each conclusion records the accountable body, source, timing, candidate or owner, evidence, dependency, control and unresolved exception. The immediate output is a family-reporting-line map.

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22. Protect non-family talent

Preserve credible careers, authority, recognition and succession opportunity for essential executives and specialists.

The succession team should reconcile talent data, retention risk, pay, succession slate, engagement and market evidence. Each conclusion records the accountable body, source, timing, candidate or owner, evidence, dependency, control and unresolved exception. The immediate output is a non-family talent plan.

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23. Define conduct expectations

Apply common standards for ethics, respect, confidentiality, conflicts, related parties and use of company assets.

The succession team should reconcile code of conduct, policies, incidents, training and acknowledgement. Each conclusion records the accountable body, source, timing, candidate or owner, evidence, dependency, control and unresolved exception. The immediate output is a family-employee conduct code.

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24. Control related-party arrangements

Benchmark loans, leases, services, expenses and benefits and record company purpose and approvals.

The succession team should reconcile party register, contracts, market terms, accounting, tax and board records. Each conclusion records the accountable body, source, timing, candidate or owner, evidence, dependency, control and unresolved exception. The immediate output is a related-party employment register.

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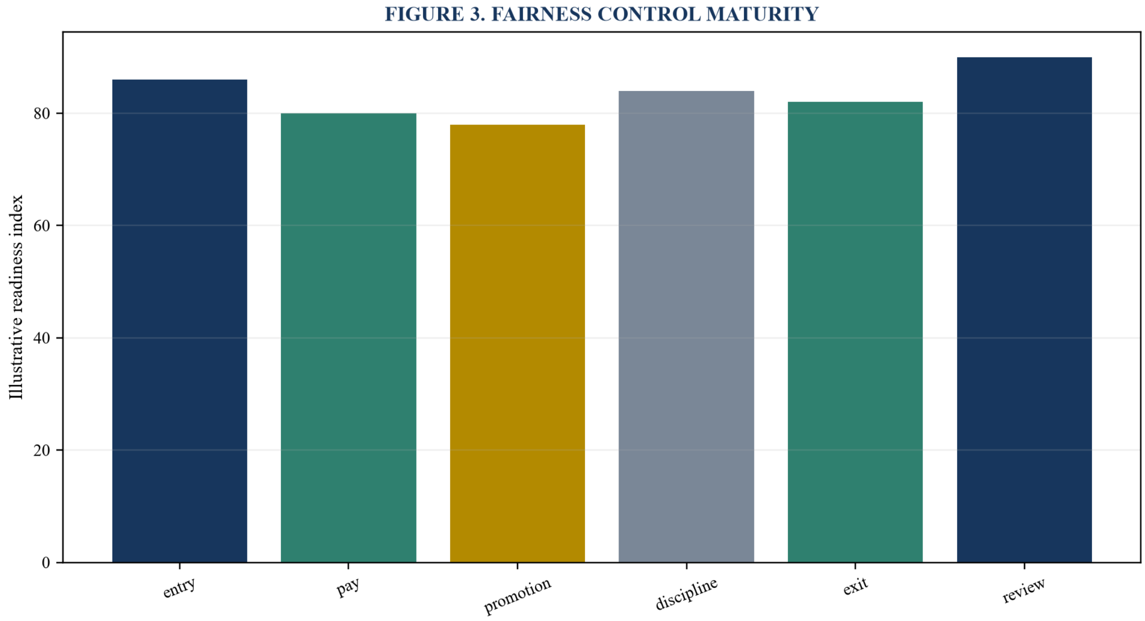
Table 3. Fairness controls

Risk	Control	Evidence
preferential entry	competitive process	candidate comparison
excess pay	role benchmark	pay analysis
weak accountability	common scorecard	calibrated ratings
conflicted exit	independent review	decision record

Illustrative programme design; company-specific facts and authorised advice govern.

Figure 3. Fairness control maturity



Values are illustrative readiness indices and require company-specific evidence.

25. Create speak-up routes

Provide confidential escalation outside family influence with anti-retaliation and investigation controls.

The succession team should reconcile whistleblowing policy, channels, case records, independence and remediation. Each conclusion records the accountable body, source, timing, candidate or owner, evidence, dependency, control and unresolved exception. The immediate output is an independent speak-up protocol.

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26. Manage absence and flexibility consistently

Set evidence, approval and coverage rules for leave, remote work, caregiving and special arrangements.

The succession team should reconcile workforce policy, role needs, local law, records and comparator treatment. Each conclusion records the accountable body, source, timing, candidate or owner, evidence, dependency, control and unresolved exception. The immediate output is a consistent flexibility protocol.

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27. Protect information and intellectual property

Apply access, privacy, confidentiality, invention, cyber and return-of-property controls by role.

The succession team should reconcile systems, data map, IP records, contracts, policies and access logs. Each conclusion records the accountable body, source, timing, candidate or owner, evidence, dependency, control and unresolved exception. The immediate output is an information-and-IP control plan.

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28. Set discipline rules

Use defined allegations, investigation, response, evidence, decision authority, proportionality and appeal.

The succession team should reconcile policy, law, case evidence, precedents, conflicts and legal advice. Each conclusion records the accountable body, source, timing, candidate or owner, evidence, dependency, control and unresolved exception. The immediate output is a disciplinary process map.

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29. Define underperformance intervention

Move from feedback to support, measurable improvement, review and consequence within a controlled timetable.

The succession team should reconcile scorecard, evidence, capability assessment, support, meetings and records. Each conclusion records the accountable body, source, timing, candidate or owner, evidence, dependency, control and unresolved exception. The immediate output is a performance-improvement plan.

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30. Design voluntary exit

Control notice, handover, relationships, data, property, communications and continuing obligations.

The succession team should reconcile contract, role dependencies, access, customer map and exit checklist. Each conclusion records the accountable body, source, timing, candidate or owner, evidence, dependency, control and unresolved exception. The immediate output is a voluntary-exit protocol.

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31. Design involuntary exit

Establish lawful grounds, fair process, authority, documentation, payment and risk-managed communication.

The succession team should reconcile law, contract, policy, evidence, conflicts, payroll and legal advice. Each conclusion records the accountable body, source, timing, candidate or owner, evidence, dependency, control and unresolved exception. The immediate output is an involuntary-exit decision file.

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32. Separate job exit from ownership

Specify what employment termination changes and what shareholder rights continue under governing instruments.

The succession team should reconcile employment contract, articles, shareholder agreement, family policy and law. Each conclusion records the accountable body, source, timing, candidate or owner, evidence, dependency, control and unresolved exception. The immediate output is an employment-ownership separation map.

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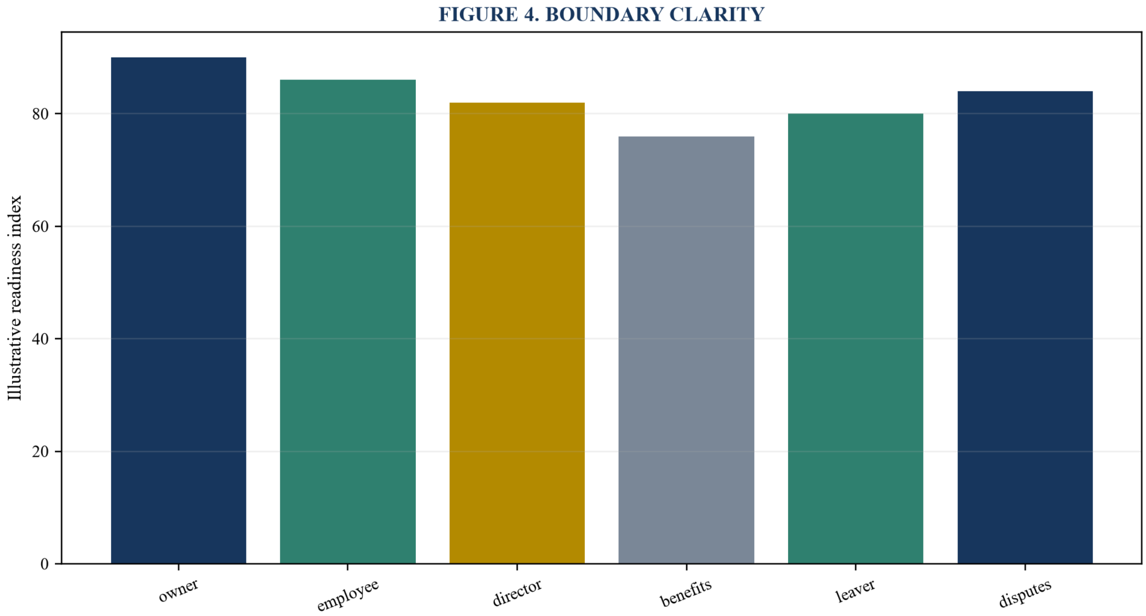
Table 4. Employment and ownership boundary

Event	Employment effect	Ownership effect
resignation	role ends	rights continue per documents
dismissal	contract ends	leaver terms assessed
share transfer	none automatically	rights transfer
succession	role tested separately	control may change

Illustrative programme design; company-specific facts and authorised advice govern.

Figure 4. Boundary clarity



Values are illustrative readiness indices and require company-specific evidence.

33. Address good and bad leaver terms

Define triggers, valuation consequences, discretion, proportionality and dispute routes without disguising employment rights.

The succession team should reconcile equity plans, shareholder documents, valuation policy, law and precedent. Each conclusion records the accountable body, source, timing, candidate or owner, evidence, dependency, control and unresolved exception. The immediate output is a leaver-rights schedule.

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34. Plan leadership transitions

Move authority, knowledge and relationships while protecting operations and the incoming leader.

The succession team should reconcile succession plan, delegations, account map, stakeholder plan and tests. Each conclusion records the accountable body, source, timing, candidate or owner, evidence, dependency, control and unresolved exception. The immediate output is a role-transition critical path.

Management continuity must be proved through operating outcomes while ownership choices remain explicit. Reviewers test capability, authority, relationships, stakeholder confidence and downside response against native records and observed performance. Company strategy, role requirements, family objectives and governing law control every conclusion.

Material gaps require an owner, corrective action, test, advice and decision date. Consequences should flow through leadership capacity, customer delivery, cash, financing, value, control, fairness and transaction timing. Residual risk remains visible until authority is operable, stakeholders are protected and the relevant governing bodies approve the next gate.

35. Control family communications

Explain policy, decisions and confidentiality through the correct family, board and management channels.

The succession team should reconcile communication plan, governance forums, privacy, decisions and issue log. Each conclusion records the accountable body, source, timing, candidate or owner, evidence, dependency, control and unresolved exception. The immediate output is a controlled communications protocol.

Management continuity must be proved through operating outcomes while ownership choices remain explicit. Reviewers test capability, authority, relationships, stakeholder confidence and downside response against native records and observed performance. Company strategy, role requirements, family objectives and governing law control every conclusion.

Material gaps require an owner, corrective action, test, advice and decision date. Consequences should flow through leadership capacity, customer delivery, cash, financing, value, control, fairness and transaction timing. Residual risk remains visible until authority is operable, stakeholders are protected and the relevant governing bodies approve the next gate.

36. Create dispute resolution

Sequence manager review, HR, independent committee, mediation, arbitration or court routes as applicable.

The succession team should reconcile policy, contracts, governing documents, law and adviser input. Each conclusion records the accountable body, source, timing, candidate or owner, evidence, dependency, control and unresolved exception. The immediate output is an employment-dispute pathway.

Management continuity must be proved through operating outcomes while ownership choices remain explicit. Reviewers test capability, authority, relationships, stakeholder confidence and downside response against native records and observed performance. Company strategy, role requirements, family objectives and governing law control every conclusion.

Material gaps require an owner, corrective action, test, advice and decision date. Consequences should flow through leadership capacity, customer delivery, cash, financing, value, control, fairness and transaction timing. Residual risk remains visible until authority is operable, stakeholders are protected and the relevant governing bodies approve the next gate.

37. Audit policy application

Test decisions, files, pay, ratings, conflicts, exceptions, access and outcomes against the approved rules.

The succession team should reconcile HR records, payroll, minutes, analytics, cases and samples. Each conclusion records the accountable body, source, timing, candidate or owner, evidence, dependency, control and unresolved exception. The immediate output is a family-employment audit report.

Management continuity must be proved through operating outcomes while ownership choices remain explicit. Reviewers test capability, authority, relationships, stakeholder confidence and downside response against native records and observed performance. Company strategy, role requirements, family objectives and governing law control every conclusion.

Material gaps require an owner, corrective action, test, advice and decision date. Consequences should flow through leadership capacity, customer delivery, cash, financing, value, control, fairness and transaction timing. Residual risk remains visible until authority is operable, stakeholders are protected and the relevant governing bodies approve the next gate.

38. Report to the board

Provide trends, exceptions, fairness, talent, conduct, disputes and policy effectiveness without improper personal detail.

The succession team should reconcile dashboard, materiality, privacy, risk and committee mandate. Each conclusion records the accountable body, source, timing, candidate or owner, evidence, dependency, control and unresolved exception. The immediate output is a board employment-governance pack.

Management continuity must be proved through operating outcomes while ownership choices remain explicit. Reviewers test capability, authority, relationships, stakeholder confidence and downside response against native records and observed performance. Company strategy, role requirements, family objectives and governing law control every conclusion.

Material gaps require an owner, corrective action, test, advice and decision date. Consequences should flow through leadership capacity, customer delivery, cash, financing, value, control, fairness and transaction timing. Residual risk remains visible until authority is operable, stakeholders are protected and the relevant governing bodies approve the next gate.

39. Refresh after transition

Update roles, market data, decision rights, succession needs and family circumstances after ownership or leadership change.

The succession team should reconcile transition results, strategy, workforce, governance and family feedback. Each conclusion records the accountable body, source, timing, candidate or owner, evidence, dependency, control and unresolved exception. The immediate output is a post-transition policy review.

Management continuity must be proved through operating outcomes while ownership choices remain explicit. Reviewers test capability, authority, relationships, stakeholder confidence and downside response against native records and observed performance. Company strategy, role requirements, family objectives and governing law control every conclusion.

Material gaps require an owner, corrective action, test, advice and decision date. Consequences should flow through leadership capacity, customer delivery, cash, financing, value, control, fairness and transaction timing. Residual risk remains visible until authority is operable, stakeholders are protected and the relevant governing bodies approve the next gate.

40. Issue the family-employment conclusion

Present policy readiness, exceptions, fairness, risks, approvals and implementation priorities.

The succession team should reconcile diagnostic, decisions, contracts, workforce evidence, audit and advice. Each conclusion records the accountable body, source, timing, candidate or owner, evidence, dependency, control and unresolved exception. The immediate output is a board-and-family employment decision paper.

Management continuity must be proved through operating outcomes while ownership choices remain explicit. Reviewers test capability, authority, relationships, stakeholder confidence and downside response against native records and observed performance. Company strategy, role requirements, family objectives and governing law control every conclusion.

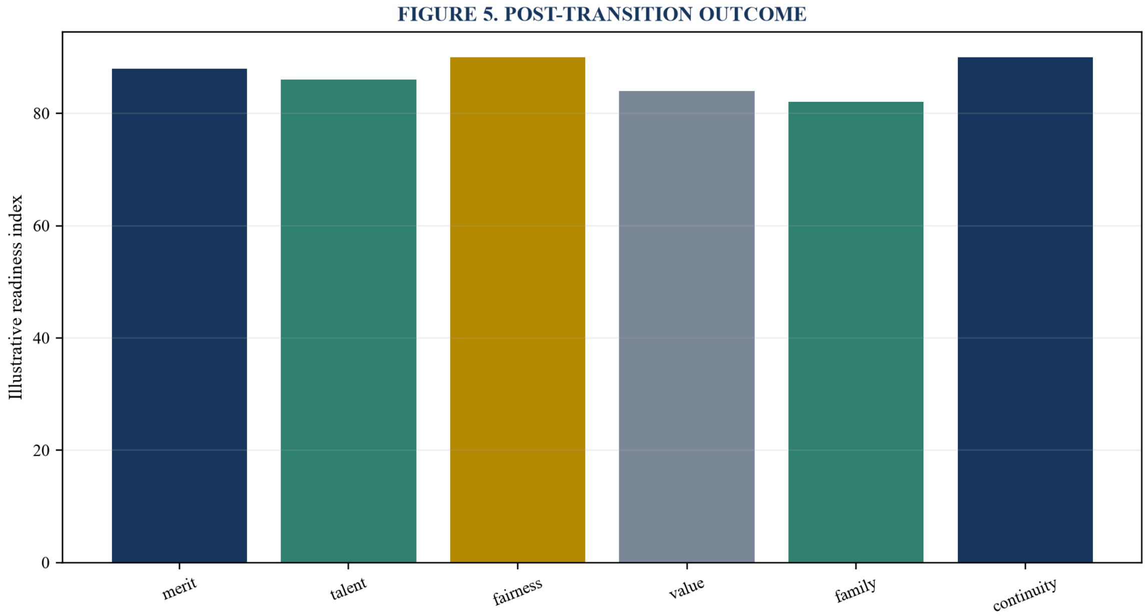
Material gaps require an owner, corrective action, test, advice and decision date. Consequences should flow through leadership capacity, customer delivery, cash, financing, value, control, fairness and transaction timing. Residual risk remains visible until authority is operable, stakeholders are protected and the relevant governing bodies approve the next gate.

Table 5. Policy readiness certificate

Dimension	Required conclusion	Decision use
merit-based	entry and promotion evidenced	talent
market-aligned	pay tied to role	cost
accountable	performance and conduct governed	value
executable	exit and disputes controlled	resilience

Illustrative programme design; company-specific facts and authorised advice govern.

Figure 5. Post-transition outcome



Values are illustrative readiness indices and require company-specific evidence.

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Chennakeshav (CK) is a corporate finance and investment banking executive with 25+ years of global experience in deal origination, structuring and execution across M&A, growth capital and corporate strategy. He has led value-creation mandates for founders, corporates and funds — bridging the boardroom view to hands-on execution and close.

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At Matchpoint Partners he is Managing Partner, leading the firm's corporate finance, M&A and capital-raising practice. He holds an MBA from London Business School, an engineering degree from VTU and a Master of Laws (LLM, in progress) from UCL London.

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