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Professionalize to optimize: US family firms are no longer winging it

US Family business survey

To thrive in the 21st century, family firms will have to adapt faster, innovate earlier, and become more professional in how they run their businesses.

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About the survey

This report reflects the US findings from PwC's seventh family business survey, which is conducted every two years, dating back to 2002 (when it was local to Ireland). The global version of the survey debuted in 2008, which is also when we issued our first US report.

Our latest (and fourth) US report highlights family businesses' views on a variety of issues, as told to us by 154 key decision-makers at companies across a range of industries. Interviews were conducted via phone and online by the independent agency Kudos Research from April 29 through August 29, 2014. The US findings represent one component of PwC's global survey of nearly 2,400 companies in over 40 countries.

For purposes of this survey, a family business is defined as one in which (1) the majority of votes are held by the person who established or acquired the company (or by their spouses, parents, child, or child's direct heirs) and (2) at least one representative of the family is involved in the management or administration of the business.

To see the global survey findings, please click here:
http://www.pwc.com/gx/en/pwc-family-business-survey/index.jhtml

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Overview

This is our fourth US family business survey report. The first one came out in 2008—right before the economic downturn. Much has changed since then—the business landscape is more competitive, technological advances are disrupting conventional operating models—while other things have remained constant, such as the hands-on approach typified by family businesses, as well as their hesitation around succession planning.

We conducted interviews with 154 US family firms, ranging from entrepreneurial startups to companies that have survived for five generations or more. The individuals we spoke with included family members who manage their firms, CEOs who were recruited from outside, owners who plan to keep the business in the family, and those who don't.

In talking with these leaders, we wanted to find out what it means to be a family business in the 21st century. It means being resilient, for one, especially if the business has been around for several generations, enduring everything from the Great Depression to the Great Recession. But we've consistently seen that **staying power is not enough if family businesses want to thrive rather than just survive**. To thrive, they must do what the majority of them in fact say is their strong suit: self-reinvent.

The family businesses that manage to pull off this feat are in good—and highly competitive—company. The clarion call of "disrupt or be disrupted" rings in every business leader's ears nowadays. And yet many of these same leaders are still reckoning with the protracted aftermath of the economic downturn. This is evident in our latest family business survey, where **company leaders told us they're rethinking their strategies yet again and making additional tough decisions** as the overall economy at home improves only somewhat.

Tough decisions can create strain in these closely held firms, further tightening the perennial tension between business concerns and family issues. A tougher stance is also widening the gap between priorities such as profitability and social responsibility. Many family firms feel they've done their part to support the community by protecting jobs during the economic downturn. Now they want to focus on fortifying and growing their business.

They're doing it against a backdrop of intensifying pressures: recruitment and retention, the need to innovate, price competition, resource scarcity, regulation, and so on. These pressures aren't new, but they're unquestionably more challenging to deal with than they were half a dozen years ago. Family businesses have had to accept that the conditions they enjoyed before the recession are unlikely to return. This isn't just reflective of the new economic reality, but also symptomatic of other profound shifts such as demographic changes, globalization, and the digital revolution.

In short, winging it won't work in today's business landscape. **The family business leaders we spoke with for our survey acknowledge that they'll have to adapt faster, innovate earlier, and become more professional in the way they run their operations.** The latter (professionalization) covers everything from basic systems and processes in areas like finance and HR, to risk management and corporate governance. Because three-quarters of the surveyed businesses have been family-run for two or more generations they benefit from having historical experience to guide them. Indeed, at one point their leaders may have felt as though they'd seen it all (or at least heard about it from prior generations).

But today's business landscape is too complex and fast-evolving for family firms to rely solely on either first-generation entrepreneurial instincts or later generations' tried-and-true wisdom. They'll have to rely on both, and do so in an increasingly strategic way. The winners will be the ones who anticipate change and get out in front of it or, better yet, make change themselves (think disruptively). Family businesses have risen to the occasion plenty of times before; our latest survey gives us no reason to think they won't do so again.

Richard P. Stovsky

Rich Stovsky
US Leader
Private Company Services

State of play

Recent performance and growth expectations

In 2014, we found few differences between the ways family businesses assessed their recent past and future prospects compared with their attitudes in our 2012 survey. Seventy percent of respondents in this latest survey reported revenue growth in the past year, and 79% expect to grow steadily in the next five years (compared with 73% and 82%, respectively, in 2012).

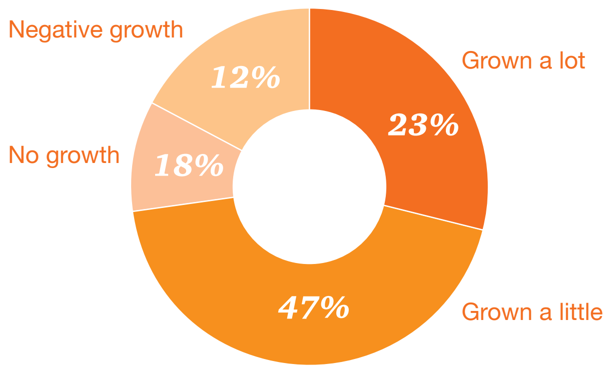
Regarding the next five years specifically, we saw the number of family businesses that anticipate aggressive growth nudge upward five points to 16%, compared with two years ago. This shows a broader optimism in today's economy, now that the recovery has taken hold—a confidence that spills over into family businesses' forecasts: Nearly all were confident about their five-year growth prospects, with the majority "very confident." In our previous survey, business owners were more prone to describe themselves as only "somewhat confident."

Top challenges

Challenges of all sorts abound for family-owned businesses, regardless of size or industry. When we asked our respondents to talk to us about both the internal and external challenges they expect to face in the next 12 months, one issue dominated the "to do" list: staffing. Sixty percent of our respondents see recruitment of skilled personnel as a challenge in the next year. It's an ongoing problem for businesses in general but has assumed even more prominence for family businesses since we spoke with them two years ago (at that time, 46% of respondents had flagged this issue). So far, there's no relief in sight: Two-thirds of these businesses think that the talent gap will continue to be a problem five years from now (up from 52% saying this in 2012).

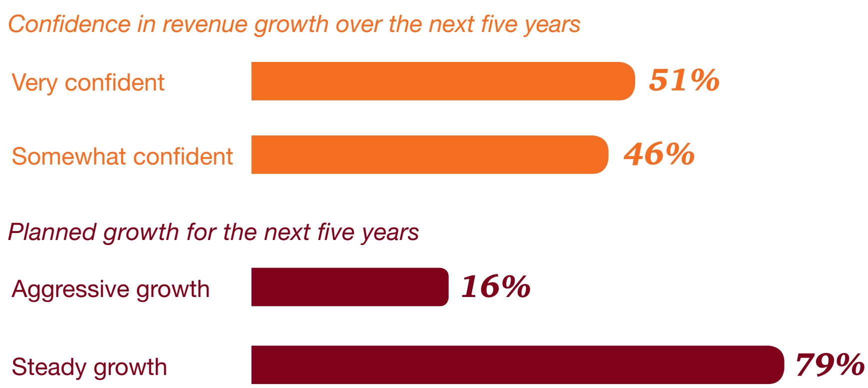
Recent performance

Nearly three-quarters of US family businesses saw sales growth in the past year



Growth expectations

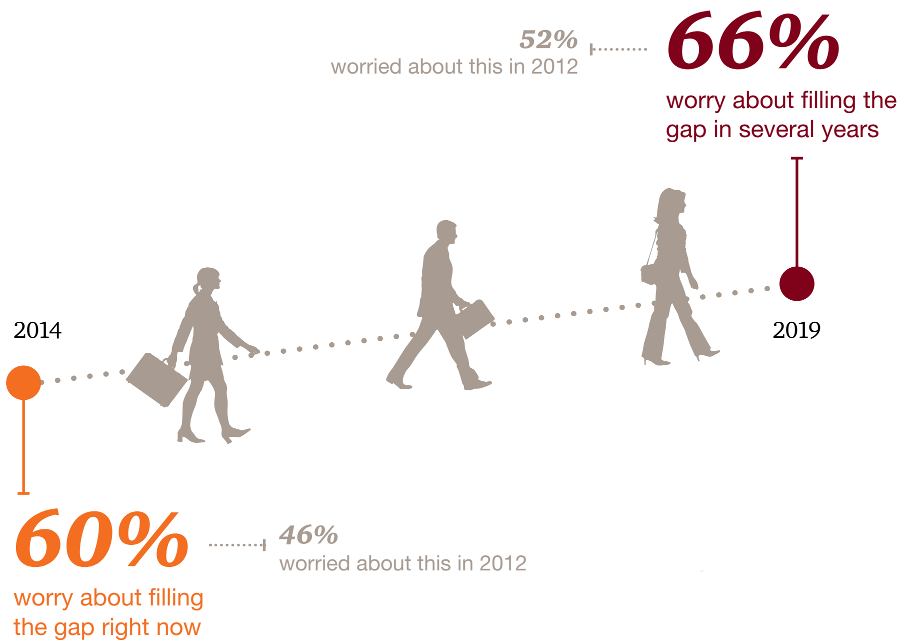
US family businesses are confident about growth, though most expect it to be steady rather than fast



> *"When our workforce moves forward, the company can move forward as well."*
>
> **Debbie Trzcinski, Vice President, Ivie & Associates**

Mind the gap

Family businesses worry about how to fill the skills gap now and in the future

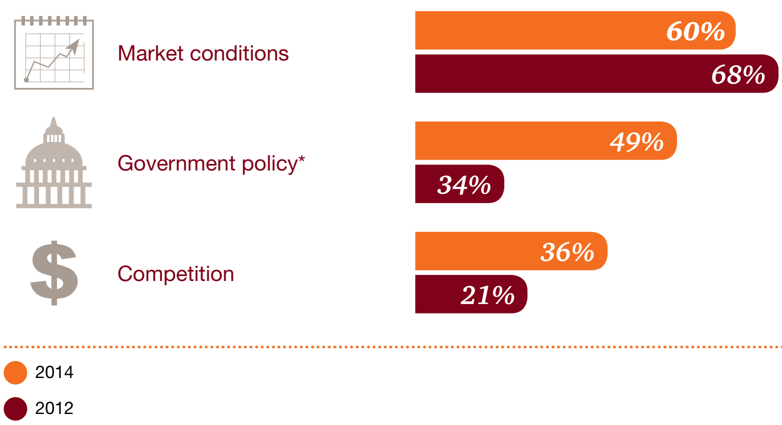


William Elliott, chairman of a second-generation, Texas electrical supply company that bears his name, boils the matter down to this: "maintaining the proper personnel to support growth." His sentiment is echoed by Debbie Trzcinski, vice president at Ivie & Associates, a second-generation marketing company: "When our workforce moves forward, the company can move forward as well." To ensure that this happens, her organization puts a strong emphasis on training and reskilling employees to "provide them with what they need to succeed."

What else is on the minds of family-business leaders? They're concerned about controlling costs and cash flow, but of even greater concern is business and product development—twice as many companies cited this as a major issue in the coming year, relative to our 2012 survey results. Clearly, family firms are recognizing that a "business as usual" approach is no longer enough. Tried and trusted markets, well-established products, the same customer base—these needn't be dispensed with, but they do need to be reassessed regularly, and reimagined, as the case may be.

Top external challenges—12-month outlook

Though somewhat less worried about market conditions than they were in 2012, family businesses are noticeably more concerned about competition and the impact of government policy.



Percentages reflect the number of businesses citing these challenges as among their top three "internal issues" for the next 12 months.

*Regulation, legislation and public spending

Thinking about the business environment more broadly, a sizable majority (60%) of the family businesses we surveyed cited market conditions as a top challenge for them in the next year, though down from the 68% saying this two years earlier. As for the impact that regulation, legislation, and public spending are likely to have on their businesses in the next year, we saw a notable uptick in the number of companies flagging this as an issue: 49% today versus 34% two years ago. This shift may reflect the fact that since our last survey, anticipated tax-law changes and healthcare legislation have been enacted, with family businesses still acclimating to the ongoing impact of those events. We'll be interested to see if family businesses' sentiments in this area alter somewhat now that there's been a changing of the guard in the US Congress.

Finally, we see a growing focus on competition. Over a third (36%) of respondents in the 2014 survey regard their competitors as a major cause for concern (compared with 21% in 2012). "Big competitors that take over or affiliate with other contractors to gain market share" are particularly worrisome for his business, says an executive at Mascaro Construction Company, a third-generation builder of commercial buildings, power plants, and highways. Roger Williams, president of the third-generation sausage company bearing his family name, agrees: "We see a lot of the big guys just keep getting bigger. It's hard for us to compete against these very large companies."

Company snapshot
Groth Vineyards & Winery

Dennis Groth
Founder, President & CEO

Native Californians and lifetime wine lovers Dennis Groth and his wife Judy bought a 121-acre parcel of land in Napa Valley back in 1981, purchasing it with a cash bonus Groth received from his employer that year. By 1982, Groth was his own employer, having started a winery by scratch. "We've been in business now for 32 years, growing from zero to 80,000 cases of wine," says Groth. "So we're a small business, closely held. But we just love it. That's why we're here."

Expansion and revenue growth

Growth and profit are top of mind for any business, and Groth has been doing well in both departments. "Fiscal 2013 was our best year ever revenue-wise, earning us $17 million," says Groth. "We haven't beaten that in 2014, but our profits are ahead, so it's a good year." It was a different story when the recession hit: "In the first quarter of 2009, we saw revenue drop 40 percent. So that was an eye-opener. We had to do some price adjustments and promotions and really work at it. But we ended up coming back in 2009, despite starting out behind the ball. Although our revenue was flat that year, we never were unprofitable. And then in 2013, we regained all the ground we'd lost."

About the future, Groth says, "We are very confident." The company is well positioned for continued growth, having several years ago completed an expansion that doubled production capacity. "Now we plan to increase our enterprise value significantly through pricing and production mix, although without changing volume much," says Groth. He acknowledges that this may be a bit tricky: "Pricing of fine wine is not as strong as it was before the recession. We have a major effort to improve our pricing and quality of distribution."

As for the company's exports, Groth says those are inconsequential in terms of revenue contribution (2.2%) and will probably remain so. "However, exports are strategically important to the brand," he points out. "Every major city in the world has places where you'd like to have your brand. The people who buy our wine travel the world, go to Hong Kong, London, stay in great hotels there. It's nice to have our bottles at those venues. Ultimately, though, what I'd tell a newcomer to the wine business is to remember that their bread and butter is the U.S. market. Wine is a product that tends to be consumed locally."

Balancing profitability with community and sustainability

Part of Groth's growth agenda is to expand the amount of business the company does with restaurants and quality retailers. About half its sales are off premise. Groth is leery of tipping the balance: "We sell about 2,000 to 2,500 cases on site. The rest we sell by traveling on the road, going to our distributors, visiting restaurants—because we want to be all over the country."

Groth doesn't plan to change that approach, even though he sees newcomers to the Napa wine business increasingly focus more on sales and marketing and less on growing grapes and making wine.

"One of our big concerns in Napa right now is that new wineries are being told that the only sensible economic model is direct to consumer, 100% retail," says Groth, whose own company does 3.4% direct-to-consumer sales. "That model is totally dependent on tourism. You're going to have a chef on premises. You're going to have a concierge on premises. You're going to have a director of tourism and tastings. You're going to have a direct-to-retail person, and you're going to be bringing visitors in and running events. I think that if we keep going with hundreds of wineries forming little event-oriented places, it's going to be hard on the Valley. Long term, it's not compatible with agriculture. Judy and I have a nice community that we want to live in, and so we'd like to maintain agriculture here for a long time, if possible."

Maintaining agriculture also means maintaining the land. "We are committed to sustainability because our business depends on continuous and profitable usage of our land," says Groth. "If we don't maintain this land, we can't grow fine grapes and make great wine. Not least of all, we live on the land and are raising our grandchildren here. Taking care of it matters to us."

Groth is quick to point out that sustainability is about more than organic farming and biodynamic agriculture: "Sustainability also says you've got to look at the whole watershed. Napa Valley is the Napa River Watershed, and the viability of the watershed extends beyond our 121-acre boundary here. Sustainability means keeping the river clean. It means not eroding downstream, not having pesticides run off into rivers."

And in California, which is suffering through one of the longest droughts on record, water conservation is perhaps the most important aspect of sustainability. "In Napa, we're fortunate," says Groth, "because the Valley floor has big wells. We have lots of water capacity that we can tap into underground. If we were on the hillside, the drought would be a much more significant problem, because they have much leaner wells, and in many cases they're dependent on runoff water. But so far, it's been okay. We had a good crop this year."

That said, Groth isn't being cavalier about water management: "We've been using drip irrigation in the vineyard business for a long time. When I came here, it wasn't drip irrigation. It was a solid set sprinkler system, which was also the frost protection. But you waste a lot of water doing overhead spraying. Drip irrigation, coupled with sensor systems that measure water content in the soil, is much more efficient."

As for solar energy, Groth is open to the idea but not yet sold on its feasibility for his vineyards: "The three evaluations I've done haven't made the grade. Capital is limited. And the wine business is very capital intensive. I would have to put solar arrays on the end of the vineyard rows, locking in my spacing and vine-row direction to use the solar power. But there wouldn't be any payback until seven or eight years. Right now, I'd rather put the capital into growing the business."

Where low tech can have high impact

While technology can be tremendously helpful to a company like Groth, it's a far cry from the increasingly high-tech automation of big agribusiness—no drones hover over Groth's acreage, monitoring vine growth. Automation has nonetheless begun to creep into the company's operations: "We just bought a new machine to replace our basic crusher. It can do almost as good a job without any hand sorting and allows you to get much cleaner fruit. As for harvesting, almost none of the high-quality wine in Napa is picked by a machine, but one day we're probably going to have to do that in order to compete."

Technology is helping in other ways, too: "There are optical sorters that allow you to look at individual berries on a single cluster and reject the unripe ones. And there's been a huge amount of research on root stocks, clone selections, and vine-row direction. In the three decades I've been in the business, we don't make wine anywhere near the way we used to make it, and we make much better wine. I think that's going to continue."

Digging into data

Regarding the high-tech end of things, Groth says that data-sharing capabilities today have been instrumental in helping his company obtain a better line of sight into its market: "When we first started in business, the PC barely existed," recalls Groth. "You had crude spreadsheet technology." A partner in a large accounting firm earlier in his career, Groth knows whereof he speaks when he says, "Today, we've got basically two people in the office who can do everything that relatively large accounting offices used to do. The information flow is so much better."

He gives wine distributors' reports as an example: "In our early days, distributors used to send us a very basic report. And we'd say, 'Well, wait a minute. We want to know how much goes to restaurants, how much goes to chain retail, how much goes to specialty retail.' They wouldn't share that data. Now the data is all transmitted automatically. You can look at this month's business, you can look at year-to-date business, you can look at it by channel of distribution, you can look at your top 25 customers. We care where our wine gets sold, and we care if we lose a customer. We can track all that now."

Passing the baton

Napa Valley has seen big companies come in and buy up family labels. Groth doesn't plan to be one of them. Besides which, "wine tends to be a personal product, and so customers are interested in the story of the family and its connection to the wine," says Groth. "Larger, corporate entities have a more difficult time maintaining that storyline."

Groth and his wife, who own 55% of the business between them, aren't looking for offers. "The next generation is keen to take over," says Groth, "and I'll have no difficulty relinquishing the CEO role when the time comes." A son and daughter currently fill key roles, each holding 22.5% ownership. "We've implemented a formal transition plan for winemaking and are working on a transition plan for vineyard management. I expect that key roles in wine-growing, finance, administration, and sales and marketing will be filled by nonfamily members. We haven't announced a transition for my position as CEO."

And what qualities would the next CEO need to have? The individual would have to be financially literate, knowledgeable about wine quality, and understand sales and marketing, says Groth, adding that the CEO would also have to be vigilant about innovation, quality improvement, and competition.

"Above all," emphasizes Groth, "you have to be passionate about this business, or you're not going to survive in it. We're proud that we're a privately owned business that survives on its own. We just love the whole thing, and if the kids want to carry on, I think that would be wonderful."

Expansion: Seeking new horizons, new markets

For some family businesses, staying competitive involves going abroad. And for good reason: The growing globalization trend—including the shift of economic power from mature economies to emerging ones—continues to define the shape of today's markets.

Even though many family businesses have characteristics that are inherently local, they are clearly focused on the big picture. In 2012, 50% of the firms we spoke with earned at least some revenue from exporting goods or services. By 2014, that number had jumped to 60%.

They seem comfortable with where things are heading. When we asked companies if they thought that operating in an increasingly international environment would pose much of a challenge five years in the future, the majority said no. And roughly two-thirds (64%) of them plan to be exporting over the next five years, up from 30% just four years ago.

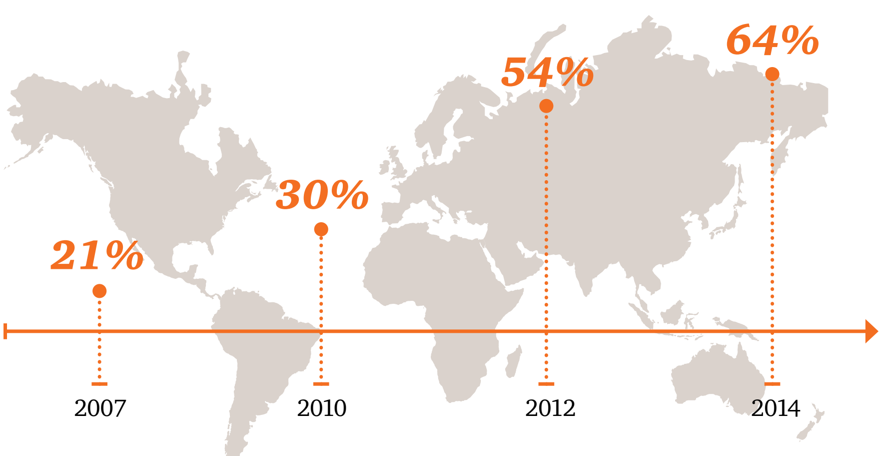
To be clear, while more companies are exporting, that doesn't necessarily represent a big change for individual firms. For instance, the share of companies expecting a rise in revenue from their exports has remained static. And the amount of this revenue is still comparatively small. In 2014, only about a third of the companies we talked to said they'd attribute more than 10% of their income to foreign sources.

So where is this export revenue coming from? Many of these companies tend to stick close to home, in the Americas (49% of our sample) or lean toward markets with the same language and a similar culture. But nearly as many of them are also attracted to Asia's economies (43% of our sample). More than a third of family-owned businesses said that their biggest growth abroad would come from either Mexico or China. But to enter these markets successfully and do consistently well there, businesses need the right know-how.

***60%** of US family firms earned export revenue in 2014.*

Broadening horizons

The percentage of US family businesses planning to sell abroad has risen steadily and substantially in the past seven years



"You have to understand the local politics, the local culture, and the local economies in a country to understand how business there works."

David Solomon, President, BDS Natural Products

Exporter know-how

Joint ventures, strategic alliances, and acquisitions are among the ways companies can acquire the knowledge base and talent they'll need to move forward with their international growth aspirations. Selling in emerging markets, for instance, increasingly calls for digitally savvy workers, especially in the retail space: Nine out of ten shoppers in developing Asia browse or buy online.[1] "As we continue to grow and increase our footprint through acquisition," says Debbie Trzcinski , HR vice president at the family-owned marketing firm Ivie & Associates, "we make sure we're making the right move with our choices so that they further our expertise not just in marketing, but also digital in the emerging markets."

Companies entering new foreign markets need to prepare on a variety of other fronts, too. "You have to understand the local politics, the local culture, and the local economies in a country to understand how business there works," says David Solomon, president and founding partner of BDS Natural Products, a botanical and spice company that operates in 55 countries.

Regulatory issues alone can involve a considerable learning curve if you're doing business abroad, and these include US regulations. Solomon gives his experience in India as an example: "Black pepper is one of India's major spices. A container load of pepper is 44,000 pounds, so it's traded in lots at that weight, which is 20 tons. The government here in the US requires that we know all the farmers and where each lot of product comes from. Each farmer in India grows an average of 100 pounds of pepper, so one container of pepper is the product of 400 farms. How do you stay in control of that? How do you report that to the government?" Not without a fair amount of effort, knowledge, and experience. "You literally have to learn it in the trenches," says Solomon. "And then you have to pass that knowledge through the troops."

1 *PwC's Experience Radar 2013: Lessons from the Global Retail Apparel Industry,* PwC, 2013

Distinguishing traits

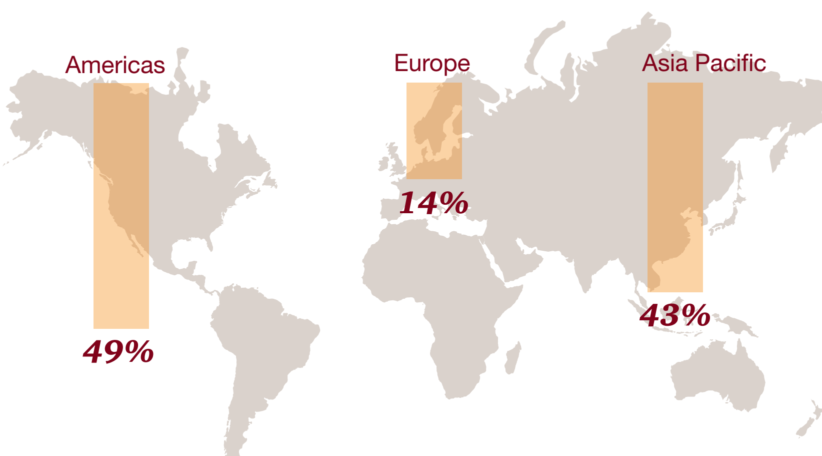
Will the decision to export alter the way a family business looks and feels? Not initially; the changes are far more evolutionary than revolutionary. But we now see one in ten companies reporting that they'll have a double-digit share of their revenue coming from abroad within five years. Change is taking root.

In the global survey population, businesses particularly keen to expand internationally are those pushing for aggressive growth and those with annual revenue of more than $100 million.[2] This mirrors PwC's ongoing research of US privately held companies in general—larger firms tend to be the ones that have the financial and operational wherewithal to venture abroad. They're also growing more aggressively, projecting nearly 10% annual revenue growth, compared with roughly 8% expected by their domestic-only peers.[3]

To hit these marks, however, companies will need to deliver products that live up to their growth ambitions. Simply bringing the same goods to market that everyone else does is not a very promising game plan. Rather, companies have to distinguish themselves—and their products—from their competitors. And it's not just the originality or quality of the products that count. Price, customer service, delivery mode, after-sales support, and the reliability of supply chains are all factors that family-owned businesses have to figure into their expansion equations.

Top new destinations

Where US family businesses say they expect to see the biggest increase in sales by 2019



Percentages reflect respondents who say they plan to be selling in international markets by 2019.

2 *Up Close and Professional—The Family Factor: Global Family Business Survey,* PwC, 2014
3 *Trendsetter Barometer Business Outlook,* PwC, 2014 (quarterly survey of private companies)

Innovation imperative: Keeping your business up to speed

In today's world of emerging customer demands, emerging markets, and emerging technologies, innovation isn't just a "nice to have"—it's critical to staying in the game. When asked if the need to continually innovate would be a significant issue for their companies' health in the coming years, the answer family businesses gave us was a resounding yes.

Part of the innovation imperative requires that a company adapt its organization to an increasingly digital world. Nearly three-quarters of family businesses we surveyed acknowledge the need to do this. Knowing you need to adapt and actually doing it are, of course, two different things. Doing it will involve capital investment in things like new or upgraded IT systems. It will also involve attracting digitally astute employees.

Innovating toward a new employee demographic: The digitally savvy worker... and robots

About a third of family businesses put recruiting technology talent at the top of their digital-transition agenda. Today's millennials are where companies will find some of the best workers in this field, but these younger employees view the business world—their role there and what it can deliver—in ways that, just a couple of decades ago, HR directors didn't have to contemplate so much, let alone accommodate. These workers want more than salary and healthcare. They want flexibility in hours and work location. They want an employer that shares their ethos. And they expect their work to be interesting and personally meaningful.[4] HR departments are taking note.

"No matter what facet of employment we look for—whether it be digital, client service, account management, or something else—it's important that we get the right people on board and keep them," says Debbie Trzcinski, vice president of human resources at the marketing company Ivie & Associates. "We're always thinking of ways that we can invest in our employees and add value for them so that they stay. That means making sure they're happy and engaged. It means providing them with more than just competitive benefits. It means challenging them and giving them the right skills."

The investment should be worth it for employers seeking highly prized tech workers, with the expectation that the investment will pay off. The majority of companies we surveyed said they understand the tangible business benefits of moving to digital. And they're making the move with the full recognition that it could be hard going: Nearly half (47%) of our family-business respondents said that meeting their companies' need for new technology poses a major or substantial challenge (up from 39% two years ago). Even Phil Smith, the founder and CEO of CAPTEL—a technology-driven family business offering telephone, direct mail, and social media fundraising services to political organizations and non-profits—says that one of his company's key challenges in the coming year will be "keeping ourselves up to speed with technology."

4 *PwC's NextGen: A Gobal Generational Study,* 2013

Tackling technology

47%

of family businesses say that the need for new technology will be a substantial challenge for them in five years' time

"These days everybody's getting more data than they really know how to handle, but that's changing."

Miles Reiter, CEO, Driscoll's

Clearly, though, keeping pace with technology presents as much of an opportunity as it does a challenge. "These days everybody's getting more data than they really know how to handle, but that's changing," points out Miles Reiter, CEO of the international berry producer Driscoll's. "Eventually, you'll be able to look into and control every link in the supply chain. That's exciting." To do this, a company will need the right skill sets (either in-house or via third-party providers) to undertake deep analysis of large sets of data—and then make that data intelligible and actionable.

Another opportunity that technology innovations give family businesses is the chance to do more with less, which, in turn, helps boost profitability. Take National Gypsum Company, one of the world's largest producers of gypsum and cement board. "Our newest wallboard plant is very capital intensive but not very labor intensive," says the company's CEO, Tom Nelson. "If you actually look at the people working on the wallboard line, there's just a dozen—that's because most of the process is highly automated now. It's why we're able to compete and thrive." With ongoing advances in factory-floor robotics—which are making robots smarter, faster and cheaper—the assembly line of old may all but disappear before too long.[5]

Innovation is a soft skill (not a technological one)

People, not technology, run companies, of course. Artificial intelligence is all well and good, but without a considerable measure of emotional intelligence thrown in, you end up with too much science and not enough art. For innovation to truly take off in a business environment, you need people with vision and inspiration, people who can translate that for a workforce and rally them behind it. Sometimes a large part of innovation simply comes down to leadership style.

Over one-third of current family-business leaders worry that this style isn't necessarily baked into the family's DNA. On the contrary, their hunch is that having family members in key positions at the company can make the firm less open to new thinking and ideas. And yet an even greater number of these leaders (53%) believe that family businesses reinvent themselves with each new generation—a form of innovation in itself.

5 *The New Hire: How a New Generation of Robots Is Transforming Manufacturing,* PwC, 2014

Miles Reiter, fourth-generation leader of his family's business, is a good example, having taken his company from a seasonal producer of berries to a year-round concern. "We have some new blackberry genetics that are revolutionary," he says. Reiter also turned his family's US-only business into a truly global one—proof that the innovative vision and entrepreneurial spirit more often associated with a company's founders needn't fade out in subsequent generations.

Ensuring that such vision is sustained at a company requires understanding that innovation doesn't just happen: it takes focus, commitment, and investment. The family businesses we spoke with know this full well. The biggest challenge for them, perhaps, is striking a balance between continuity and new ideas, so that family businesses aren't chasing the next big thing at the expense of creating enduring value for their customers and stakeholders.

Innovation imperative

53%

of family businesses feel that family businesses reinvent themselves with each new generation

...but

65%

view the need to continually innovate as a major challenge

Company snapshot
Driscoll Strawberry Associates, Inc.

J. Miles Reiter
CEO

Miles Reiter's great-grandfather was part of the 19th-century Gold Rush, emigrating from Alsace to California, first as a butcher and then ultimately making his way into the strawberry-growing business. More than a century later, his great-grandson now helms one of the country's largest, year-round producers of fresh berries.

In the US, as elsewhere, family businesses are particularly prominent in the food production sector, even in large-scale operations like Driscoll's. Much of Driscoll's fruit—which includes not only strawberries, but also blueberries, raspberries, and blackberries—is bought from other family businesses around the world. This means there's a powerful network of relationships, some of them going back more than two generations. As Reiter says, "Most of the growers are multigenerational companies, so they have some of the same aspirations that we do. There are bonds beyond financial ones that hold you together."

Regeneration through innovation

With so few family firms surviving beyond a third generation, what's the secret of Driscoll's success? One factor would seem to be the new thinking that each generation has brought to the company, whether it's about improved agricultural techniques, greater commercialization, or brand development. Reiter boils it down to this: "I think every generation has had a period of going broke, a sort of reinvention."

In his case, Reiter led the business in its evolution from a seasonal primary grower to a branded year-round producer. "When we first ventured beyond seasonal production, there were people who doubted you could, saying you had to choose between having a quality berry or being year-round, you couldn't do both. But the truth is, if you move around in production geographies, you can have a really terrific berry any time of year."

Reiter also oversaw the development of Driscoll's innovative clamshell containers. "I would say that as much as half our growth would not exist without the clamshell," he explains. "The mesh baskets we had been using before were overwrapped, took a lot of labor, and got crushed in your shopping cart. They were also hard for the retailer to handle, whereas the clamshell packages are easy. And because we can put our name on the packaging, we've really seen significant growth in brand awareness. But most produce companies don't spend much money on marketing as a percentage of revenue. It's remarkably low."

Now, almost a generation later, Driscoll's is using digital technology to build its brand even further: "What digital has allowed us to do is connect with consumers at a lower cost. We're working with our retail partners on that—it's not so much about how much we spend but how we share the knowledge, the data. We can now track specific consignments at hundreds of points in the supply chain and use digital to get customer feedback on the quality of each container they buy. That allows us to evaluate how well each grower is doing and track which varieties are more popular, or what tastes consumers have that we could supply. It can really help us make better choices."

Going global

Driscoll's also has global ambitions for its brand. After experiencing steady growth for the past quarter-century, the company is starting to see a bit of maturing in the North American berry business. That doesn't mean Driscoll's is pulling back domestically, but it has begun to shift more of its growth focus to markets abroad. An exporter for over 10 years, the company is now among the leading brands in Australia. It also has a new operation in China and is expanding in Europe.

What advice would Reiter give family businesses before they enter complex and diverse markets like these? "Keep it simple," he says. "Have a proposition that's clear and can work across cultures. Our company mission is to continually delight consumers, and I think that can apply anywhere in the world."

And then there's the personal touch: "Face to face," as Reiter puts it. This is where family businesses often have an advantage over large multinationals. "Both sides need that interpersonal connection," he says, "because you're straddling cultural divides and legal structures. You've got to be able to look the other person in the eye and like working with them. It takes a lot of your own time and wear and tear, but I think it's really important to show up, rather than delegate that to someone else."

There's a learning curve, of course, when it comes to international expansion, with a fair amount of trial and error. "You don't know what you don't know until you get out there," says Reiter. "We were eventually doing the right stuff from a fruit standpoint and even from a market standpoint, but it was pretty messy in-between. You've got to invest in people and processes, especially digital, and in areas like management development. Sometimes when we went into joint ventures, we didn't bring enough discipline to the financial side or failed to set out our expectations fully enough. So we've learned to be more disciplined. But you can overdo that too."

A touch of formality

Bringing more discipline to a family business while also maintaining its personal touch can be a delicate balancing act. "A little bit of casualness about the company is something we like," says Reiter. But Driscoll's is far from a mom-and-pop operation. "There's a big role for nonfamily management here, with a business of this size and complexity, and I'm a big believer in outside board members. In general, it's about making the way we operate more professional, because we're a global company now. We recognize that it takes a lot of people to contribute to a company's success."

But as Driscoll's continues to expand, so does Reiter's family, and not all members contribute equally to the business. "What I would see as a risk is a sense of entitlement," says Reiter. "Although we haven't reached that point, it's a little tricky navigating how the younger family managers interact with nonfamily management who don't have an ownership stake." With that in mind, Driscoll's recently set up its first family council, in which the next generation is already playing a central part. "We've come to trust the judgment of these kids," says Reiter. "They've already worked through issues that my brother and I and our wives have struggled with." The next generation has also been entrusted with formulating the mission statements for both the family and the business, coming up with two visions that are related yet distinct—a vital demarcation for a family business to make.

Succession and legacy

Reiter's brother co-owns and helps run the family business. Two members of the next generation are also involved, with potentially five more playing a future role too. "I'd be surprised if all seven went into the business," says Reiter. "That would be exciting but maybe a little challenging." As of yet, a successor hasn't been chosen.

"You kind of have to see how your kids are coming along before you make decisions about generational transfer," says Reiter, noting that the age range of the next generation is 22 to 30. "Early on, we set criteria that we expect the kids to meet if they aspire to management roles, including working outside the family business for at least a couple of years. My brother and I also think to actually farm is a really important experience. My daughter and her husband moved down to Chile to be growers, and now she runs the Driscoll's of Chile. My nephew, meanwhile, is running the farming operations in Oxnard, California. They're both really working hard and doing a lot."

Driscoll's also looks for leadership potential through employee involvement in the company's philanthropy initiatives. "When we formalized our philanthropic function, we really had as our primary goal engaging employees and growers in the process," says Reiter. "The philanthropy program, well executed, gives us a stronger workforce. People get leadership opportunities, which helps us identify strong leaders we might have missed otherwise."

And strong leadership is what will be needed as the company moves forward: "How well this next 25 years goes is a really big challenge," says Reiter. "Here in California, the labor supply is inadequate—for the past two years we've had fields that we didn't completely harvest. And if we don't get this groundwater thing right, it will be feast or famine. It's not just the drought; it's the demands for water, even in normal water supply years. I'm certainly not going to solve the water situation, but I want to provide a bit of leadership at least in our little Pajaro Valley. We've put a lot of effort into it, and we've got to now accelerate the progress."

Thinking about legacy more broadly, Reiter sums it up this way: "I'd like Driscoll's to enrich the lives of everyone we touch. I want to keep that vision, that spirit alive, along with the company's three values—passion, humility, and trustworthiness. Humility is about respecting and learning from our colleagues and competitors. I don't think you can do that well at Driscoll's unless you make yourself more of a global citizen. And that is really cool for me, that process of growing yourself in terms of what's the core humanity, not just the part that's associated with your culture. We're good if we keep challenging ourselves to learn and improve."

Professionalizing the business: Where entrepreneurship meets discipline

When we asked family businesses if they tend to be more entrepreneurial than other types of enterprises, almost two-thirds of them said yes. But as companies grow, they need to become a bit more formal in their entrepreneurship than they were during their startup days. How? By bringing greater rigor to their decision-making and operations. This can be done in a variety of ways, including by establishing an independent board and instituting well-documented processes and procedures.

"We used to be able to do things a little more by the seat of our pants," says Miles Reiter, CEO of Driscoll's. "But we've realized that we're in a different world now, with the size and complexity of our business."

Depending on where in its lifecycle a family business is, it may already be undergoing professionalization, as in Driscoll's case. Or it might feel that it hasn't yet reached the stage where professionalization is needed. A company might also feel that it simply isn't up to the task.

As David Solomon, founding partner and president of BDS Natural Products, observes, "Acquiring the knowledge to run a business is one thing. Disseminating that knowledge throughout the company is something else. To professionalize the business, you need to pass your knowledge on to the workforce. It's a continuous job." Reiter agrees: "It's an endless process." Which is why having the right procedures, professional management, and governance in place is so important.

The role of the outsider

Professionalizing the business may involve enlisting outside talent to run it. This is often the right decision, especially when the business reaches a certain critical scale. But it can also be costly. "It's a resource issue, attracting key talent and being able to afford that," says Rion Morgenstern, vice president of Cannon Sleep Products, a third-generation family business, when we asked him about professionalization.

The challenges aren't just financial ones. When you bring outside managers into a closely held family firm—especially at an executive level—the dynamics of the company inevitably change.

One of the leaders of a first-generation business put it to us this way: "Right now, we almost run like a sole proprietorship company. So, it would be difficult for an outside professional to come in and work under that kind of setup. It would be challenging for them if they wanted to make decisions, because they wouldn't be able to do that without having the founder approve all of them, even the most minor decisions."

Applicants for senior roles in a family business might also be wary of potential infighting among family members, both on the board and off it. But family businesses also have plenty of traits that make them appealing to the outside manager. At many of these companies, getting things done tends to be easier than at a large

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"We have a highly qualified board of outside directors… and it is an incredibly powerful, good thing for us."

Bill Crowder, COO, Crowder Construction Company

public company, due to the short chain of command and relative lack of red tape. "That can make a difference in terms of agility and speed to market with innovations and product changes," says Tom Nelson, CEO of National Gypsum, a once-public company that resumed private status in the mid-nineties.[6]

The long-term perspective of the family firm is another selling point for talented candidates seeking senior executive roles. For one, it allows them time to prove themselves, especially given that the average tenure of a CEO in a Fortune 500 company is just five years. For another, it affords them the liberty to think far into the future about the company's business strategy. "We like being private," says Nelson. "It lets us think for the long term, invest for the long term. We're not influenced by quarterly results."

As family-business owners increasingly contemplate passing their companies to the next generation to own but not run (as told to us by 33% of respondents in this latest survey—26% are thinking of making this move in the next five years), they'll have to effectively advertise the virtues of an executive career on the private side of the corporate fence so that the best talent doesn't pass them by.

Corporate governance

Outsiders also have an important role to play on a family business's board of directors—by bringing an independent perspective. As it happens, an independent board is one of the main pillars of good corporate governance, which in turn, is a key component of professionalizing a business. At many family businesses, however, the board consists primarily of family members and close associates, with few if any truly independent members.[7, 8]

But nearly two-thirds (64%) of the companies we spoke with did say they now have nonfamily members on their boards. The question, however, is whether these nonfamily board members are also truly independent. If they're closely connected with the family or have an ownership stake in the company (a quarter of the surveyed businesses have nonfamily board members with an ownership stake), then the perspective they bring to board discussions won't particularly qualify as an outside one.

"We have a highly qualified board of outside directors," says Bill Crowder, the chief operating officer of the second-generation, family-owned Crowder Construction Company. "Having that is a huge strength in a family business, and not having that is a huge weakness. I say this from experience, because we had an inside board for a long time. We've had this outside board for the last 20 years, and it is an incredibly powerful, good thing for us."

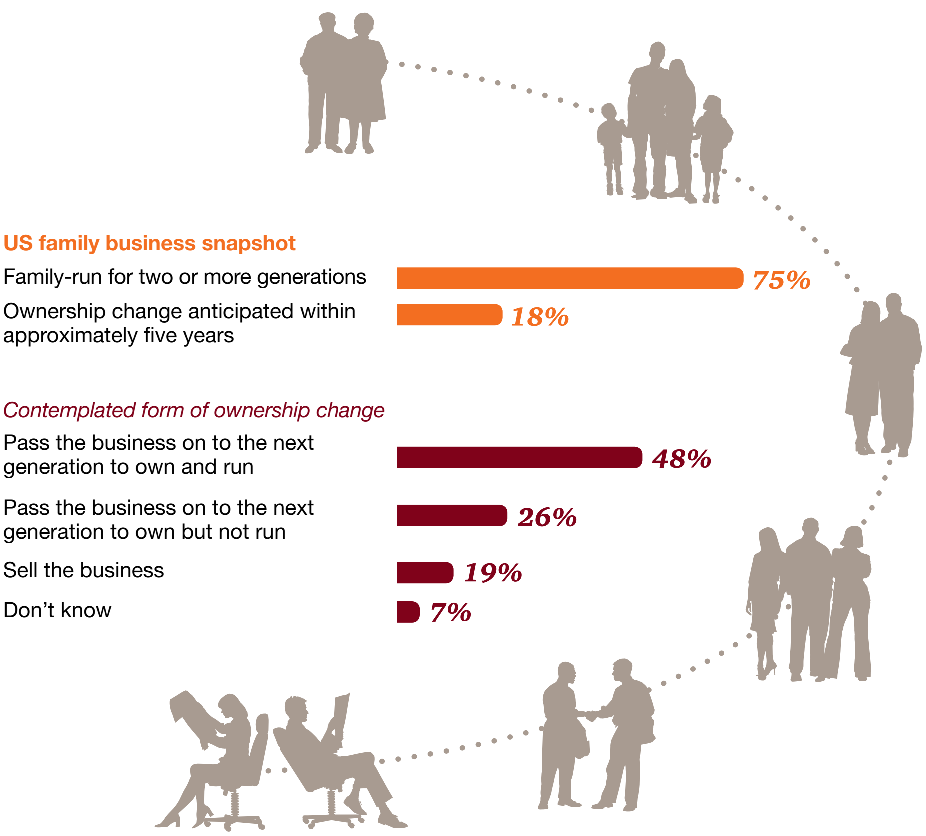
Something else family businesses may want to consider is putting corporate governance under the purview of someone on the management team. That's what Driscoll's recently did, creating a new senior vice president role to oversee governance, external engagement, and general counsel. Brought in from outside the company, the new SVP works closely with senior management to integrate

6 In 1995, the company was purchased by the C.D. Spangler, Jr. family.

7 *What Is a Board's Role in a Family Business?* PwC, 2014

8 *Building or Renewing Your Family Business Board,* PwC, 2014

Lifecycle of a family business



areas such as contract negotiation, regulatory compliance, government affairs, and intellectual property.

When it comes to professionalizing a family business, one size does not fit all, of course. Companies undertaking professionalization can end up walking a fine line between just enough and too much. "We want to bring more-stable processes and a little bit of bureaucracy to the areas that need it," says Driscoll's Reiter. "The challenge is how do you keep it from being more than you need? How do you maintain the spirit of experimentation, innovation, and adventure?" These are questions that business leaders will need to revisit routinely as their businesses continue to evolve.

Company snapshot
National Gypsum

Tom Nelson
President and CEO

The history of the building-supply company National Gypsum dates back to 1925 when three entrepreneurs joined forces to produce and sell a new, lighter-weight gypsum wallboard. The business was eventually listed on the New York Stock Exchange and, for many years, was included in the Fortune 500 cohort. After undergoing reorganization in the early nineties, the company was purchased by the C.D. Spangler, Jr. family. C.D. Spangler's son-in-law, Tom Nelson, has served as president and CEO since 1999, overseeing a vertically integrated company that has nearly 40 operating plants, mines, quarries, and support facilities across the United States.

"It's not the traditional evolution of a family business," Nelson readily acknowledges. And yet National Gypsum's history rivals the breadth and depth of its multigenerational peers. As Nelson notes, "the company has gone through all the corporate and business trends that are out there: It went through the Crash and the Depression. It went through World War II. It went through the post-war years and the boom and the increasing competitiveness of America. It went through the conglomerate era, when the company itself became a conglomerate. It went through the energy crisis. It went through the whole leveraged-buyout, junk-bond-financed era of the eighties."

As the 20th century wound down, the business ultimately resumed private status, so that by the start of the 21st century it had come full circle.

Professionalization: Getting everyone on the same page

Considering that the company has gone through these various corporate permutations, it's not surprising that the degree of formalized processes and mechanisms it has put around its internal culture, employee performance, and management accountability is greater than one might typically expect to see at a closely held family business. At the heart of this professionalization are the company's stated values and essential behaviors, as well as the four pillars of its "strategic initiatives" (trusted partner, peak performer, collaborative culture, and smart growth). "A collaborative culture is going to be part of our DNA," says Nelson. "We've been an organization that's had a lot of functions in manufacturing, R&D, and sales and marketing, so this really helps get everybody working together cross-functionally."

Over the past couple of years, the company has also developed leadership training that builds on its strategic initiatives. "We've got a very talented leadership group," says Nelson, "but we wanted to be more intentional about our expectations for the company's leaders. We also wanted to do more coaching and think about innovative ways to provide different experiences to develop our people so that they'll be ready when it's time to take on broader responsibilities."

The company took a tone-at-the-top approach to this training initiative: "We started by looking at ourselves on the senior leadership team," says Nelson, "making sure that we had a clearly defined purpose, values, and essential behaviors. It was important that we were walking the talk and ensuring that the training curriculum was our own. We've expanded it now to nearly 700 of our associates and are ultimately going to drive it through the entire organization. We're also making sure we do the right thing in terms of hiring, onboarding, performance reviews, and formal succession planning."

Training like this has benefits beyond developing the leadership pipeline, especially when offered to employees more broadly: It can help a company attract and retain top-performing workers in a still-tight labor market. Nelson considers the company's training initiative a differentiator for National Gypsum in the war for talent: "Our people feel they're being invested in. That resonates strongly."

Demographic drivers: Workers and homebuyers

Attracting associates who have leadership skills is becoming increasingly important as companies look to replace the brain drain created by retiring baby boomers. "Because we've had a lot of long-tenured senior executives and senior managers, we're looking at a significant number of retirements," says Nelson."You've got to attract new people. Building products might not be as glamorous as social media startups, so you've got to find creative ways to get people interested in your sector. An advantage to working at National Gypsum is that you're not pigeonholed into one particular job that you do day after day after day. We try to cross-train throughout the company, which is especially important considering that a lot of our manufacturing is now highly automated."

The wallboard, cement board, and joint compound products the company makes are increasingly produced though non-manual means. This mirrors a trend seen across the manufacturing sector as companies grow leaner with the help of technology. Since the recession, National Gypsum is operating with fewer associates. "That's the new world," says Nelson.

The new world is also one of fewer homeowners and sluggish new housing starts, which are a substantial part of National Gypsum's economic bread and butter. But this current state of affairs doesn't have Nelson overly worried. "We feel pretty good about the demographic drivers that are ultimately going to create more demand," he says, while also clearly acknowledging the starker reality of recent history: "Housing starts fell from two million to half a million when the real estate bubble burst. In the past, starts might be down a year or two, and then a couple of years later they'd be back at their prior peak. This recovery we're still struggling to get to a million starts—if you go back over the past 50 years, there were only a couple of times that the country's housing starts ever dipped below a million."

But predictive analytics suggest that things may soon turn around. "Housing is maybe three years into recovering from the bottom" estimates Nelson. "Although there's still a long way to go, we're cautiously optimistic. If you look at some of the best demographers who examine this issue, they're forecasting a need for roughly 17 to 19 million units over the next decade, which would imply that we require a lot more housing starts. The echo boom—the millennials—is a bigger group than the baby boomers. Ultimately they're going to need some form of shelter. It may be a different form of shelter, they may have different preferences, it may be more urban, it may be more apartments. But it will be more than a million units a year, based on the demographic predictions."

Nelson says that even now "you've got certain parts of the country that are very, very busy. We're already feeling the strain. There's no, 'national housing market'—it's really a bunch of regional markets, with some parts of the country, such as the South and Southwest, growing faster than others and creating more demand. So we've added capacity and are looking at growing in some of these areas."

Technology: Meeting the demands of a changing customer base and competitive market

The demographic shifts that National Gypsum is contending with aren't limited to the workforce and housing market. "Our customer base is changing, too," says Nelson. "As the baby boomers retire, new people are coming into leadership positions at the businesses we sell to, just like at our company. And these new leaders are technologically attuned. We're dealing with billion-dollar businesses—they're sophisticated customers. Our systems have to match their systems."

Though traditionally a business-to-business company, National Gypsum has also begun to market directly to homeowners themselves rather than just to distributors and builders, thanks to digital technology. "We're launching into advertising to the consumer," says Nelson. "Digital has made it cost-effective for us to reach consumers across multiple platforms, including social media, blogs, and our website, which supplement traditional avenues such as television and print media."

The company also harnesses technology for product innovation, with a research testing facility in Buffalo, NY and its Technology Innovation Center in Charlotte, NC. "These days, our R&D people work more closely with our sales and marketing force and our manufacturing people than in the past," says Nelson. "So we have a team of PhD chemists collaborating with the people that really understand our manufacturing plants, putting their heads together to come up with new product offerings, process innovations, and new raw materials."

"As for product-innovation threats from competitors, we are of course always alert to those," says Nelson. "We're in a very competitive business. That said, technology-driven innovation is allowing us to control cost and quality, which in turn has allowed us to continue to compete effectively. We definitely feel like we're holding our own."

Professionalizing the family: Where family ties meet binding agreements

The family aspect of family businesses can be either a curse or a blessing, as anyone who's worked in a family business can tell you. Working with your relatives can generate much higher levels of trust and commitment, on the one hand, but it can also lead to tensions and open conflict.

Quite likely, however, most family members will not in fact be working in the company. And yet they may benefit financially from the business. Fully 60% of the family businesses we surveyed have family members who hold an ownership interest in the company but don't work for it. Professionalizing the family involves putting processes in place to deal with these issues, as well as govern other ways that the family interacts with the business.

Family businesses already have a variety of ways to deal with disputes or conflict. The companies we interviewed reported that shareholder agreements are by far the most widely used mechanisms (67%) to address conflict. To help prevent conflict to begin with, a family business may also want to establish general policies to help family leaders determine whether it's in the best interests of the business and the family for the company to employ particular family members. Some will be deemed fit to run the business, and others won't.

It's also important to establish a compensation policy that's commensurate with the fair value of family members' services. To that end, roughly one-third of the businesses we surveyed use objective performance appraisals to assess family members who work for the company. "Family members' performance is evaluated and salaries are differentiated based upon responsibility and performance," says Dennis Groth, founder and president of Groth Vineyards & Winery, when we asked him how they handle such matters at his company. "We assess compensation against the Western Management salary survey for the wine industry annually, and then make salary adjustments where appropriate."

While the family must hold management to account for the performance of the business, they in turn must act as responsible owners. Each of them should have an understanding of the firm's strategy, operations, and objectives, and—crucially—an appreciation of the difference between involvement, which is helpful, and interference, which isn't. Professionalizing the relationship between the family and the firm formalizes these accountabilities and responsibilities.

Professionalization also involves formalizing continuity of purpose, which should reflect consistent values across the family and the core culture in the business. Mediated family meetings and family councils are mechanisms for aligning the family with a common purpose (35% of the businesses we surveyed use the latter mechanism). So are family offices, which can take an active role in helping families define and codify their values to ensure that these principles continue informing the way the business operates, whether or not the family is running it.

60% of family businesses have family members who hold shares in but don't work for the company.

Succession: Winging it won't work

Succession is a perennial—and thorny—issue for family businesses. More often than not, they take a "hear no evil, see no evil" approach to the topic: in other words, fail to approach the topic at all. This ends up signalling uncertainty to the outside world (customers, competitors, employees, suppliers, etc.), which can have potentially adverse effects on both the company's near-term health and its longevity. In extreme cases, it can lead to a complete disconnect between what the incumbent leader is privately planning and what the next generation is expecting.

The controlling or majority owner tends to be as emotionally invested in the business as he or she is financially invested. That person also generally maintains voting control for life and is integrally involved in the operations of the business—sometimes to the exclusion of more hands-on involvement by other family members, who would benefit from a better understanding of how the business is run, especially when the current owner is finally no longer able to lead.

Because the generation gap is widening, due to people having children later in life, the period between each transition is lengthening. While nearly half (47%) of the next-gen family-member executives we surveyed didn't think this factor would necessarily make succession more difficult, plenty of others did—which may be why 40% of the current leaders we spoke with admit it will be difficult to fully let go when the next generation takes over. More than half of these leaders think they'll need to stay more involved than they'd ideally like, just to ensure a smooth transition. And hence the "sticky baton" syndrome, where the older generation hands over management of the firm in theory, but in practice retains control over what really matters.

"It would give me a lot of satisfaction to be able to see the next generation take over," says Roger Williams, president of the third-generation sausage company that bears his family name. "But it's hard to let go. I'm not sure the next generation has the dedication to put in the hours it takes. It's the most difficult thing to do, trying to figure out if the next generation is capable of running the business."

Plan and groom

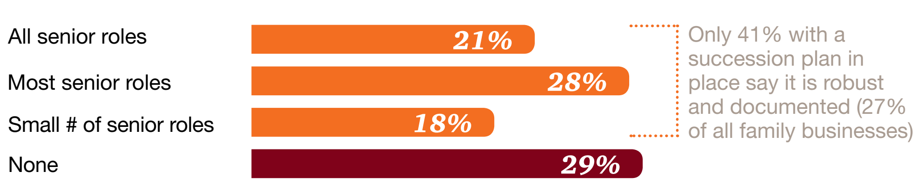
One way to figure out if the next generation is capable of running the business is to groom them to do just that—as well as draw up a formal plan for their eventual succession. This should be done with the full understanding that creating a succession plan isn't a one-off exercise. The plan can be modified if the chosen successor doesn't perform well during the grooming process or decides to pursue a different career, at which time a new candidate can be tried out.

Just slightly more than one-third of the family businesses we surveyed have an appointed successor, and only 27% have a robust and documented succession plan for senior roles. Many of them, however, do have looser plans in place. But does having a succession plan guarantee that the company's senior roles will be filled by family members? Actually, no; our group was quite evenly split. Half told us that it was either "fairly likely" or "very likely" that the roles would stay in the family, while the rest didn't foresee this happening.

If a relatively young family member is the identified successor, it's good for that person to go through a substantial apprenticeship, one that includes eventually rotating through various upper-management positions across the firm. Time spent at the company not only allows the successor-in-training to learn the business inside and out, but also helps the person establish his or her credibility with key stakeholders. It is also useful for the successor to work outside the family's business before taking the helm, since this will give him or her a fresh perspective, as well as new knowledge and skills that could benefit the business.

Miles Reiter, the CEO of Driscoll's, agrees, noting that before his daughter earned her MBA and began running the firm's Chilean operations, "she learned some good lessons working at little startup companies where you had to do everything. One ultimately failed, and there's a lot to learn there too, outside the normal part of the business."

Succession status—Companies with a plan for key senior roles



Five percent of respondents replied either "don't know" or "other."

Conclusion

When family businesses think about the future, their vision extends beyond the bottom line. Having the ability to take a longer view, they tend to measure success differently from their public counterparts, placing a greater emphasis on cultural values, in addition to profit and growth. Seventy-three percent of the leaders we surveyed said they believe the culture and values in family businesses tend to be stronger than those in other types of companies. This number is down, however, from the 90% who said the same in our prior survey.

Why? Well, it might be an acknowledgement that in family enterprises, the instinct to survive and thrive is no less pronounced than it is in any other kind of business. And so while family firms remain highly engaged with their communities and feel a sense of responsibility toward them, they're even more intent on staying in the game and innovating their way to the top of it.

When they speak of their legacy aspirations, nearly all of them voice sentiments that convey this blend of head and heart. "I would hope my contribution to the business and to my community would be my legacy," says Phil Smith of CAPTEL. "I'd like my legacy to be that I kept the company profitable and made a contribution to the community," echoes Bill Crowder, of Crowder Construction Company. "We want to be seen as a company with long-term vision that's had a part to play for the community," says George Warren of Marsh Properties.

Thinking in the more near term, here are key questions family-business leaders may want to take up with their management teams as they reach the middle of this decade:

- Have we made the necessary big bets to set us on a course of sustained high performance for the next five years?
- Will the big bets we've placed give us a competitive advantage that our peers can't replicate?
- Are the strategies we're pursuing the right ones? Will they ensure that our company remains relevant by the end of this decade?
- Is our company sufficiently out in front of major global trends such as demographic change, technological advances, and the shift of economic power from West to East?
- Do we have the right mix of talent, technology, and innovation to stay on top of our game in our industry?
- Is our company resilient enough for us to take the kinds of risks that will drive the business forward?

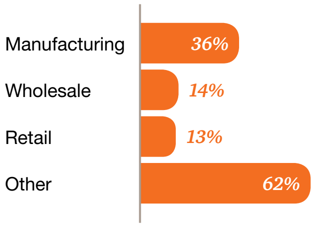
Contemplating these questions and then arriving at the answers should help family businesses evolve successfully through the rest of this decade and into the next, while staying true to the heart of what makes them unique.

73% of family firms believe that their culture and values are stronger than those in other types of businesses.

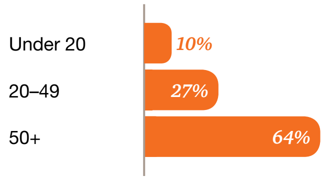
Survey demographics

Profile of surveyed businesses

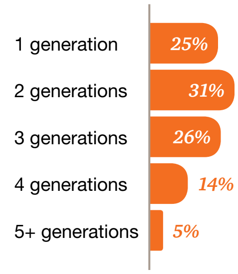
Sector



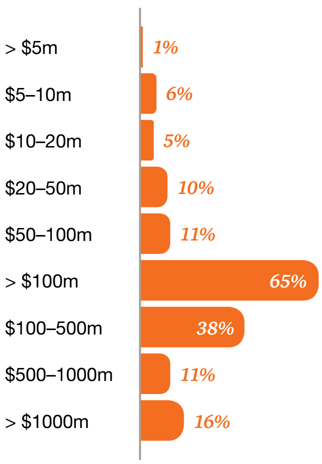
Company age in years



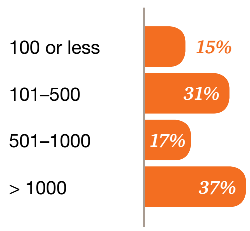
Number of generations



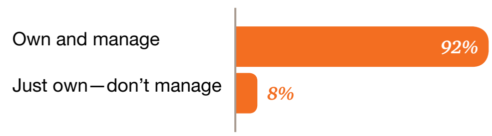
Revenue



Number of employees

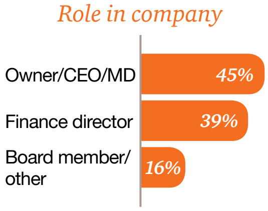


Family's role in the business

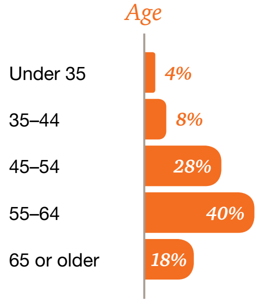


Profile of surveyed respondents

Role in company



Age



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