Best Practices
IN THE MOST SUCCESSFUL FAMILY BUSINESSES
Just what do we mean by SUCCESS
BUSINESS sustainability

profitable GROWTH

INCREASING family wealth
ENJOYABLE FAMILY GATHERINGS
tended by all
full exploitation of the COMPETITIVE ADVANTAGES AVAILABLE to family firms
PROACTIVE PLANNING and TIMELY EXECUTION of CHANGES REQUIRED for generational transitions and family owned continuity
two or more GENERATIONS

...working together to ACCOMPLISH it all
And what do we know FROM RESEARCH
Family Controlled Firms have superior financial performance

5.5% GREATER ECONOMIC VALUE ADDED than public companies
Family Controlled Firms have superior financial performance

than public companies

GREATER RETURN ON ASSETS

6.65%
Family Controlled Firms have superior financial performance

VALUED 10% HIGHER than public companies
FAMILY CONTROLLED FIRMS are more successful with VERTICAL integration strategies and with DIVERSIFICATION strategies.
BEST PRACTICES
OF THE
Most successful family businesses
OWNER INVESTMENT GOALS and BUSINESS STRATEGY are ALIGNED
gracefully prune the FAMILY TREE
resulting in FEW WORKAROUNDS
the MERIT PRINCIPLE guides most all decisions but DOES NOT DICTATE THEM. THEY RESOLVE polarities well.
non-baking COMMITTEE, ESTABLISHED effective FAMILY GOVERNANCE
Outside influence IS PURSUED, RESPECTED and INSTITUTIONALIZED
BUSINESS MANAGEMENT, FAMILY and OWNERSHIP ARE SEPARATED...well, mostly
BY GENERATION

THE FIRST GENERATION
Founders achieve financial independence from the business, develop an alternative passion and then let's go

THE SECOND GENERATION
If anything is unequal, they work through it to gain acceptance in advance, develop a team and replace family leadership

THE THIRD GENERATION
They consider and many adopt non-family business leadership, they get very good at governance and ownership, many with independent directors on their boards
there are written,

FORMAL AGREEMENTS
good family glue with an OVER-ARCHING, COMPELLING PURPOSE beyond making money
Thank you