The North America Family Business Report

2023

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Stock images included in the report picture anonymous models (not study participants).

Contents

Foreword

Dominic Samuelson
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The ongoing recovery of the world economy signals a gradual end of the Covid-19 pandemic, creating jobs, reviving trade, and fueling optimistic forecasts.[1] However, North American businesses remain cautious. When asked about the state of the economy, 60% of respondents surveyed for this study confessed they are generally worried about a market downturn, with higher inflation and rising interest rates being particularly concerning for 75% of respondents.

Family businesses must navigate their growth strategy in this volatile economic climate pursuing good governance and careful succession planning. Next Gens are ready to protect and sustain the family business, according to findings in this report. Still, so far, only a few Next Gens hold senior management roles or sit at the boardroom table (according to 27% and 37% of respondents surveyed). Signaling a challenging journey ahead when transitioning from one generation to the next, only 39% of family businesses have a written, formal succession plan in place.

The report provides best-in-class guidance to address succession planning, develop Next Gen leadership education, and nurture communication channels between family members. Study findings reveal technological innovations family businesses deem highly impactful to their operations, most popular financing strategies, and opportunities around integrating environmental, social, and governance (ESG) factors. The result is a rich resource for family business owners, executives, and Next Gens who want to embrace fresh thinking when building their family business legacy.

We extend our deep gratitude to those who participated in the research. We also thank our partner, Brightstar Capital Partners, and the Campden Wealth Research team for their hard work and dedicated service to the family business community.

Dominic Samuelson
Chief Executive Officer
Campden Wealth

Andrew Weinberg
Founder, Managing Partner and CEO
Brightstar Capital Partners

[1] World Economic Outlook Update, Jan 2023, International Monetary Fund

Executive summary

Falling behind the succession curve

A majority of family businesses (61%) do not have a written, formal succession plan in place, of which 44% still need to develop a succession plan or have no plan at all. Among the most common challenges related to succession are discomfort in discussing sensitive topics (29%) and the lack of willing / sufficiently qualified Next Gens to take over the reins (22%). Another 21% believe the family has not invested enough time into succession planning.

Regular communication is key to resolve family conflict

Nearly half of respondents (49%) have experienced family conflict, which has often led to a breakdown in communication (according to 41%). The vast majority of respondents (80%) recommend establishing regular communication channels between family members to help them resolve business-related conflicts. Only 23% of those surveyed rely on external support when facing family disputes.

The most important governance tool: A board of directors

A board of directors is deemed the most important tool a company can employ to achieve good governance (64% of respondents). Families also rely on a family office (45%), written values and goals for the family business (33%), and / or a family council (31%) when looking to balance family relationships and business interests through governance bodies. Two-thirds of those surveyed think such governance structures are effective when resolving family disputes.

Next Gens look to protect and sustain the business

When Next Gens are involved, their overarching goal is to protect and sustain the family business, according to 81% of respondents. To achieve this goal, most Next Gens already assume leadership roles: 37% of respondents report that Next Gens act as board members, and 27% say they hold a senior management / executive role. Another typical route to get involved is by working for the family business on a project basis (25%) or by engaging in philanthropy (24%).

The longevity of the family business

Emphasizing the longevity of family businesses, 47% of companies surveyed were established in the 1950s or earlier. Proud of their legacy, families want to retain control of the company, with 91% of respondents indicating that the family has no intention of changing the ownership structure. A significant 9% plan to either reduce the family's stake or sell the business, of which 6% would want to reduce the family's stake but retain significant interest.

Revenue growth expected to decline by three percentage points

A vast majority of those surveyed (72%) expect that there will be a recession over the coming 12-24 months. On average, respondents expect their revenue growth rate to decline by three percentage points, down to 9% over the next 12 months. For over half of the respondents (54%), growing assets / increasing profitability is the core objective for the family business over the next three to five years. To achieve this, 35% of family businesses look to expand market share, while 19% are pursuing acquisitions.

A conservative approach to financing

Most businesses surveyed (79%) rely on retained earnings to finance their operations. Outside of self-financing, family businesses prefer financing with debt over equity (57% versus 15%, respectively). Two in five (21%) respondents will only offer equity if there is a strategic benefit, such as a beneficial merger or acquisition.

ESG: Aligning family values with those of the business

Over half of those surveyed (55%) have adopted or intend to adopt either formal or informal ESG policies. The top three factors driving ESG adoption are: alignment with family values (52%), reputation risk (38%), and customer awareness (31%). The ESG themes most likely to influence decision-making in the family business are climate change, pollution and waste, and diversity, equity, and inclusion (DEI) (each 44%).

Embracing new technology

A vast majority of respondents (84%) declare that their family business is embracing new technology. Emphasizing the innovative drive among family businesses, new technology will continue to shape operations, with artificial intelligence, robotics, and the internet of things expected to be most impactful (according to 49%, 44%, and 43% of respondents, respectively).

Economic risks are in focus for the next 12 months

Six in 10 family businesses surveyed (62%) believe that the current economic environment poses the most significant systemic risk to their operations over the next 12 months. The competition for talent is also identified as a major risk for 44% of businesses surveyed, followed by global supply chain risks (38%).

Chapter 1

The DNA of North American Family Businesses

1.1. INTRODUCTION

In 1977, Alfred Chandler, a renowned historian, predicted that American family businesses would lose their importance. In his view, managerial professionalization and the rise of shareholder value were superior compared with the traditional style of family control.[2] Today's reality shows that family businesses continue to profoundly shape corporate America. In Canada, family businesses account for 50% of gross domestic product (GDP), employing nearly seven million people,[3] while in the US, they contribute 54% to GDP, providing employment for 88 million individuals.[4]

Family businesses' resilience is strongly connected to long-term thinking, a family value system, and altruism towards the welfare of the family and the company.[5] Despite the challenges posed by the global pandemic, geopolitical tensions, and a potential recession, family businesses have thrived, achieving an average revenue of US$342 million this year (**figure 1.7**). Affirming the success of the family business model, this study analyzes a typical North American family business profile. It explores their core objectives in the coming months, how family business leaders are preparing for succession and what good governance in the family business can look like.

The following chapters offer insights into these questions. Findings reveal that getting the next generation involved early will future-proof the family enterprise. Motivated by a deep sense of responsibility, Next Gen family members' overarching goal when joining the family enterprise is to protect and sustain the business (according to 81% of respondents). Showing a drive to innovate, Next Gens also want to embrace digital transformation and increase the use of technology (according to 24% and 23% of respondents, respectively) (**figure 2.8**).

The individuals portrayed in the photographs used in this report are models and are not representative of the actual participants involved in the research.

[2] Chandler, Alfred. The visible hand, 1977, Harvard University Press
[3] Family Enterprise Matters, 2019, FEX, p.4
[4] Family Enterprise USA, 2023
[5] Becker, Gary. A treatise on the family, 1981, Harvard University Press

METHODOLOGY

This study employed a mixed-methods approach based on quantitative and qualitative data collected by Campden Wealth between July and December 2022. A sample of 102 family business owners and executives in the United States and Canada were selected using a purposive sampling strategy. A survey was administered with the sample to collect quantitative data, which consisted of 52 questions and was designed to assess succession planning, family business governance, ownership, financing, business strategy, technology, ESG, and the economic outlook. The survey was conducted online and took approximately 45-50 minutes to complete. In addition, 11 in-depth interviews were conducted with family business leaders to collect qualitative data, which aimed to help explain the statistical findings. The interviewees were selected based on their experience in the family business sector and lasted for approximately 30-60 minutes. The qualitative data was further supplemented with case studies to provide a more nuanced understanding of personal experiences. To protect the confidentiality and anonymity of the case study participants, names were changed, and any identifying information was excluded.

> **“There is an obligation to work even harder, to be even kinder, and to look out more for others when you have been born into the fortunate circumstances of owning a family business.**
>
> Family member, director, second generation

Other findings suggest that the success of family businesses will depend on addressing core governance issues. Aside from succession planning, respondents identified formalizing a family charter / constitution, expanding professionalization / hiring non-family members, and creating conflict resolution mechanisms as key priorities (**figure 3.9**). Employing a board of directors is the most effective tool for implementing these governance practices, according to 64% of respondents (**figure 3.7**).

With 72% of respondents expecting a recession over the coming 12-24 months (**figure 6.1**), family businesses must navigate multiple challenges ahead. However, these times of great uncertainty might also prove to be a valuable opportunity. Committed to their legacy and nimble by nature, family businesses are best positioned to address succession strategy, tackle governance priorities, and consider the advantages of ESG[6] and diversity for the company.

1.2. OVERVIEW OF PARTICIPANTS

The following outlines the profile of those who participated in this research.

The typical respondent: a second-generation family member representing a family with a net worth of US$768 million

A total of 102 family members and family-business executives from the United States and Canada participated in the survey. The average family net worth represented in the study stands at US$768 million (**figure 1.1**). Three-quarters of those surveyed (75%) are family members involved in a family-owned business, while 5% are in-laws, and 20% are business executives (**figure 1.2**).

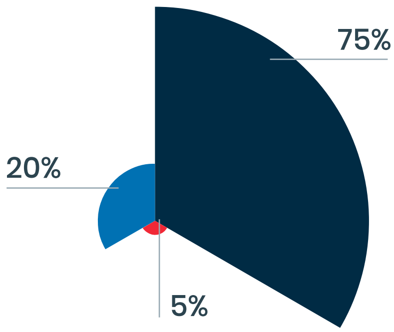
1.1
Average family net worth

US$768 million

Base: All respondents
The North America Family Business Report 2023, Campden Wealth and Brightstar Capital Partners

1.2
Respondent profile

- Family member, directly related
- Family member, in-law
- Family business executive



Base: All respondents
The North America Family Business Report 2023, Campden Wealth and Brightstar Capital Partners
Note: Figures may not sum to 100% due to rounding

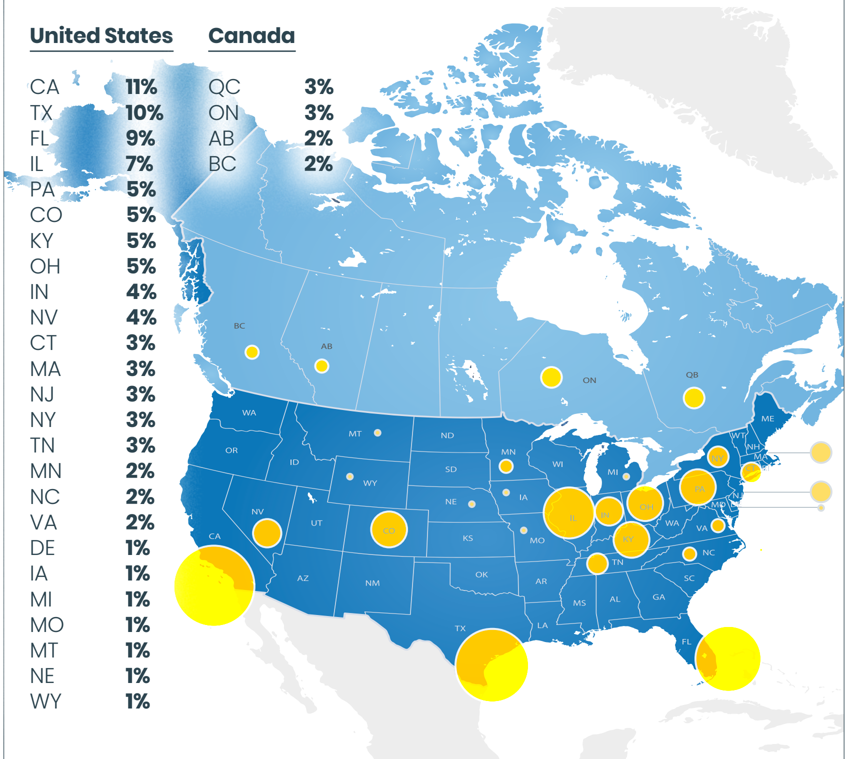
[6] ESG refers to environmental, social, and governance factors

> **Our family business is located in a part of the country that is near and dear to us. We grew up there, so we have a lot of sentimental attachment to it.**
>
> Family member, chairperson, second generation

The vast majority of respondents (90%) are located in the United States, with California, Texas, Florida, and Illinois together representing 37% of the sample. One in 10 respondents is based in Canada (**figure 1.3**).

1.3
Respondent location

United States		Canada	
CA	11%	QC	3%
TX	10%	ON	3%
FL	9%	AB	2%
IL	7%	BC	2%
PA	5%		
CO	5%		
KY	5%		
OH	5%		
IN	4%		
NV	4%		
CT	3%		
MA	3%		
NJ	3%		
NY	3%		
TN	3%		
MN	2%		
NC	2%		
VA	2%		
DE	1%		
IA	1%		
MI	1%		
MO	1%		
MT	1%		
NE	1%		
WY	1%		



Base: All respondents
The North America Family Business Report 2023, Campden Wealth and Brightstar Capital Partners

> **Family businesses are unique because we embrace long-term thinking, and we believe people are more important than short-term profits.**
>
> Family member, chief executive officer, third generation

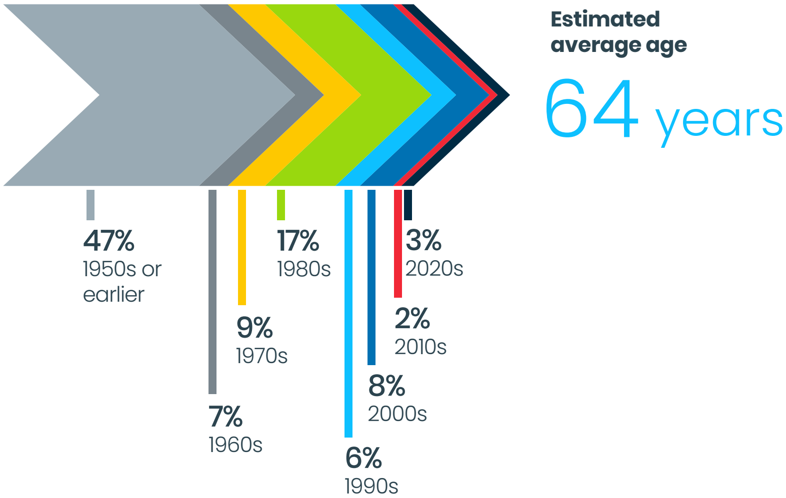
Family businesses' longevity

Emphasizing the longevity of family businesses, 80% of businesses surveyed were established before the 1980s, with 47% founded in the 1950s or earlier. Only 13% of businesses surveyed have been established in the new millennia. Family businesses surveyed have been operating, on average, for 60 years (**figure 1.4**). The figure highlights the resilience of the family business model compared to publicly listed companies, whose longevity is continuously declining.[7]

[7] In the late 1970s, listed S&P 500 companies had an average tenure of 30 to 35 years. Forecasts expect the average tenure to shrink to 15-20 years this decade: 2021 Corporate Longevity Forecast, 2021, Innosight, p. 3

> **In my view, there is always a founding generation that's very strong, another generation that tends to follow, and then a third generation that is not sure how they are going to participate. If families are able to work together past the third generation, they have the strength to survive for several more generations to come.**
>
> Family member, co-owner, second generation

1.4
Decade in which the family business was founded



Base: All respondents
The North America Family Business Report 2023, Campden Wealth and Brightstar Capital Partners
Note: Figures may not sum to 100% due to rounding

The second generation tends to be in charge

A diverse picture emerges when participants are asked which generation currently runs the family business. Three in 10 respondents report the second generation to be in charge, and a similar proportion (27%) discloses that the first generation remains at the helm. Another 23% say that the third generation has taken over (**figure 1.5**).

1.5
The generation which runs the family enterprise

1st gen	27%
2nd gen	29%
3rd gen	23%
4th gen	17%
5th or earlier	5%

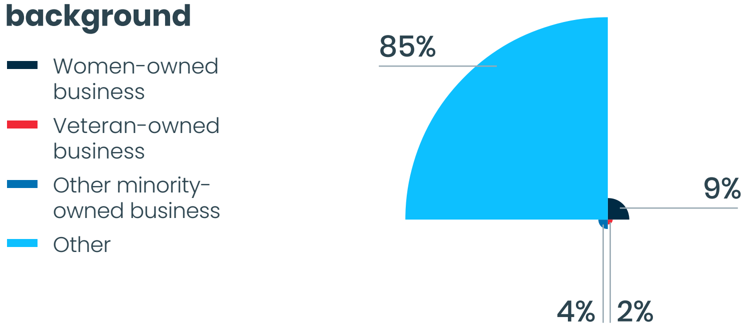
Base: All respondents
The North America Family Business Report 2023, Campden Wealth and Brightstar Capital Partners
Note: Figures may not sum to 100% due to rounding

> **I took over the family business at the age of 31. Without the experience of being an officer in the army, managing the business would have been much more difficult for me.**
>
> Family member, chief executive officer, third generation

Few family businesses are owned by members of a minority group

Only 15% of family businesses surveyed are minority-owned. Among those, 9% are women-owned, 2% veteran-owned, and 4% are other minority-owned businesses (**figure 1.6**). The figures are far behind the US national average, where minority-owned businesses total 47% (of which 21% were women-owned, 6% were veteran-owned, and 20% were other minority-owned).[8]

1.6
Businesses' self-reported background



Base: All respondents
The North America Family Business Report 2023, Campden Wealth and Brightstar Capital Partners
Note: Figures may not sum to 100% due to rounding

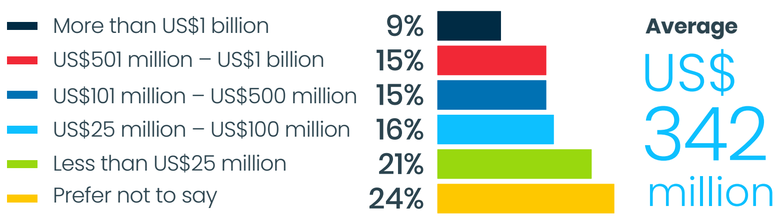
1.3 BUSINESS STATS

Business revenues average US$342 million

Over the past 12 months, the average annual revenue of family businesses surveyed stood at US$342 million. Highlighting the range in the sales volumes generated by different family businesses, a similar proportion of those surveyed have business revenues in excess of US$100 million and below that threshold (39% versus 37%, respectively) (**figure 1.7**).

> **In my experience, it does not matter what sort of widget the business is producing. Some problems are magnified when you have revenues of US$5 billion, but the nature of problems remain much the same in all family businesses.**
>
> Family member, founder, fourth generation

1.7
Revenues of family businesses over past 12 months



Base: All respondents
The North America Family Business Report 2023, Campden Wealth and Brightstar Capital Partners
Note: Figures may not sum to 100% due to rounding

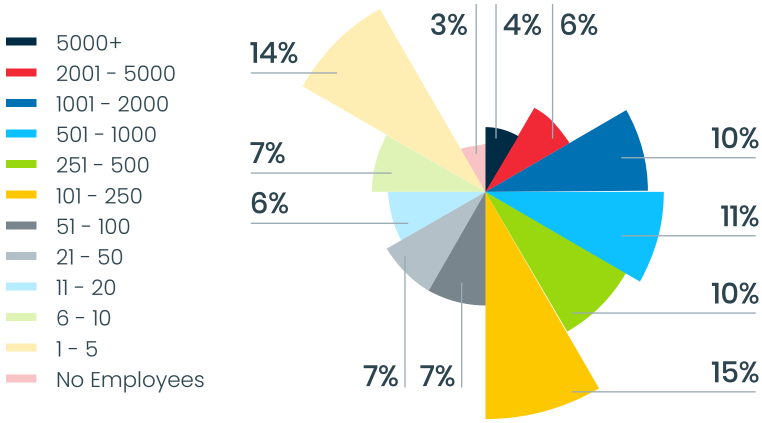
[8] Characteristics of employer businesses based on the 2020 Annual Business Survey, 2022, U.S. Census Bureau

> **Family businesses often have their own distinctive culture and significant employee ownership.**
>
> Family member, co-owner, fifth generation

Eight in 10 family businesses surveyed are SMEs

The majority of family businesses surveyed operate as small or medium sized enterprises (SMEs), with 80% employing 1,000 or fewer workers (**figure 1.8**).[9] Among those, a quarter of businesses surveyed (25%) have a workforce of 100-500 employees.

1.8
Size of the family business by number of employees



Base: All respondents
The North America Family Business Report 2023, Campden Wealth and Brightstar Capital Partners
Note: Figures may not sum to 100% due to rounding

The C-suite typically consists of six employees, including one to two family members

The workforce of family businesses surveyed averages 650 members of staff, of which six are typically family members. There are, on average, six members of staff who belong to the C-suite of the business (CEO, and those directly reporting to the CEO), of which typically two are members of the family (**figure 1.9**).

> **"My siblings and I worked several jobs at the family enterprise so we are very familiar with all aspects of the business."**
>
> Family member, manager, second generation

> **Family businesses think of 'the family' in the broader sense and include the people that work with them.**
>
> Family member, founder, fourth generation

1.9
Average number of employees and C-suite executives in the family business

	Number of employees	Family members
Family business	650	6
C-suite (CEO, and those directly reporting to the CEO)	6	2

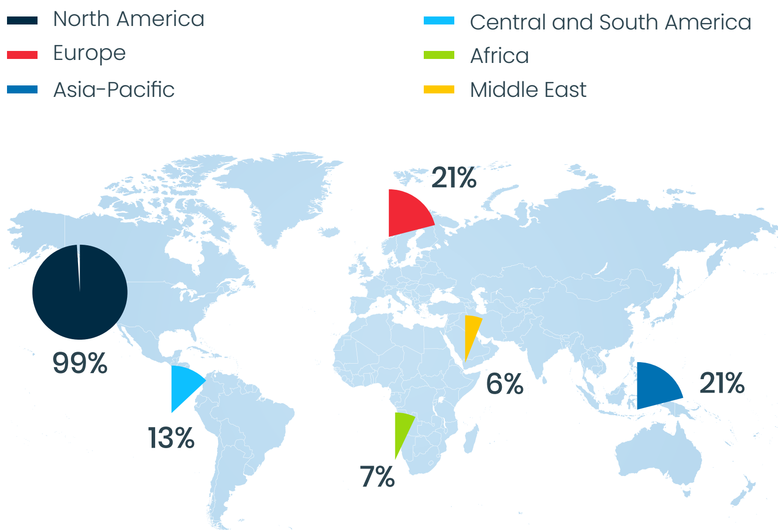
Base: All respondents
The North America Family Business Report 2023, Campden Wealth and Brightstar Capital Partners

[9] The OECD defines small and medium-sized enterprises (SMEs) as non-subsidiary, independent firms which employ fewer than a given number of employees. This number varies across countries. Small firms are generally those with fewer than 50 employees, while micro-enterprises have at most 10 or fewer workers (OECD, 2005). The Small Business Administration (SBA) in the United States defines a small business as having no more than 1,500 employees and a maximum of $41.5 million in average annual receipts (SBA 1996).

Family businesses focus on operations in North America

Nearly all family businesses (99%) surveyed operate in North America. When business is conducted abroad, Europe and Asia-Pacific are the preferred regions (21% each). Few respondents (13%) report activities in Central and South America, followed by 7% who operate in Africa and 6% in the Middle East (**figure 1.10**).

1.10
Regions in which the family businesses operate in



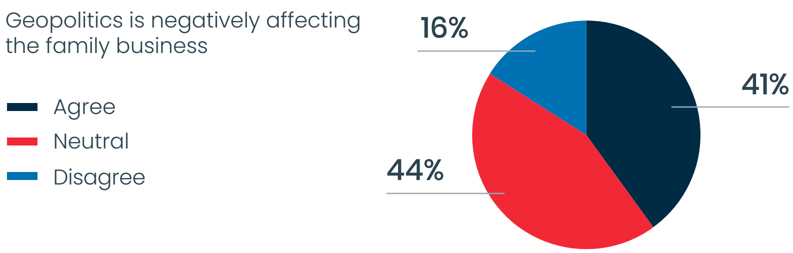
Base: All respondents
The North America Family Business Report 2023, Campden Wealth and Brightstar Capital Partners
Note: Figures may not sum to 100% due to multiple answers permitted

Family businesses surveyed remain undecided on the question of whether current geopolitics is negatively affecting the family business

Reflecting their operational focus on North America, family businesses surveyed remain undecided on the question of whether current geopolitics is negatively affecting the family business (with 44% remaining neutral). Still, 41% say they are negatively affected by recent geopolitical tensions (**figure 1.11**).

1.11
Views on geopolitics affecting the business

Geopolitics is negatively affecting the family business



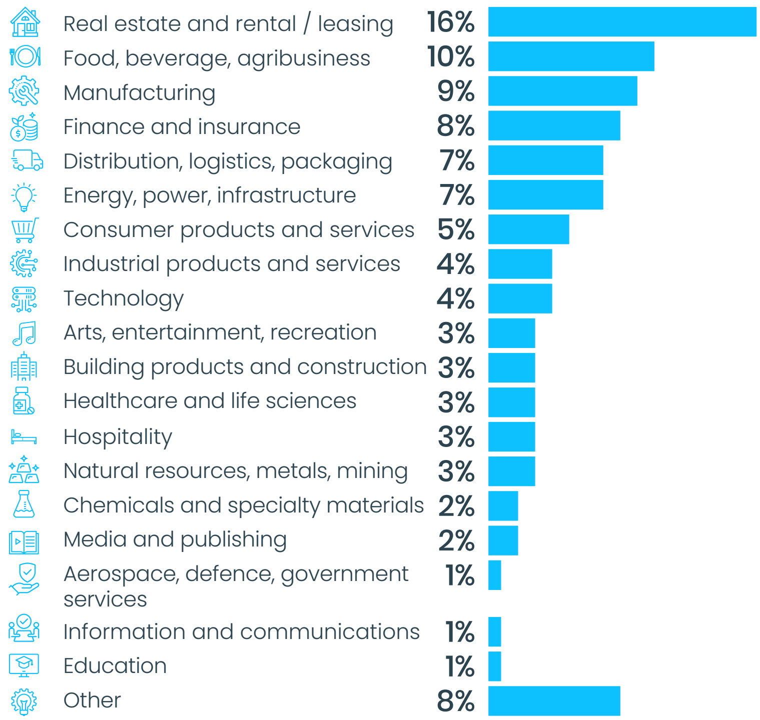
Base: All respondents
The North America Family Business Report 2023, Campden Wealth and Brightstar Capital Partners
Note: Figures may not sum to 100% due to rounding

The family business model can be successful across the economic spectrum as companies represented in the study are active in various sectors

Real estate, food and beverage, and manufacturing are popular sectors

When asked in which sector the business is primarily engaged, real estate (16%) ranked first, followed by food and beverage (10%), and manufacturing (9%). However, **figure 1.12** also highlights that the family business model can be successful across the economic spectrum as companies represented in the study are active in various sectors.

1.12
Sectors in which the family businesses operate



Base: All respondents
The North America Family Business Report 2023, Campden Wealth and Brightstar Capital Partners

Chapter 2

Do's and Don'ts in building family business legacies

Key findings:

• The main hurdles to succession planning include families feeling discomfort when talking about sensitive issues (29%), and Next Gens not being willing / qualified to take over (22%). When asked which area would benefit most from external support, 52% of respondents selected Next Gen leadership education.

• Next Gens currently working in the family business often act as board members (37%) or assume senior management / executive roles (27%). When Next Gens are involved, their overarching goal is to protect and sustain the family business (according to 81% of respondents). Only 16% would say that Next Gens are unlikely to join / have no involvement in the family business.

• Of those surveyed, 49% reported experiencing family conflict with roles and responsibilities of family members being the most common cause of family disputes (41%). To help resolve business-related conflicts, the vast majority of respondents (80%) recommend establishing regular channels of communication between family members. Two-thirds (66%) think that governance structures to guide decision-making processes aid conflict resolution. Only 23% of those surveyed rely on external support when facing family disputes.

North American family enterprises are undergoing a major wave of succession.

Within the next five to 10 years, 51% of US-based Next Gens will assume control of their family businesses.

2.1 SUCCESSION AND THE FAMILY BUSINESS

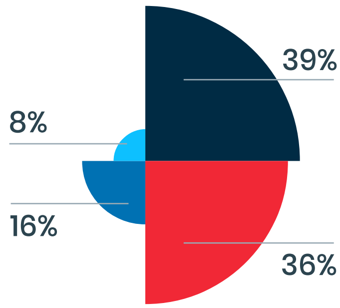
Urgent need to finalize succession planning

North American family enterprises are undergoing a major wave of succession. According to research by Campden Wealth, within the next five to 10 years, 51% of US-based Next Gens will assume control of their family businesses, while 22% have recently assumed control of their family enterprise.[10]

Highlighting the lack of formal planning, only 39% of those surveyed rely on a formal succession plan, while 16% still rely on informal plans. Four in 10 of businesses surveyed (44%) are still developing a succession plan or have no plan at all (**figure 2.1**).

2.1
Status of family business succession plan

- Yes, there is a formal succession plan in place
- Succession plan in development
- Yes, there is an informal succession plan in place
- No plan at all



Base: All respondents
The North America Family Business Report 2023, Campden Wealth and Brightstar Capital Partners
Note: Figures may not sum to 100% due to rounding

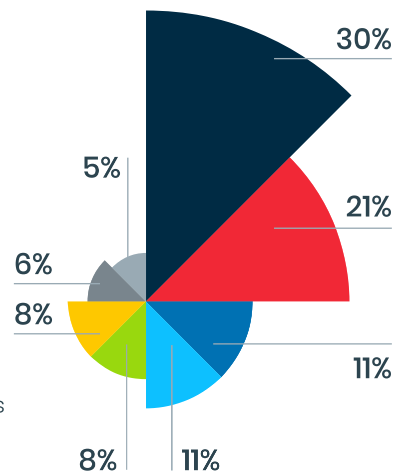
Succession planning priority: Retaining family ownership

When asked about the main purpose of their succession plan, only one in 10 respondents (11%) say the aim is preparing the next generation to join the business (**figure 2.2**) – a somewhat surprising result given the importance respondents also place on preparing the next generation (**figure 5.1**). About one third of respondents (30%) ranked retaining family ownership of the business on top, followed by 21% who believe its goal is setting a vision for a family business legacy.

> “One of the rules in our family business is that there is no pressure to be involved. In fact, you have to go work somewhere else for several years if you want to join. I can think of no better advice for any family business.
>
> Family member, chief executive officer, third generation

2.2
Main purpose of the family business succession plan

- Retaining family ownership of the business
- Setting a vision for a family business legacy
- Preparing Next Gen family members to join the business
- Professionalization / employing more non-family members
- Protecting the business from mismanagement
- Orderly exit of family members involved in the business
- Defining roles and responsibilities of the executive team
- Avoiding family conflict over business matters



Base: All respondents
The North America Family Business Report 2023, Campden Wealth and Brightstar Capital Partners
Note: Figures may not sum to 100% due to rounding

[10] The Next Generation of Wealth Holders in the United States, 2022, Campden Wealth / BNY Mellon Wealth Management, p. 21

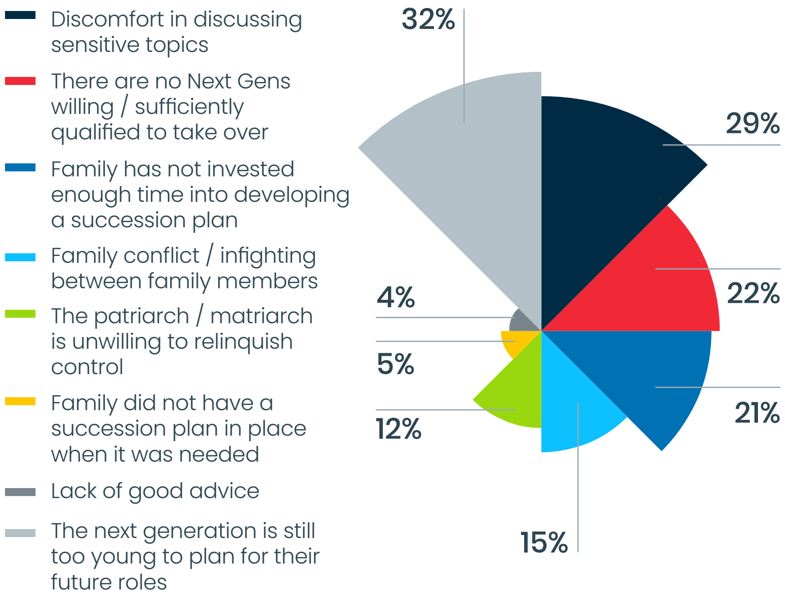
> **When thinking about succession, you need to ask yourself if there are family members who are qualified and interested in leading the family business. If not, then you need to hire professional managers who can take over.**
>
> Family member, chief executive officer, third generation

Top challenge when planning for succession: discomfort in addressing sensitive topics

About one third of those surveyed (32%) believe that the next generation is still too young to plan for their future role, indicating that respondents might underestimate the value of starting early when planning for succession.

Taking a closer look at the challenges families face with regards to succession planning, 29% admit there is discomfort in discussing the related sensitive topics. Reflecting a lack of enthusiasm among Next Gens, 22% feel that there are no Next Gens willing / sufficiently qualified to take over. Correspondingly, 21% of those surveyed believe the family has not invested enough time into succession planning (**figure 2.3**).

2.3
Challenges the family faces with regards to succession planning



Base: All respondents
The North America Family Business Report 2023, Campden Wealth and Brightstar Capital Partners
Note: Figures do not sum to 100% due to multiple answers permitted

External support for succession and governance planning

Four in 10 respondents (41%) rely on external support for succession planning, and 39% use it for governance planning. Next Gen business and wealth education are areas where 35% of respondents hire external support.

> It was decided decades ago that there were no family members with sufficient wisdom and insight to actually run our family business. An independent board was established and experienced non-family members took over the senior management positions.
>
> Family member, co-owner, fifth generation

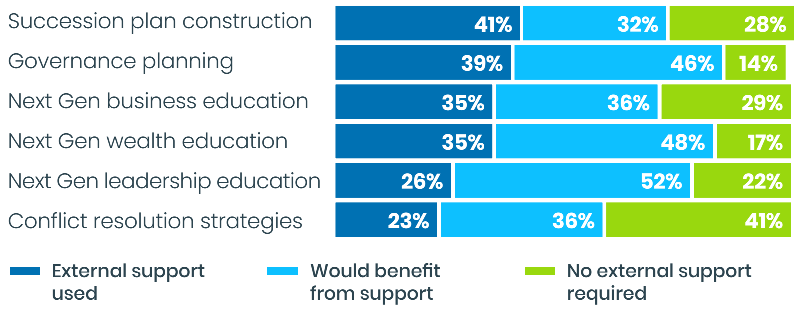
Next Gen leadership education is desired, but few take action

About a quarter of respondents (26%) currently rely on external help for Next Gen leadership education, but an additional 52% believe that such education is the area where external support would be most beneficial (**figure 2.4**).

> **"I have always been more interested in responsibilities than having titles. I became the CEO last year but had the same responsibilities for a long time. In that sense the transition has been pretty smooth."**
>
> Family member, chief executive officer, third generation

2.4

Areas of succession planning the family relies on / might benefit from external support



Base: All respondents
The North America Family Business Report 2023, Campden Wealth and Brightstar Capital Partners
Note: Figures may not sum to 100% due to rounding

Start early with your succession planning

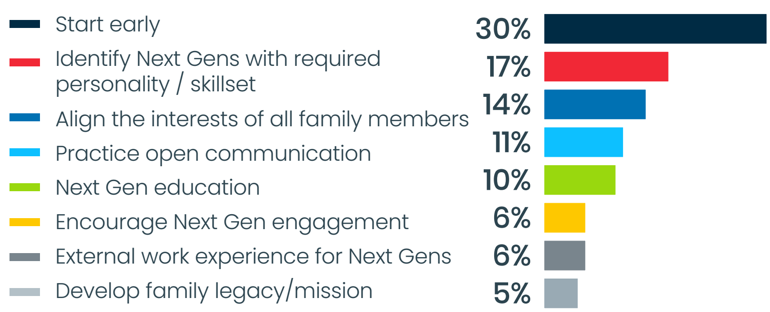
When asked to share one piece of advice on successful succession planning, 30% of respondents recommend starting early. Further highlighting this point, in interviews, family members frequently attribute successful succession to their early involvement in the business.

Another 17% suggest identifying Next Gens with the required personality / skillset for leadership roles is critical, and 14% advise working on aligning the interests of all family members (**figure 2.5**).

> If you want the business to transition to another generation successfully, then you must be transparent and communicative with all family members.
>
> Family member, director, second generation

2.5

One piece of advice to give the family to ensure successful succession planning



Base: All respondents
The North America Family Business Report 2023, Campden Wealth and Brightstar Capital Partners
Note: Figures may not sum to 100% due to rounding

> **Working for the family business meant that the financial outcome was better than if I had pursued my other interests. It also gave me the opportunity to learn and grow. Having worked in the business for several years now, I have also come to enjoy being part of creating something.**
>
> Family member, manager, second generation

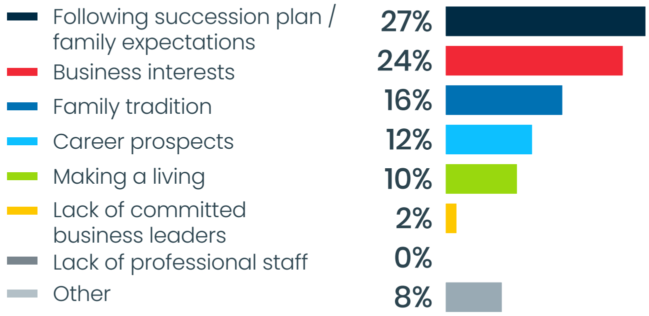
2.2 INVOLVING THE NEXT GENERATION

Succession plan and family expectations drive involvement in the business

Many family members develop a sense of responsibility to support family operations while growing up. When asked about the main motivation for joining the business, 27% say family members are motivated by a desire to follow the succession plan and fulfill family expectations. Another 24% say that involvement is mainly driven by business interests and 16% say involvement in the business is motivated by the family tradition (**figure 2.6**).

2.6

Family members' motivation for joining the family business



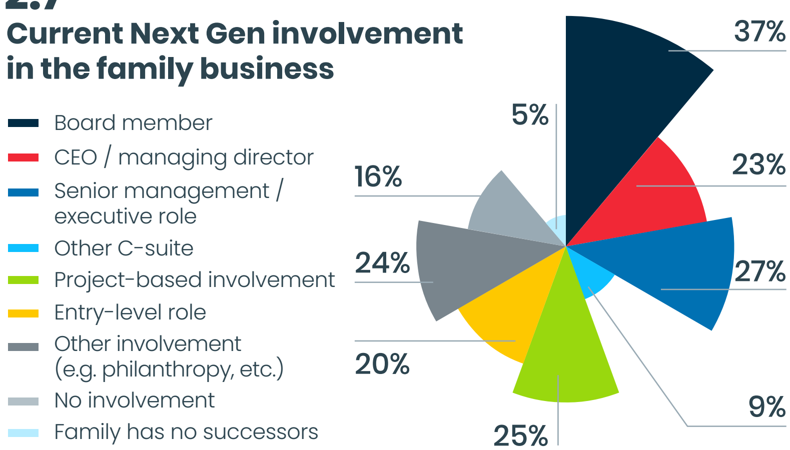
Base: All respondents
The North America Family Business Report 2023, Campden Wealth and Brightstar Capital Partners
Note: Figures may not sum to 100% due to rounding

Next Gens are assuming leadership roles

When looking at Next Gen involvement in the family business, 37% of those surveyed report that Next Gens already act as board members. Another 27% say Next Gens hold senior management / executive roles. However, not all Next Gens take up executive positions. Some are involved in projects, while others pursue philanthropic initiatives (25% and 24%, respectively) (**figure 2.7**). Such part-time engagements are typical ways to commence early involvement in family enterprises.[11]

2.7

Current Next Gen involvement in the family business



Base: All respondents
The North America Family Business Report 2023, Campden Wealth and Brightstar Capital Partners
Note: Figures may not sum to 100% due to multiple answers permitted

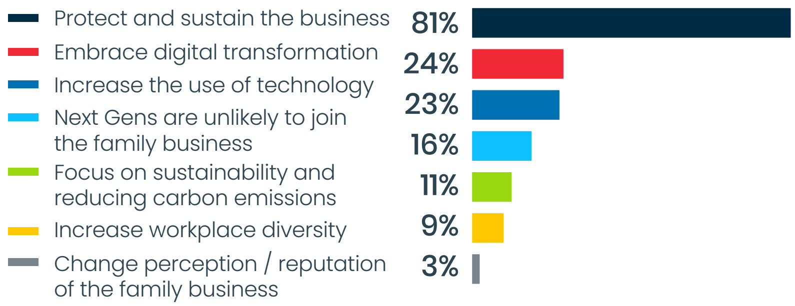
[11] Family Offices Investing in Venture Capital, 2020, Campden Wealth, p.20

> “Our family business is owned by the second generation. We know what our parents had in mind for the business, but future generations will not necessarily know. We are now creating a history and orientation programme so that the next generation understands where this wealth came from. Next Gens who want to be involved will have to know our history.
>
> Family member, chairperson, second generation

Next Gens’ primary goal is to protect and sustain the family business

When Next Gens are involved, their overarching goal is to protect and sustain the family business, according to 81% of respondents. Embracing digital transformation and increasing the use of technology are important priorities for Next Gens as well, according to 24% and 23% of respondents, respectively (**figure 2.8**). Only 16% report that in their family, members of the next generation are unlikely to join / have no involvement in the family business (**figure 2.7** and **2.8**).

2.8
Respondent views on priorities of the next generation when joining the family business

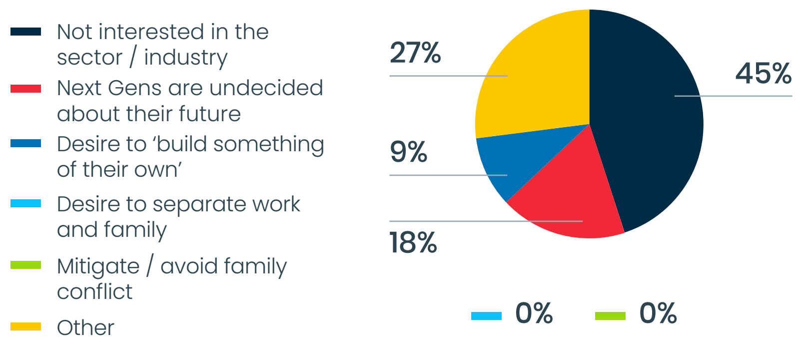


Base: All respondents
The North America Family Business Report 2023, Campden Wealth and Brightstar Capital Partners
Note: Figures may not sum to 100% due to rounding

Next Gens who stay away prefer to explore different sectors / industries

Drilling down on why some Next Gens would stay out of the family business, 45% of respondents explain that the Next Gens are not interested in the sector / industry in which the family business operates. Two in 10 respondents (18%) say that Next Gens are still undecided about their future, suggesting that they might join at a later stage. Overall, the circumstances appear unique and perhaps more complex, as 27% of respondents report there were other unspecified reasons (**figure 2.9**).

2.9
Respondent views on why next generation members do not join the family business



Base: All respondents
The North America Family Business Report 2023, Campden Wealth and Brightstar Capital Partners
Note: Figures may not sum to 100% due to rounding

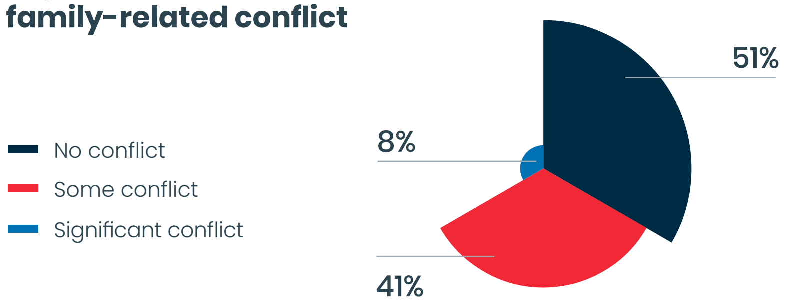
> There is a lot of conflict and tension, but I always try to separate work problems from family issues.
>
> Family member, manager, second generation

2.3 NAVIGATING FAMILY CONFLICT

Family conflict is a common occurrence

In their effort to balance personal relationships and business interests, many families experience challenges. Among those surveyed, 49% confess that they have experienced family-related conflict, including 8% who have had significant conflicts (**figure 2.10**).

2.10
Reported incidence of family-related conflict



Base: All respondents
The North America Family Business Report 2023, Campden Wealth and Brightstar Capital Partners
Note: Figures may not sum to 100% due to rounding

> I have seen families attempt one family meeting. Then there is a blow-up, and they never meet again.
>
> Family member, president, second generation

The most likely cause of conflict: roles and responsibilities of family members

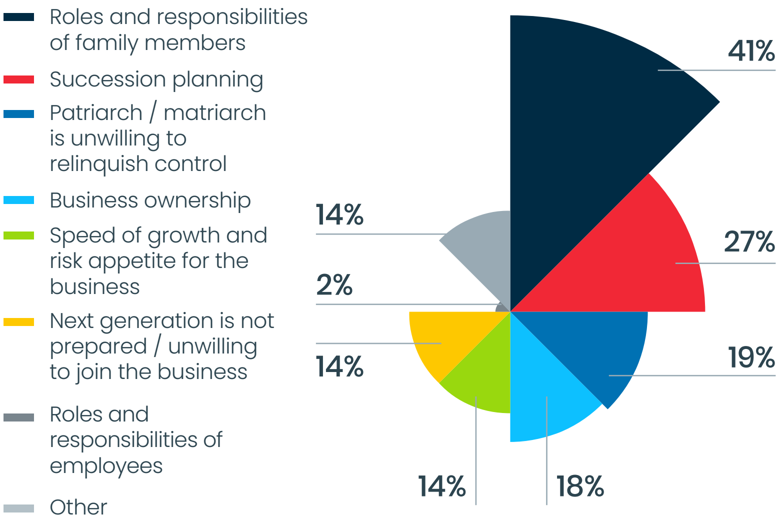
Family conflict most likely arises from topics related to roles and responsibilities of family members, succession planning, and the patriarch / matriarch unwilling to relinquish control (according to 41%, 27%, and 19% of respondents, respectively).

> **“Family meetings are critically important. Part of that getting-together process is really to let family members look at each other and recognize that they are all working together and that everyone will be heard before decisions are made.**
>
> Family member, co-owner, second generation

According to respondents, strategic and business-related issues are less likely to be a source of conflict: only 18% and 14% of respondents, respectively, say that the topic of business ownership and the speed of growth / risk appetite for the business caused a family dispute (**figure 2.11**).

> **“Assume there’s one family business founded by two people, mom and dad. Let’s say they have six kids. That means twelve people are involved with the family business because eventually the kids grow up and are likely to get married, and so on. With every generation family governance and administration of family assets becomes more difficult.**
>
> Family member, founder, fourth generation

2.11
Causes of family conflict



Base: All respondents
The North America Family Business Report 2023, Campden Wealth and Brightstar Capital Partners
Note: Figures may not sum to 100% due to multiple answers permitted

Four in 10 families experience a breakdown in communication

When asked about the outcome of their family conflict, four in 10 respondents (41%) report a breakdown of communication / continued family infighting. Another 20% observed indecision and stunted business growth. Meanwhile, 41% of respondents were able to avoid such adverse scenarios, and resolve conflicts, through regular family communication, followed by 31% who used the help of external advisors to settle disagreements (**figure 2.12**).

> **"There are owners of the business, there is the management team, and family members who work for the business. Each of these groups have different interests, but all of them will have to work together. Our family council organizes family events and champions those who are not actively involved in the day-to-day affairs of the business.**
>
> Family member, founder, fourth generation

2.12

Outcome of family conflict

Base: All respondents
The North America Family Business Report 2023, Campden Wealth and Brightstar Capital Partners
Note: Figures may not sum to 100% due to rounding

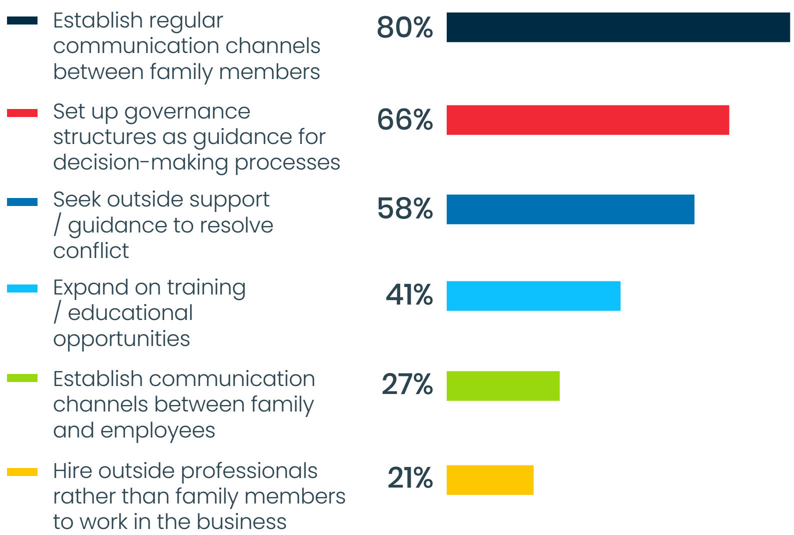
Keeping the conversation alive

A vast majority of respondents (80%) advise establishing regular communication channels between family members to resolve family conflict. Following the principle of 'formality is your friend', two-thirds (66%) also recommend setting up governance structures that provide formal rules and frameworks for decision-making processes. Another 58% suggest seeking outside support / guidance (**figure 2.13**).

> **"In our family, Gen three lived within a few blocks of each other and we always spent Christmas and Thanksgiving together. Gen four is split across the country and they don't always know each other. To resolve this, we get together once a year. It turns out the Gen four really appreciates it. They like each other.**
>
> Family member, chief executive officer, third generation

> **We appointed independent directors to join to company board. The non-family directors said to the family members that if we are going to squabble, we should do it in a separate meeting. We now have a family meeting at a different time, so we can squabble.**
>
> Family member, manager, second generation

2.13
Advice to help families resolve business-related conflicts



Base: All respondents
The North America Family Business Report 2023, Campden Wealth and Brightstar Capital Partners
Note: Figures do not sum to 100% due to multiple answers permitted

CASE STUDY

Family values and the next generation

Aurielle's family founded one of Canada's largest corporations. A second-generation family member, she believes that the curse 'from shirtsleeves to shirtsleeves in three generations' can be avoided if families create a culture that values humility, community, and hard work. In this interview, Aurielle explains how her upbringing created a strong family bond and inspired her to prepare her children for their future responsibilities.

At 17, Aurielle's father left Italy and immigrated to Canada. **"When he arrived, he was sponsored by a farmer, and he worked for him for nine months. He did not speak English, he wore one pair of shoes throughout the wet and cold Canadian winter, and he was able to save, in total, $5. He really felt he was being enslaved. It took him two years to put enough money aside to bring the rest of the family to Canada and to finally see his mother and siblings again."**

What happened to her father as a teenager made him deeply grateful for the promising future that would come his way, Aurielle believes. **"He was a hard worker, and everything he did was driven by the desire to keep the family united, to provide for us, and extend that gratefulness to the community around him. This culture of 'coming together', being humble, working hard, and celebrating together – these were the values I grew up with. Every Sunday, the whole extended family met. There was no difference between family and employees when there was a party. Everyone was invited. Even Christmas wouldn't be celebrated without seeing friends who had been working for the company."**

This family and community culture meant that Aurielle and her four siblings grew up with a great appreciation for the family story. Looking back, Aurielle thinks the most important values she learned about were to be independent and to never take the family's success for granted.

Name changed for the purpose of anonymity

Top: View of the st. Lawrence River covered with ice Montreal, Canada;
Previous page: Farmer on a field, Canada;
Right: Family walking through a Christmas tree farm, Canada.

"We were taught to stand on our own two feet and were never given money easily. When I joined the soccer team and needed a pair of cleats, my dad said: 'Well, you got yourself on the team. You'll figure it out.'"

Aurielle thinks that the curse 'from shirtsleeves to shirtsleeves in three generations' often results from failing to establish strong family values. "Parents create the culture in the family. If your young children always had the best of everything, flown private all their lives, and never had to fend for themselves, they won't develop a strong work ethic. If you create a culture where your children take on responsibility for their actions, are allowed to fail, and don't get everything handed to them on a silver platter, then you're creating self-reliance."

She gives a specific example of how her parents taught her a lesson about money when she was in her early twenties. "My dad knew someone who sold this beautiful, white convertible BMW. I thought, 'That's awesome. I am going to get a car!' I didn't know my parents took all the money from my bank account to pay for it. The next time I checked my balance, the account was at zero. My dad said, 'You wanted the car, didn't you? It was one of those lessons that taught me to take control of my finances. Sure, I enjoyed having the car, but now the insurance, gas maintenance, and everything else was up to me to look after."

Having been taught these values, she still feels the family is very connected. But, they have some homework to do concerning succession. "We have a beautiful family, but I wonder how formality fits into that. We never had a family constitution or a written succession plan, so it is hard to address questions like, 'What if we will no longer have our parents? Where do we see ourselves? Are we keeping everything together as we do right now? Are we splitting things up? Is one person going to manage everything? Is there a shared responsibility?"

Aurielle knows from experience that these topics are uncomfortable to discuss, even when family members are close. "When we first came together to start that succession planning process, there was great resistance against running our family as a business and putting governance procedures in place. My sister said, 'We're coming together because it is a holiday. Let's not talk about formal things.'"

As a result, Aurielle focuses her energy on preparing her own children for the future. She organizes meetings every month. "We talk about roles and responsibilities and the big picture of the family. No doubt these conversations are hard. I regularly get frustrated with my kids, who seem to take nothing seriously. Then one of my daughters once said, 'Mom, we're kids. We always joke around when you talk to us about what to do. But at the end of it, we always appreciate it.' This made me realize that it is worth being persistent and maintaining your family culture because, at some point, my children will eventually understand how important that process was." ■

Chapter 3

Governance and the family

Key findings:

• The majority of family members (72%) act as the CEO or President of the family business, while 58% sit on the board. It is less common for family members to occupy other C-suite positions or mid-management roles (26% each). Among those surveyed, business planning decisions are most often made by family members (82%) and professional staff (70%) and, to a lesser extent, external advisors (46%).

• Employing a board of directors is deemed to be the most effective way to achieve good governance (64% of respondents). When asked about the core duties of the board, respondents ranked strategy input on top (79%), followed by management advisory (63%), and overseeing capital allocation (51%).

• Among the family businesses surveyed, nearly 20% of board members are women, and 7% identify as ethnic minorities. Four in ten (41%) have a diversity policy in place, with 22% relying on a written, formal policy and 19% on an informal policy. A majority (60%) does not currently have a diversity policy in place and only 7% of respondents say they are working on it.

> It is a difficult situation when there are two, equally qualified, family members in contention for the same role at the family business. The key is to keep emotions out of these questions. I would ask both individuals to write their own job description. Have them explain why they think they are prepared to take on those responsibilities, so they start examining what they want and how that fits with the needs of the family.
>
> Family member, co-owner, second generation

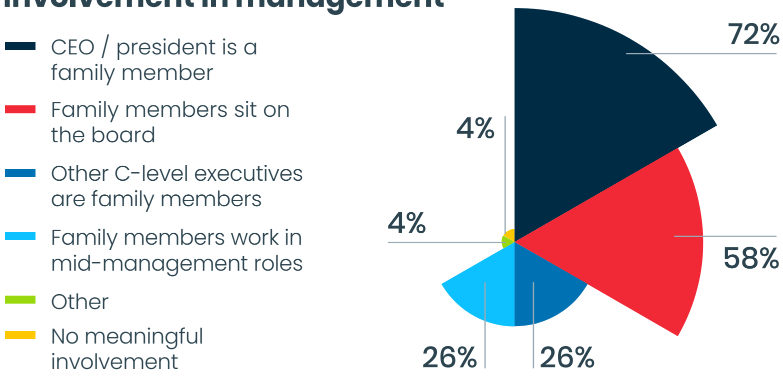
3.1 ROLES AND RESPONSIBILITIES

Chapter 2 revealed that the roles and responsibilities of family members is the most likely cause of family conflict (**figure 2.11**). The following section explores what roles family members typically assume when working for the family enterprise, the role of diversity policies, and whether Covid-19 still affects the business.

Most popular roles: CEO and board member

Family members are involved in a variety of senior roles. In most family businesses, they act as the CEO / president of the business or serve as a director on the board (72% and 58%, respectively). Other positions appear to be less popular, with 26% reporting that family members hold other C-level executive roles, or work in mid-management roles (26%) (**figure 3.1**).

3.1
Family's day-to-day involvement in management

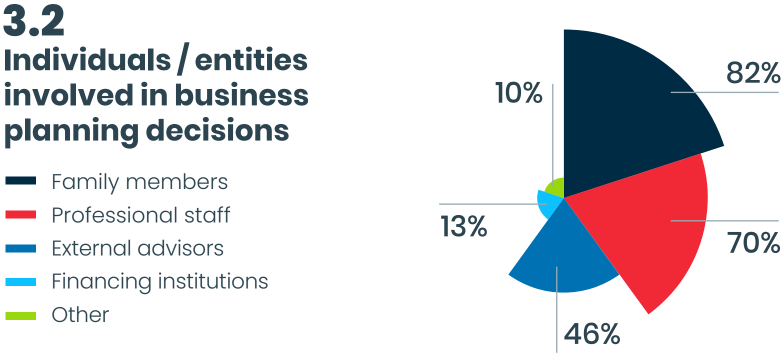


Base: All respondents
The North America Family Business Report 2023, Campden Wealth and Brightstar Capital Partners
Note: Figures do not sum to 100% due to multiple answers permitted

Family members take lead on business planning

Among those surveyed, family members are widely involved in business planning decisions (82% of respondents), but also look to include professional staff (70%) and external advisors (46%) to provide expertise. Only 13% say that financial institutions play a role in such decisions, which, presumably will only occur if the company is experiencing financial constraints (**figure 3.2**).

3.2
Individuals / entities involved in business planning decisions



Base: All respondents
The North America Family Business Report 2023, Campden Wealth and Brightstar Capital Partners
Note: Figures do not sum to 100% due to multiple answers permitted

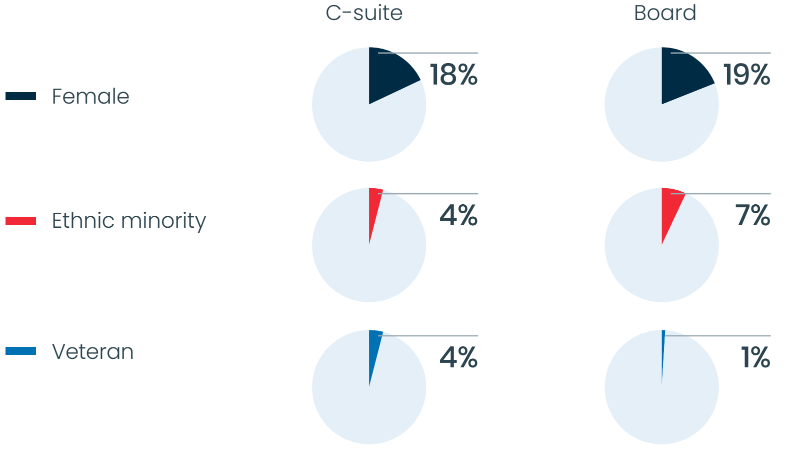
> **One family business I was involved with consisted of parents and three brothers. The parents didn't want the wives to be involved at all. Now fast forward twenty years, the parents are gone, and the brothers have children. The lawyers responsible for estate planning ask the wives to be trustees in case something happens to their husbands. Their response was, 'For 20 years you wouldn't have us involved, now you want us to run the business.'**
>
> Family member, founder, fourth generation

Lack of diversity persists

Looking at C-suite executives and the board of directors, respondents indicate there is some female representation, but ethnic minorities and veterans remain underrepresented in senior roles. About two in 10 C-suite executives / board members are female (18% and 19%, respectively), and only 7% of board members have an ethnic minority background.

3.3

Diverse representation among C-suite executives and on boards



Base: All respondents
The North America Family Business Report 2023, Campden Wealth and Brightstar Capital Partners
Note: Figures may not sum to 100% due to rounding

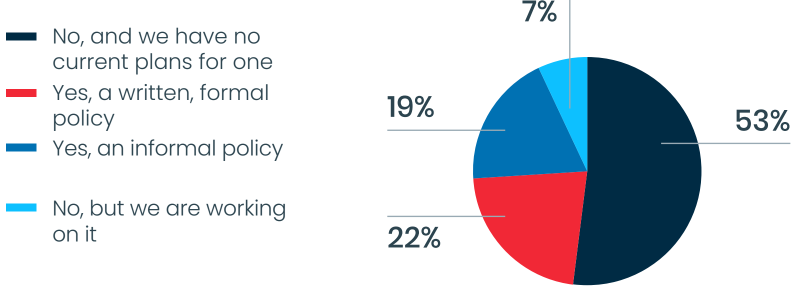
Missed opportunity: 53% don't plan to have a diversity policy

When asked if family businesses surveyed have a diversity policy in place, four in 10 (41%) replied that they either have a written, formal policy (22%) or an informal one (19%). Over half (53%) say they do not plan to create a diversity policy (**figure 3.4**).

> **We don't have a diversity policy, we always strive for more diversity but we don't have it in writing.**
>
> Family member, manager, second generation

3.4

Percentage of family businesses with a diversity policy



Base: All respondents
The North America Family Business Report 2023, Campden Wealth and Brightstar Capital Partners
Note: Figures may not sum to 100% due to rounding

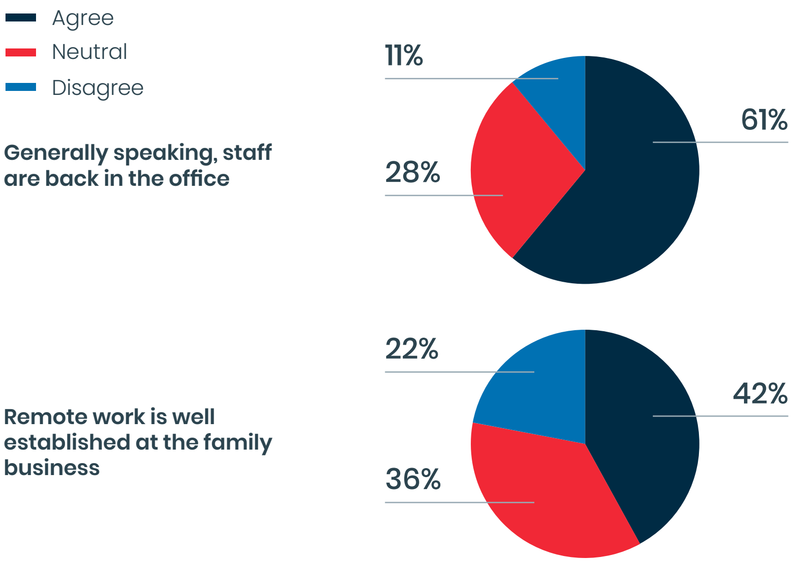
> **We made great progress on hiring more female managers on the lower to mid-level. We restructured these jobs in a way that attracted a more diverse group of talent. The nature of jobs changed and that created the opportunity.**
>
> Family member, chief executive officer, third generation

Staff are back at the office, but remote work remains

Flexible work arrangements have been reduced among family businesses after the global Covid-19 pandemic forced many to work from home. Six in 10 respondents say that, generally speaking, staff are back in the office. Only 11% disagree with that statement.

Nonetheless remote work is still an option. About four in 10 respondents (42%) say that remote work is now well established at the company and only 22% disagree with that statement (**figure 3.5**).

3.5
Views on flexible work arrangements



Base: All respondents
The North America Family Business Report 2023, Campden Wealth and Brightstar Capital Partners
Note: Figures may not sum to 100% due to rounding

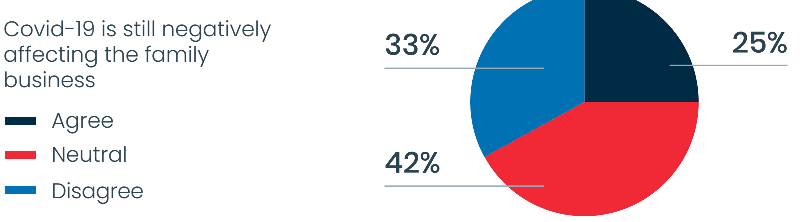
> **Switching to remote worked well for us. It is hard to find talent in some places, so we go out and hire somewhere else.**
>
> Family member, chief executive officer, third generation

> **“The pandemic provided a perfect example of how businesses were able to cope with change. They had to close their doors but found new opportunities to reach their customers. The challenge of Covid-19 ultimately prompted innovation.**
>
> Family member, co-owner, second generation

Only a quarter of respondents (25%) say that Covid-19 still negatively affects the family business. Most respondents (42%) remain undecided on the topic, and one third (33%) would say that the pandemic has no negative impact anymore (**figure 3.6**).

3.6

Views on the remaining impact of Covid-19



Base: All respondents
The North America Family Business Report 2023, Campden Wealth and Brightstar Capital Partners
Note: Figures may not sum to 100% due to rounding

3.2 ACHIEVING GOOD GOVERNANCE

Good governance is an essential ingredient to every successful family business. In balancing business interests with those of family members, governance allows formal and transparent decision-making. The following chapter analyzes governance practices among survey participants.

The board of directors is the preferred governance tool

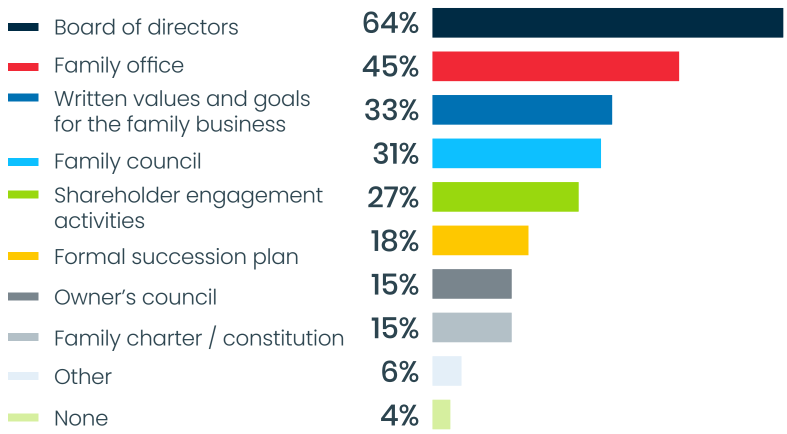
The board of directors is the governance tool on which family businesses rely most, according to 64% of respondents. Another 45% use the family office, while 33% count on written values and goals. Regularly held family governance meetings / family councils, in which family members discuss arising family issues and determine their shared values are in place at 31% of businesses surveyed (**figure 3.7**).

> **“I tend to see the relationship between the family business, the family office, and the family as three overlapping circles. Some family members are engaged with all three, some only with the family office, and some with neither. Somehow the governance structure has to balance all these different interests.”**
>
> Family member, president, second generation

> **“I meet with an owners’ council regularly. The role of the CEO is different to any other role at the business, and this group gives impartial advice. Sometimes a problem comes up and I solve it for someone else. Then I realize that I better go home and solve it as well. I find that very useful.**
>
> Family member, chief executive officer, third generation

> **There are three things that help family businesses succeed. First is having a solid business strategy, second is conducting family meetings, and third is having a diversified board of independent directors.**
>
> Family member, president, second generation

3.7
Governance tool on which the family business relies on



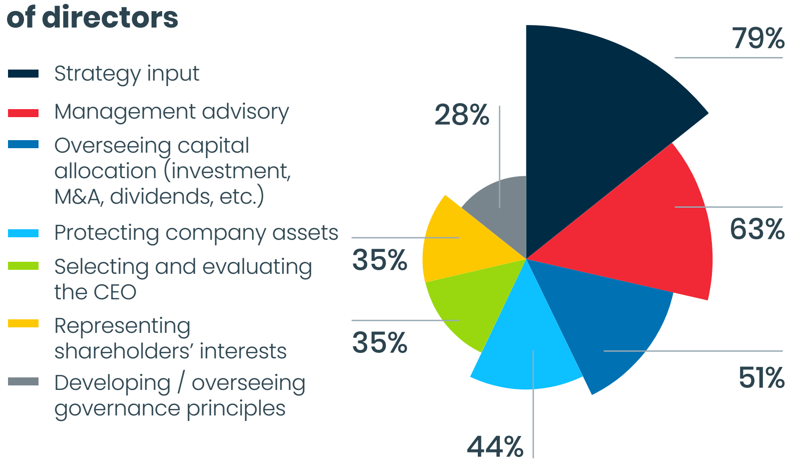
Base: All respondents
The North America Family Business Report 2023, Campden Wealth and Brightstar Capital Partners
Note: Figures do not sum to 100% due to multiple answers permitted

Main duty of the board: strategy input

Respondents believe that the board of directors' main duties are strategy input (79%) and management advisory which includes best practice and performance assessments for senior management (63%). Overseeing capital allocation (for investments, M&A activity, or allocation to dividends) is another core duty of the board, according to 51% of those surveyed (**figure 3.8**).

> **Successful and growing businesses need independent directors who represent a majority on the board. Their role is to balance the interests of family members who are engaged in the business with those who are not actively involved.**
>
> Family member, co-owner, fifth generation

3.8
Main duties of the board of directors



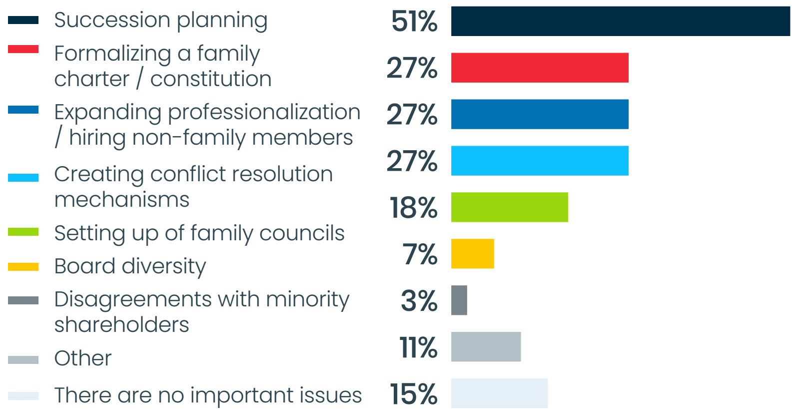
Base: All respondents
The North America Family Business Report 2023, Campden Wealth and Brightstar Capital Partners
Note: Figures do not sum to 100% due to multiple answers permitted

> **Some families spend thousands of dollars on a family constitution which just sits on a shelf. It is more important to ask what tool helps your governance. Every family has to go through this process and find what works best for them. Some formalize it in a written document. As long as the family is in conversation, everything is fine.**
>
> Family member, president, second generation

The most important governance issue: succession planning

Most family businesses currently face multiple governance issues, but succession planning is the most prevalent one (selected by 51% of respondents). Ranking joint second are formalizing a family charter / constitution, expanding professionalization / hiring non-family members, and creating conflict resolution mechanisms (each 27%). Few family businesses surveyed (15%) claim that there are no important governance issues at the family business (**figure 3.9**).

3.9
Most important governance issues the family business faces



Base: All respondents
The North America Family Business Report 2023, Campden Wealth and Brightstar Capital Partners
Note: Figures do not sum to 100% due to multiple answers permitted

> **Historically, we had a three-person board consisting of my father, my uncle, and myself. Two years ago, we added three independents and created an advisory board. This summer, we are switching to a nine-person fiduciary board. I think this evolution is critical for the long-term continuity of the family business.**

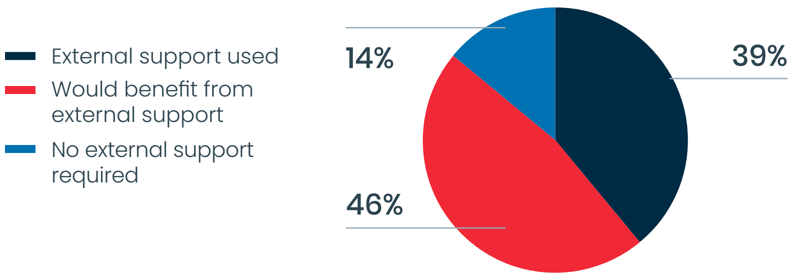
Family member, chief executive officer, third generation

Businesses look for external support for governance planning

Facing various governance challenges, 46% of family businesses surveyed say that governance planning would benefit from external support. So far, only 39% have relied on such support, suggesting family businesses will seek more advisory services in the future (**figure 3.10**).

3.10

Whether the family relies on external support for governance planning



Base: All respondents
The North America Family Business Report 2023, Campden Wealth and Brightstar Capital Partners
Note: Figures may not sum to 100% due to rounding

CASE STUDY

The family as an asset for the business

Harriet never wanted to work for the family business, but then she rose through the ranks of the family governance and became board chair. Her story reveals that working for a family business can be challenging, fulfilling, and can offer unexpected opportunities for a unique career that connects business and family.

Harriet is a fourth-generation co-owner of a family business. Growing up, she witnessed how her father, back then chairman of the board, struggled to align family interests with those of the business. Harriet did not want this for herself and stayed away from the family enterprise. **"The company has the image of a small Midwestern manufacturing company. It is 100% family-owned, with 50 family members and 30 shareholders. There was significant dysfunction in the third generation too. You would have to be a masochist to want to work in that kind of environment."**

Now acting as the company board chair, Harriet looks back at an impressive career rising through the ranks of family governance institutions. Her rational and calm approach helped her to establish a well-functioning system that ensures cordial family relationships and a thriving business. She smiles when asked why she changed her mind and ended up in the same position as her father: **"I worked for a big consulting firm and loved that job. Working for the consultancy helped me to appreciate our family business more. I realized how much I already understood about businesses. It felt obvious and natural to me. During that time, my husband and I also got married and started a family. That's when I first noticed that no women worked in this consultancy past a certain age."**

Harriet recalls how the consultancy job was not directly discriminatory against women. Instead, it was untenable to have a family life: **"In that role, you don't know where you're getting posted next. Each week or month, you would be working from a different location. They hadn't figured out remote work back then, so we decided I would stay home. During my maternity leave, I got a call from my dad asking for help. Suddenly, I really enjoyed working for the family business. I**

Name changed for the purpose of anonymity

was offered to work remotely so that I could still be with the kids while working. It became this organic way of keeping it all together."

Harriet was tasked with bringing more fourth-generation family members into the family council, a forum for regular meetings among family members. As she calls it, this 'recasting' led her to 'travel' through the family's past. She uncovered the deeply rooted discontent among several shareholding family members leading to the dysfunctional communication pattern which had existed for over 20 years. **"As chairman, my father held all the strings. He was a typical alpha male. When he said 'No', everyone would cower and slink away. When the fourth generation came into early adulthood, they were not accepting his leadership style. They went: 'I'm not listening to him; I don't want to do it his way.' My father just dismissed them and kept wondering why the family was not more grateful. He never recognized that they are a partner to the business and that he could not do his job without their patient capital."** Harriet pursued a different approach. **"Previously, the council had been used as a shield to prevent family members from being involved in the business, but I wanted more collaboration. The family counsel now focuses on the 'emotional return.'"**

Building on her consultancy background, she creates a professional and inclusive family governance structure. She introduces a task force process whereby family members can raise an issue they are concerned with. A task force of volunteers would then dig deeper into the topic. **"The task forces bring in family members who don't want to commit full-time. These groups prepare a recommendation for the council, and the council receives this well-documented research from the task force. The dialogue continues until a solution is found. This reduces the risk of family conflict and improves the overall experience for family members who are the company's owners."**

Harriet is proud and speaks of how this approach entirely changed the family governance approach. **"I believe the family is an asset to the company that we should celebrate. Before I joined, there was little collaboration and much top-down decision-making on the family governance side. Now we can evolve and get healthier. So far, we have had something like 100 to 150 task forces, and I feel like this has helped the fourth generation leave the emotional legacy of Gen Three behind."**

Changing the family governance structure also laid the foundation for Harriet to later join the board of directors, where she continued her work for eight years until she was unanimously elected as chair – a position she still holds today. On the board, she continued to promote the culture of open dialogue. **"When I joined the board, I made it my mission to create open board conversations. We now have inspiring board meetings that lead us to conclusions and recommendations that no one would devise alone. The board also actively supports senior management to make the best possible decisions, and company valuation increased by about US$300 million."**

When asked if the family tension has now been resolved, Harriet says that some tension remains. Still, she is proud to have enabled more family members to become involved in the family council and to have created closer collaboration between the board and senior management. **"Those who have been in the room and observed the work of the council or the board are astounded by the quality of the meetings today. They are happy with the direction that we've gone. That is all that matters."** ■

Chapter 4

Ownership and business financing

Key findings:

• The majority of the businesses surveyed (74%) are 100% family-owned, with nearly all of them (91%) having no intention of changing the ownership structure. The remaining 9% plan to either reduce the family's stake or sell the business.

• Self-financing through retained earnings is still the most popular financing method among family businesses surveyed (79%). Two in five (39%) report they increased reliance on retained earnings over the past five years. Outside of self-financing, family businesses prefer debt-financing (57%) over equity-financing (15%).

• The vast majority of respondents (70%) prefer working with a regional or local bank. While only 52% of respondents rely on global banks for financing, these financing institutions enjoyed the strongest net-increase in lending (+20%).

> **Try to remain a family business for as long as possible, don't hurry to go public.**
>
> Family member, co-owner, fifth generation

4.1 OWNERSHIP STRUCTURES

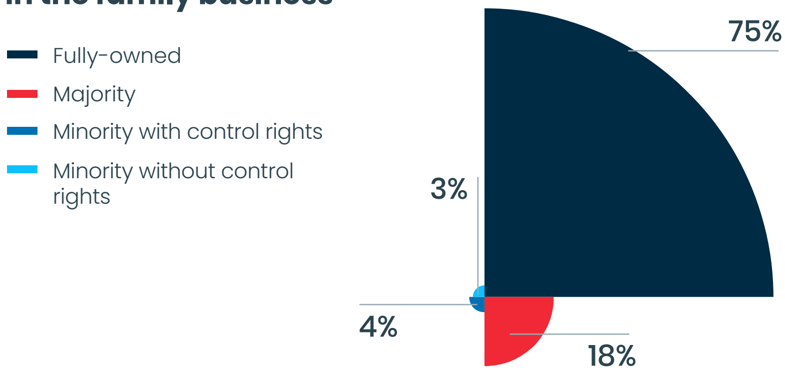
The ownership structure defines control over the company assets and determines decision-making at the business. The following section looks at ownership and financing and shows that family businesses prefer a conservative approach towards managing their assets and finding sources of funding.

Families like to keep control of the business

Reflecting a desire to retain full control over company assets, the majority of family businesses are fully owned by family members (75%). Where families have sold stakes to outside investors, the family tends to remain a majority shareholder (18%). Where the family has only a minority stake in the business remaining (7%), this tends to be with control rights (4% versus 3% without control rights) (**figure 4.1**).

> **"Sometimes the decision to sell is just about diversification because so much wealth is concentrated in one business.**
>
> Family member, president, second generation

4.1
Family's ownership stake in the family business



Base: All respondents
The North America Family Business Report 2023, Campden Wealth and Brightstar Capital Partners
Note: Figures may not sum to 100% due to rounding

> **We own a manufacturing business but the market is shrinking dramatically. I am looking for an exit. Ideally we would be acquired by a bigger operation and remain involved. I am working on that right now.**
>
> Family member, chairperson, second generation

> **My father hated the idea of having a non-involved family member as a co-owner of the business. When my uncle bought shares of the company, my father made sure to buy them back as soon as possible.**
>
> Family member, chief executive officer, third generation

Few plan to change the ownership structure

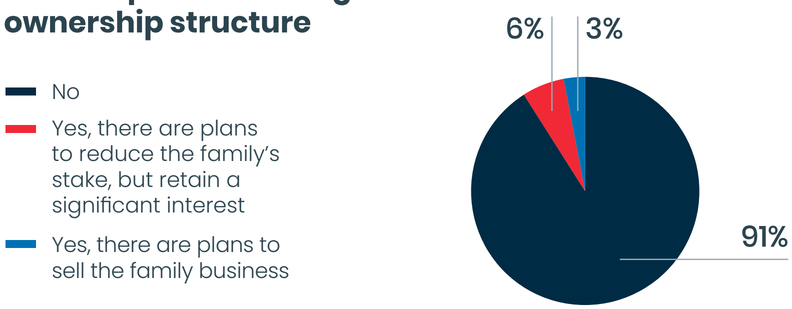
Looking to preserve their current ownership structure, nearly all respondents (91%) say that there are no plans to sell the family business. A small proportion of those surveyed (9%) are looking to sell the business, of which 6% would only want to reduce the family's stake but retain significant interest (**figure 4.2**).

> **"My great-uncle had this strong objection to taking the family business public. He said that as a public company we'd have to distribute our profits as dividends and he wanted to use the profits to re-invest and grow the business."**
>
> Family member, co-owner, fifth generation

> **"My grandparents started the company and one of the founding principles was employee ownership. We see employees as partners to the business. That's one of the key reasons to our success. Even when employees retire, they come back to our annual meetings and put the company's interests first. And because employees are not allowed to pass shares on to their children, we found that family ownership has actually increased over time."**
>
> Family member, chief executive officer, third generation

4.2

Current plans to change the ownership structure



Base: All respondents
The North America Family Business Report 2023, Campden Wealth and Brightstar Capital Partners
Note: Figures may not sum to 100% due to rounding

4.3 FINANCING THE BUSINESS

Self-financing through retained earnings is the most popular financing method

Due to the low risk and cost, self-financing through retained earnings is the most popular financing method among those surveyed (79%). A significant 39% report they increased their reliance on retained earnings over the past five years, indicating a tendency to safeguard accumulated profits and caution when paying out dividends (**figure 4.3**).

> **We use the bank to help finance larger transactions. The local community bank is good for small businesses but when you grow to a medium-sized company, the community bank can't keep up with your needs.**
>
> Family member, chief executive officer, second generation

Local and regional lenders are a critical funding source

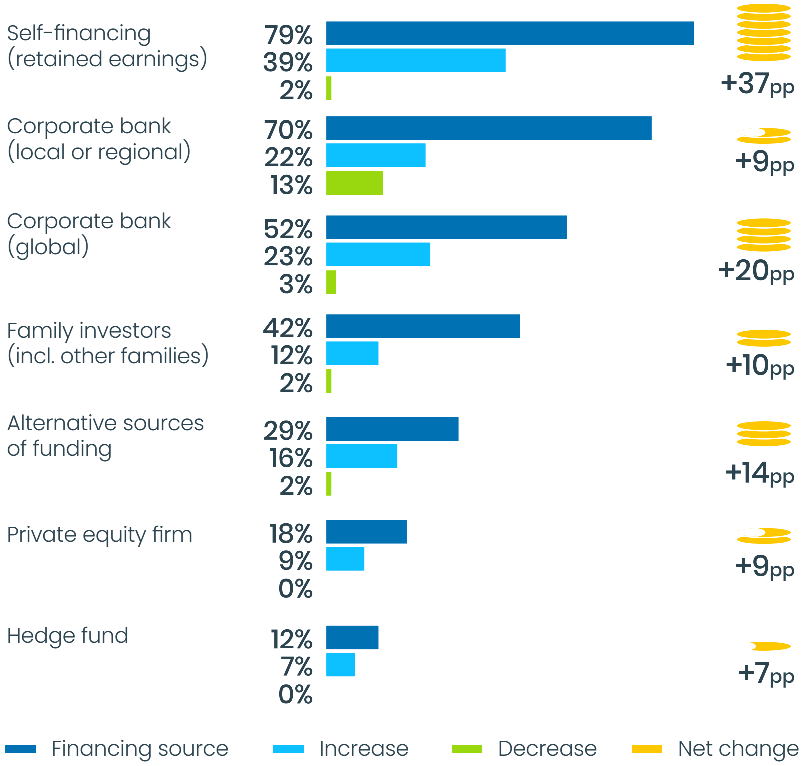
Aside from self-financing, local and regional corporate banks (also known as community banks) are a critical source of financing for 70% of family businesses surveyed. A traditional partner to smaller and medium-sized businesses, 22% of respondents increased their borrowing from such lenders in the last five years. However, with 13% of respondents saying they are moving away from this financing source, local and regional banks only saw a net-change of +9 percentage points in demand over the past five years.

Strong net-increase in borrowing from global banks

Corporate banks operating on a global level appear to have picked up clients from their local and regional competitors. As 52% of respondents rely on global banks for financing, these financing institutions enjoyed the strongest net-increase[12] in demand among respondents' external funding sources (+20pp) (**figure 4.3**).

Other funding sources for family businesses surveyed are family investors, alternative sources of funding (from family offices or other private investors), and working with a private equity firm or hedge fund.

4.3
Changes to business financing in the last five years



Base: All respondents
The North America Family Business Report 2023, Campden Wealth and Brightstar Capital Partners
Note: Figures do not sum to 100% due to multiple answers permitted

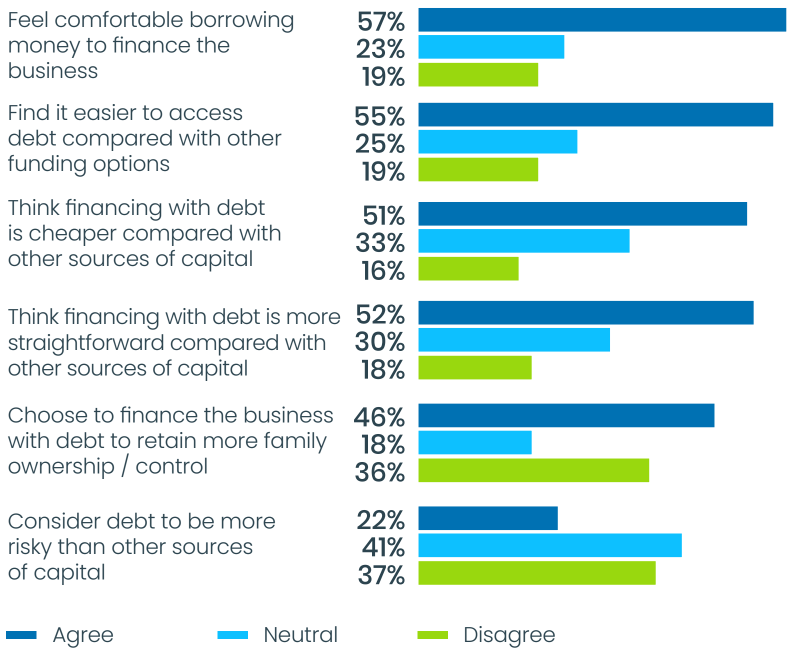
[12] The net increase is defined as the increase in demand for financing from global banks minus any decrease in demand from those banks

> **Has family ownership ever been a constraint on the business? I don't think so. We achieve higher sales than any other business in our segment and we have no problems getting bank-financing.**
>
> Family member, director, second generation

Debt financing: low risk, low cost, and easy access

Most businesses surveyed (57%) feel comfortable with debt financing, appreciating the low risk and cost involved: only 22% believe debt is riskier than other financing and 51% think debt is cheaper than other financing methods. Moreover, 55% say they find debt-financing easier to access, compared with other funding options (**figure 4.4**).

4.4
Business attitude towards debt finance



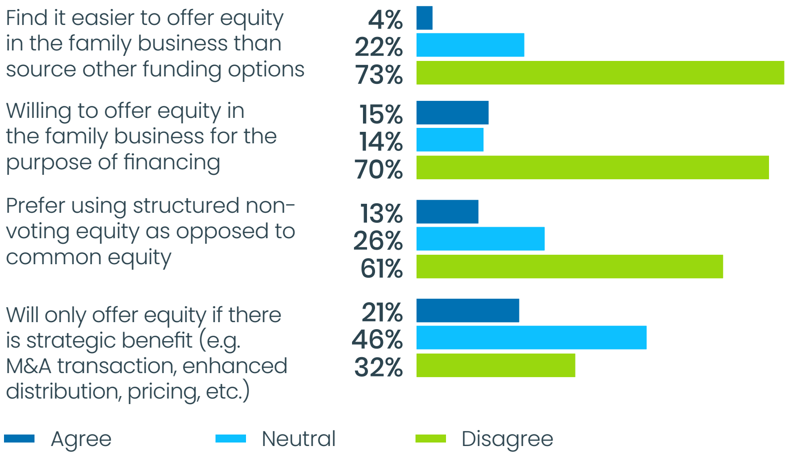
Base: All respondents
The North America Family Business Report 2023, Campden Wealth and Brightstar Capital Partners
Note: Figures may not sum to 100% due to rounding

In contrast to debt-financing, equity-financing is less popular among family businesses surveyed

Equity-financing is relevant for strategic benefit

In contrast to debt-financing, equity-financing is less popular among family businesses surveyed. Only 15% are willing to offer equity for the purpose of financing and 73% do not feel it is easy to offer equity (compared with other funding sources). Two in five (21%) would only offer equity if there is a strategic benefit such as a beneficial M&A transaction, or enhanced distribution, etc. (**figure 4.5**).

4.5
The family's attitude towards equity financing



Base: All respondents
The North America Family Business Report 2023, Campden Wealth and Brightstar Capital Partners
Note: Figures may not sum to 100% due to rounding

CASE STUDY

Future-proofing the business by embracing ESG

Jake is a board member working for a food manufacturing company run by fourth-generation family members. He is not an activist but knows that tracking and investing in ESG and sustainability will be critical for the business to thrive.

Jake is a fourth-generation family member and director at a family business. He has always worked for the family business started by his great-grandfather in the Southeast of the United States. **"As a teenager, I did the odd summer job. When I returned from college, I secured a proper job at the company. By now, I'm almost a 30-year employee."**

Jake held positions in IT, operations, and supply chain management. Working his way up, he eventually became production manager for a new facility overseeing 200 employees. He proved his leadership skills, was offered the Director of Human Resources position and joined the board. **"When I joined the board, we were at a point of transition. We had just chosen our first non-family CEO, and the fourth generation was emerging. It was time for an ownership handoff. So, we got to work and fixed the family governance."**

The process was surprisingly smooth, Jake remembers. **"We were in a good place from a business standpoint because the third generation had done a fantastic job establishing our brand and growing the company. We identified that fragmented ownership and not everybody having their affairs in order were the most significant risk factors at the time. So, we embarked on an estate planning project and hired a consultant to help meet with the 100 owners and trust beneficiaries to develop a comprehensive estate**

Name changed for the purpose of anonymity

plan. The company sponsored that work for the family. We also sent 16 family members through a family business education program. That created an excellent foundation for the fourth and fifth-generation family members because we genuinely understood the responsibilities, challenges, and opportunities of continued family ownership."

After completing the program, the fourth generation established a family council to devise family and business governance formally and professionally. "We developed a family employment policy to clarify for future family members what is required of them if they want to enter the business. The policy stipulates that you must have a degree and have gained experience elsewhere before coming on board. If a role is available, you must also be qualified and participate in an interview process. So, expectations toward family members are similar to those for outside candidates."

With professional governance structures in place, the business is now ready to tackle its next challenge. "A lot of our large customers are the big grocery stores. Sustainability is increasingly important to them. We have launched a sustainability strategy, which is the first time we formalized our commitment in this area." Jake emphasizes that sustainability and ESG themes are not new to the business. "We already incorporate ESG as a family business without necessarily calling it that. We're driven by our values of integrity, responsibility, trust, and caring, which includes caring about the environment. We do it because it's the right way to do business."

Jake says that turning towards producing sustainably is rather easy given the features of their core product: "The food we produce is sustainable by nature. From an agricultural standpoint, our product is less harmful because it returns many nutrients to the soil and requires less water and fertilizer than other food sources. We are also embracing the steel can, which is infinitely recyclable. We already source recycled steel for our food cans and educate consumers about recycling. Still, we want to track these metrics and continue to improve."

Jakes speaks about how water conservation is a particular concern for them. He feels that investments in this area are critical for the future of the business. "Traditionally, we source our water from the natural sources around the facility. It makes sense to clean it and to make it safe. We have continually invested in water conservation over the years. Water is central to production, and its conservation is a business priority. We have one facility in place now that uses, cleans, and conserves water to irrigate our farmland. The next step is to build a completely closed system and reuse and conserve all water. It saves resources and is just a smart business decision."

There are also plans to start measuring carbon emissions. Still, the business has shied away from committing to any net-zero targets. "We want to understand it first before setting any goals. The more we learn, the more opportunities we will have to reduce our footprint. To us, that's part of being good stewards of the environment."

Despite their efforts, Jake would not say he is an environmental activist. He promotes sustainability and ESG because he deeply cares about his business. "We are a family business, and we are in it for the long game. Our business model considers all our stakeholders, including consumers, customers, suppliers, employees, our community, and the owners."

This stakeholder model, Jake explains, is one reason why his family businesses proved resilient during the Covid-19 pandemic. "The relationships we have with our customers and suppliers go back many years. There is mutual respect. It's in our best interest to provide a great product to our consumers who care about sustainability and ESG, but we are also not doing things at the expense of our suppliers. We ensure that our suppliers are profitable and adopt the appropriate standards. During the pandemic, we had fewer supply chain issues than others because we are so committed to our suppliers." Jake adds that they show the same respect to their employees and the broader community. "We feel obligated to give back to our communities through providing meaningful employment or by supporting local organizations, such as the food bank, where we act as the primary benefactors."

Family businesses are special, Jake says at the end of the interview. "We are a value-driven business. We tend to take a longer-term view and think holistically. We look after our communities because these people matter to us. And when your name is on the product, you care more." ■

Chapter 5

Strategic Objectives, Technology, and ESG

Key findings:

• Most respondents (54%) believe that growing assets / increasing profitability is their core objective for the family businesses over the next three to five years. To achieve this, the most commonly used strategy is to expand market share through customer acquisition (35%), while 19% also pursue acquisitions.

• The large majority of families (84%) claim they are embracing new technology. Among the technology noted for changing businesses to date, respondents rank digital transformation first (48%), followed by the internet of things (28%), and artificial intelligence (26%). When asked about the future, respondents place their bets on artificial intelligence (49%) and robotics (44%).

• Over half of those surveyed (55%) have adopted, or are intending to adopt, either formal or informal ESG policies. The ESG themes most likely to influence decision-making at the family business are climate change, pollution and waste, and diversity, equity, and inclusion (DEI) (each 44%). The top three factors driving ESG adoption are alignment with family values (52%), reputation risk (38%), and customer awareness (31%).

Family business' core objectives over the next three to five years are increasing profitability and growing the family assets

5.1 STRATEGIC OBJECTIVES AND TECHNOLOGICAL CHANGE

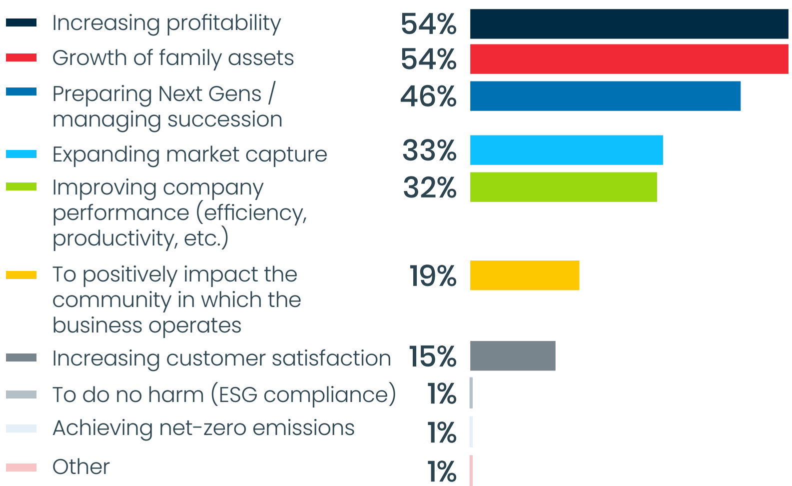
The following section explores how family businesses stay ahead of the curve, outlining core objectives of family businesses, and their strategy towards tech and environmental, social, and governance policies (ESG).

Core objectives: profitability, growth, and preparing the Next Gen

Family business' core objectives over the next three to five years are increasing profitability and growing the family assets (54% each). Preparing the next generation / managing succession is a priority for 46% of those surveyed (**figure 5.1**) – a topic that is explored in depth in Chapter 2. One in five (19%) also focus on creating a positive impact (for the community they operate in, through ESG compliance or by achieving zero emissions).

5.1

Core objectives of the family business over the next three to five years

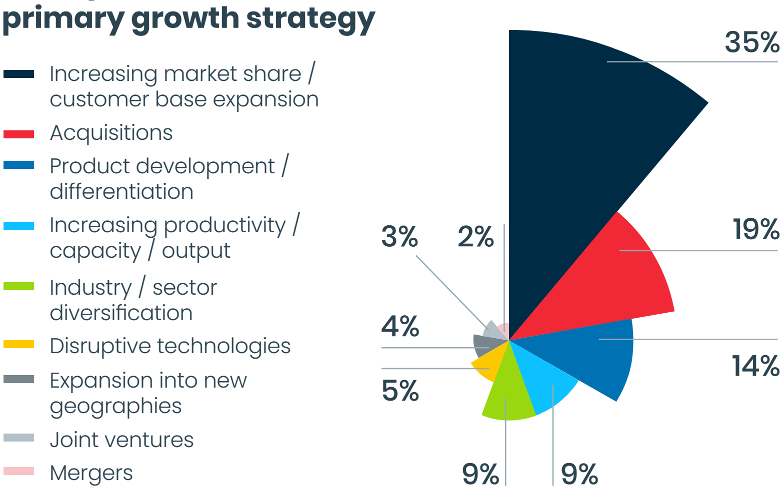


Base: All respondents
The North America Family Business Report 2023, Campden Wealth and Brightstar Capital Partners
Note: Figures do not sum to 100% due to multiple answers permitted

Growing through customer base expansion

Family businesses surveyed prefer to increase their market share / expand their customer base as 35% of family businesses surveyed pursue this growth strategy. Expanding the market share within North America is a priority, as only 4% of respondents say they fan out into new geographies. Other growth strategies employed are acquisitions and product development / differentiation (19% and 14% of respondents, respectively) (**figure 5.2**).

5.2
Family businesses' primary growth strategy

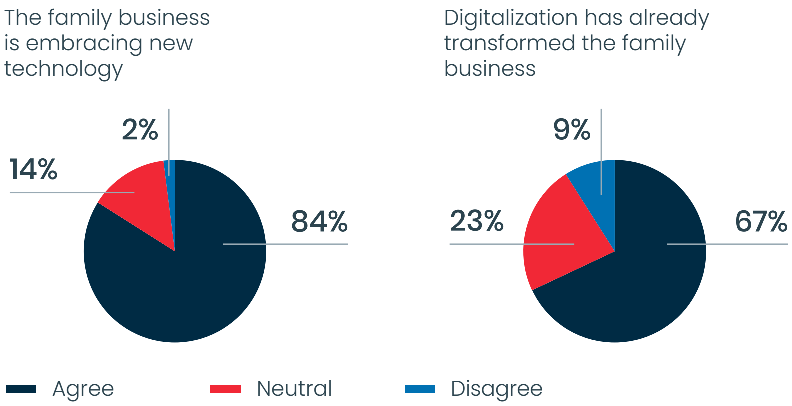


Base: All respondents
The North America Family Business Report 2023, Campden Wealth and Brightstar Capital Partners
Note: Figures may not sum to 100% due to rounding

Family businesses are embracing new technologies

A vast majority of respondents (84%) say that their family business embraces new technology, emphasizing that family businesses can adapt to and evolve with innovation. Digitalization has been the most transformative technology, according to 67% of respondents (**figure 5.3**).

5.3
Views on technology and the family business



Base: All respondents
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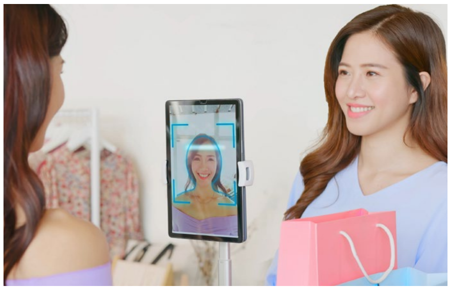
Note: Figures may not sum to 100% due to rounding

> **Digital transformation made our operations cheaper, faster, better.**
>
> Family member, chief executive officer, third generation

Digitalization, the internet of things, and AI are transforming family businesses

Reinforcing the finding that family businesses are embracing new technologies (**figure 5.3**), 48% of respondents say that digital transformation has transformed the business in the past five to 10 years. The internet of things and the development of artificial intelligence (AI) has also significantly impacted the surveyed companies (according to 28% and 26% of respondents, respectively). Over the past five to 10 years, advanced materials have altered operations for 20% of respondents, while 3D printing has been relevant technology for 15% of respondents (**figure 5.4**).



When asked which technologies will most likely transform the business in the next five to 10 years, 49% of respondents believe artificial intelligence will be most impactful

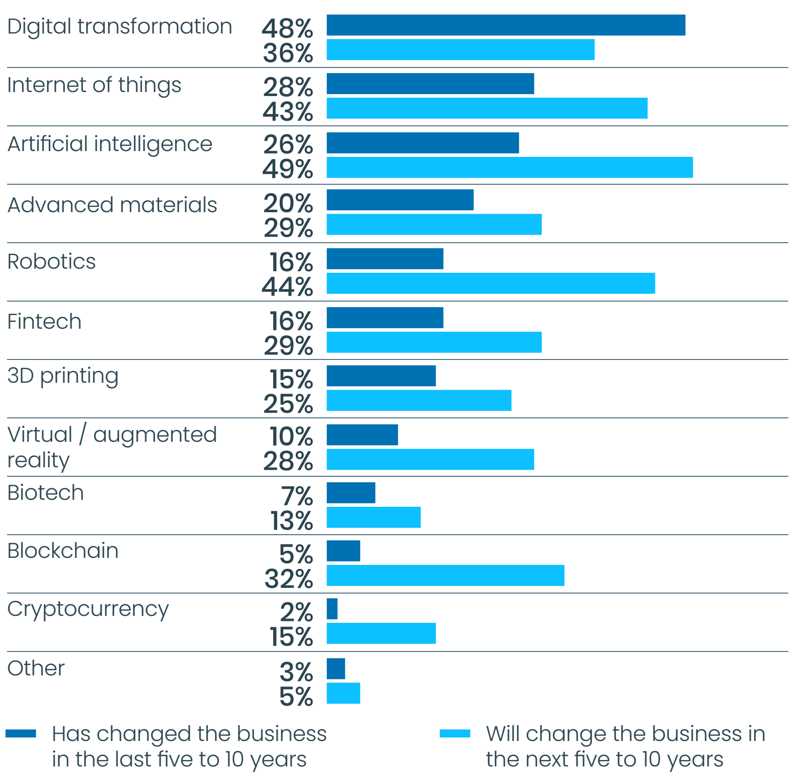
AI and robotics will shape the future of family businesses

When asked which technologies will most likely transform the business in the next five to 10 years, 49% of respondents believe artificial intelligence will be most impactful.[13] Another 44% surveyed bet robotics will change their business – a technology that has so far shaped only 16% of family businesses surveyed. The internet of things will continue to influence family businesses, according to 43% of those surveyed.

For respondents, the technologies which will see the biggest step up in impact include blockchain and cryptocurrency.[14] Having shaped only 5% of family businesses surveyed in the past, respondents believe that blockchain will transform 32% of businesses in the next five to 10 years (**figure 5.4**).

5.4

New technologies which have / will change the family business



Base: All respondents
The North America Family Business Report 2023, Campden Wealth and Brightstar Capital Partners
Note: Figures do not sum to 100% due to multiple answers permitted

[13] This is supported by other research, for example: Family Offices Investing in Venture Capital, 2023, Campden Wealth, p.21

[14] As confirmed by findings in Family Offices Investing in Venture Capital, 2022 (Deck 4), Campden Wealth, p.13

5.2 ESG AND THE FAMILY BUSINESS

Traditionally, family businesses proudly uphold social and environmental values when conducting their affairs. The introduction of environmental, social, and governance (ESG) screening and evaluation processes increasingly challenges family enterprises to implement a more formal approach to their value-based operations. This section examines the extent to which family businesses monitor ESG factors and their primary areas of interest.

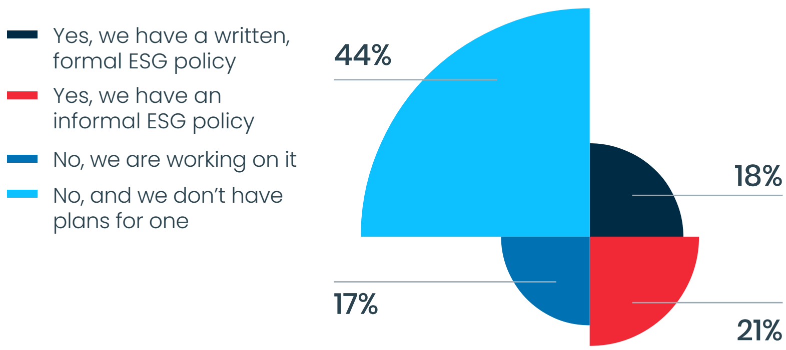
44% have neither implemented nor planned an ESG policy

Currently, 56% of family businesses either have or are working on an ESG policy (39% and 17%, respectively). Among those who already have one in place, 18% have a written, formal ESG policy and 21% have an informal one. That leaves a substantial 44% who have neither implemented or planned an ESG policy (**figure 5.6**).

While respondents gradually implement ESG policies in their own business, they have adopted the approach more widely when investing. Research has shown that 51% of North American Family Offices already integrate ESG factors into analysis and valuation of their investments.[15] Other research shows that 32% of ultra-high net worth investors in private equity hold ESG / responsible investments with an additional 26% being interested to start investing here.[16]

> **"We have just started to develop our ESG concept, and we still must find a family compromise on the topic. There are some family members who really don't know what ESG is and others who fully embrace it.**
>
> Family member, chief executive officer, third generation

5.5
Percentage of family businesses with an ESG policy



Base: All respondents
The North America Family Business Report 2023, Campden Wealth and Brightstar Capital Partners
Note: Figures may not sum to 100% due to rounding

[15] North America Family Office Report, 2022, Campden Wealth / RBC, p.44

[16] Family Offices Investing in Venture Capital, 2022 (Deck 3), Campden Wealth / Silicon Valley Bank, p.32; The Ultra-High Net Worth Private Equity Investing Report, 2023, Campden Wealth / Titanbay, p.69

> **“Our reputation means almost everything to us. So I have to make decisions that don’t always make sense economically in the short term. In the long term though, these decisions are important for our reputation, our ethics, and to be trusted as a business partner.**
>
> Family member, chief executive officer, third generation

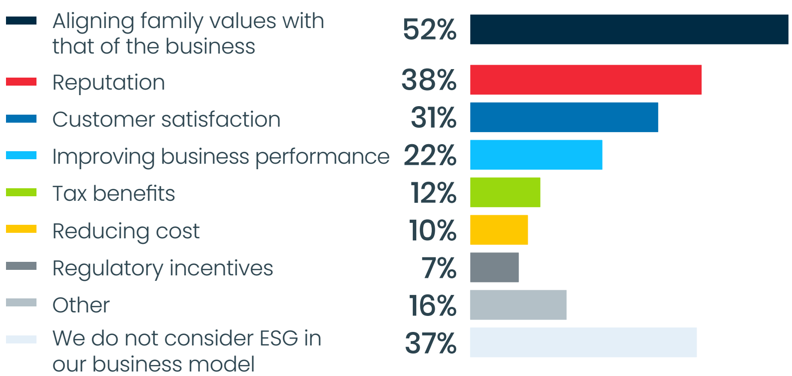
ESG: Driven by a desire to align the business with family values

About four in 10 respondents (37%) do not consider ESG to be a part of their business model, indicating a degree of reluctance towards its adoption among family businesses surveyed.

Over half of those who have implemented ESG approaches (52%) are motivated by a desire to align the business with family values. This corresponds well with trends in investing, where individuals increasingly strive to align personal / family values with their portfolio, a factor important to 35% of venture capitalists and 86% of private equity investors surveyed by Campden Research.[17]

In addition, 38% and 31% of respondents indicated that reputation and customer satisfaction were important factors for implementing ESG approaches, respectively. One-fifth of respondents (22%) also believed that ESG adoption could enhance business performance (**figure 5.6**).

5.6
Primary factors driving ESG compliance



Base: All respondents
The North America Family Business Report 2023, Campden Wealth and Brightstar Capital Partners
Note: Figures do not sum to 100% due to multiple answers permitted

[17] The Ultra-High Net Worth Private Equity Investing Report, 2023, Campden Wealth / Titanbay, p.72

> **We are listed as one of the top 50 environmental firms by revenue, but we are not doing well communicating our impact. We want to work on that.**
>
> Family member, chief executive officer, third generation

Family businesses engage across all ESG themes

Respondents already involved consider factors across the ESG spectrum. The results indicate that, overall, social factors play a larger role for family business operations, although environmental factors receive significant attention.[18] In contrast, respondents consider governance criteria to a lesser degree.

Leading ESG themes: Climate change, diversity, corporate behavior

Climate change is consistently the top target for families in business and those active in investing.[19] According to Campden Research, 77% of North American family offices invest to mitigate climate change[20] and 44% of family business leaders consider climate change when making business decisions.

Still, their approach differs. While investors dedicate a large proportion of their portfolio to climate action, family businesses contemplate a broader range of ESG factors, including pollution and waste (44%), and natural resource protection (36%). Confirming this, family in operating businesses also place high importance on social themes, such as diversity, equity, and inclusion (DEI) and community engagement / perception (44% and 33% of respondents, respectively).

When asked about governance factors, 31% of respondents say that corporate behaviour (e.g. business ethics, corruption, instability) is most relevant for their operating business (**figure 5.7**).

> **I am a bit wary of ESG. I call it the Wall Street flavour of the week.**
>
> Family member, manager, second generation

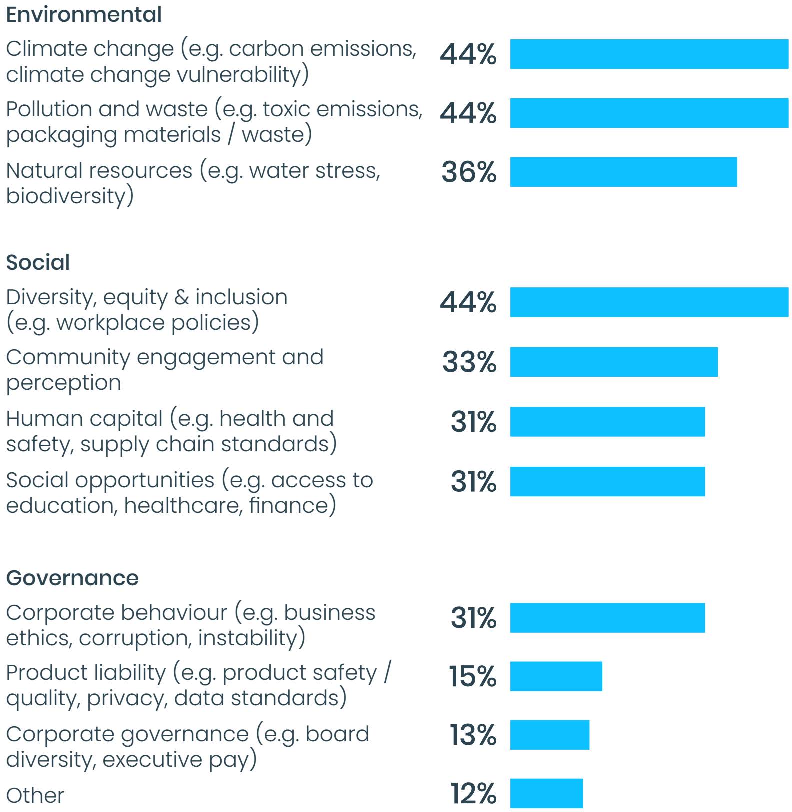
[18] ESG Global Study, 2022, Capital Group, p.11

[19] The Ultra-High Net Worth Private Equity Investing Report, 2023, Campden Wealth / Titanbay, p.73; Family Offices Investing in Venture Capital, 2022 (Deck 3), Campden Wealth / Silicon Valley Bank, p.33

[20] North America Family Office Report, 2022, Campden Wealth / RBC, p.44-45

> **Every family business has its own set of internal ESG values and goals. I think each business has to decide on the proper balance between 'E', 'S', and 'G'.**
>
> Family member, chief executive officer, third generation

5.7
ESG themes which influence family business decision-making



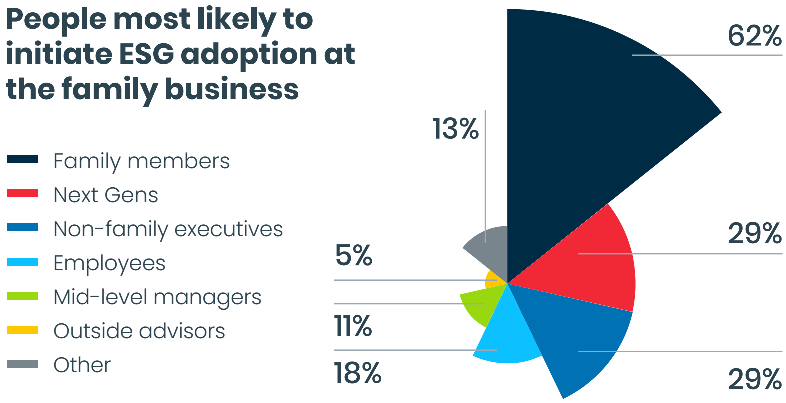
Base: All respondents
The North America Family Business Report 2023, Campden Wealth and Brightstar Capital Partners
Note: Figures do not sum to 100% due to multiple answers permitted

Family members tend to initiate ESG adoption

Family members are driving ESG adoption, according to 62% of respondents. Campden Wealth Research previously showed that sustainability is the domain of the next generation[21] but the push is now coming from wider family members, too (**figure 5.8**).

> **Many family members of Gen three and four, are very interested in the environmental side of our business. They've recently formed a sustainability committee as a subsidiary to the family council.**
>
> Family member, chief executive officer, third generation

5.8
People most likely to initiate ESG adoption at the family business



Base: All respondents
The North America Family Business Report 2023, Campden Wealth and Brightstar Capital Partners
Note: Figures do not sum to 100% due to multiple answers permitted

[21] The Next Generation of Wealth Holders in the United States, Campden Wealth / BNY Mellon Wealth Management, p.55; Investing for Global Impact: A Power for Good, 2022, Campden Wealth / Barclays Private Bank / GIST, p. 73

> "Families can dream big if they get everybody involved and start to think seriously about what they stand for, and how they can support those issues.
>
> Family member, founder, fourth generation

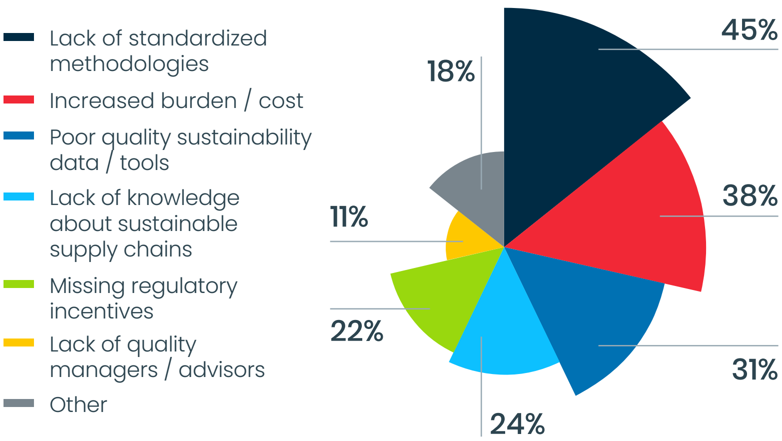
The most significant barrier to ESG-compliant supply chains: The lack of standardized methods

Operating ESG-compliant supply chains is still a challenge for companies surveyed. The lack of standardized methodologies, the increased burden / cost, and the poor quality of sustainability data are the most significant barriers (according to 45%, 38%, and 31% of respondents).[22] To a lesser extent, limited knowledge about sustainable supply chains and the missing regulatory incentives also pose a challenge (for 24% and 21% of respondents, respectively).

Having ample opportunity to hire from an expanding pool of ESG specialists, few would say a lack of quality managers / advisors prevents family businesses from operating ESG compliant supply chains (**figure 5.9**).

5.9

Respondent views on barriers preventing the family business operating ESG compliant supply chains



Base: All respondents
The North America Family Business Report 2023, Campden Wealth and Brightstar Capital Partners
Note: Figures do not sum to 100% due to multiple answers permitted

[22] The World Economic Forum issued a set of core metrics to align company performance reporting against environmental, social and governance (ESG) indicators: Measuring Stakeholder Capitalism: Towards Common Metrics and Consistent Reporting of Sustainable Value Creation, 2020, World Economic Forum

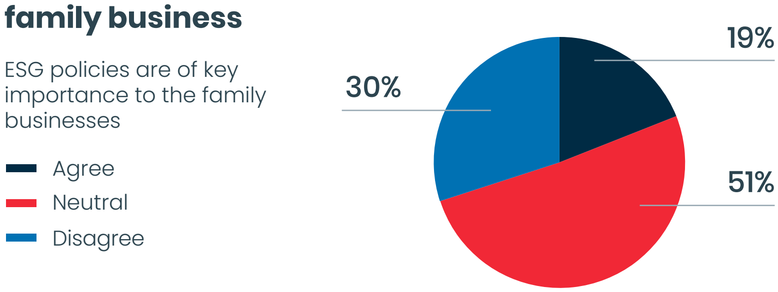
> **"One aspect that I am concerned with is that the ESG label becomes meaningless if it is just a box-ticking exercise. I want our family to actually do something instead of trying to dot the i's and cross the t's on what ESG firms are supposed to do.**
>
> Family member, chief executive officer, third generation

Hesitation to embrace ESG

Most respondents remain undecided (51%) when asked if ESG policies are of key importance to their family business. Only 19% agreed with the statement, while 30% disagreed. The result reveals ongoing hesitation among family business leaders to act on ESG issues (**figure 5.10**).

5.10

Views on ESG and the family business



Base: All respondents
The North America Family Business Report 2023, Campden Wealth and Brightstar Capital Partners
Note: Figures may not sum to 100% due to rounding

Chapter 6

Economic outlook

Key findings:

• A vast majority of those surveyed (72%) expect that there will be a recession over the coming 12-24 months. In turn, respondents expect their average revenue growth rate to decline from 12% in the last 12 months to 9% next year.

• The biggest systemic risks family businesses face include a challenging economic environment, competition for talented staff, and supply chain disruption (according to 62%, 44%, and 38%, respectively). Only 4% think natural disasters / environmental risks are a systemic threat to their business.

Driving up costs across the board, higher inflation, and rising interest rates are particular concerns, according to 75% of respondents.

While still enjoying the post-pandemic recovery, family businesses now brace themselves for the possibility of a deeper recession. Rising inflation induces fears that the economy is overheating and signaling changes in business prospects. The following section outlines how respondents perceive the current economic outlook.

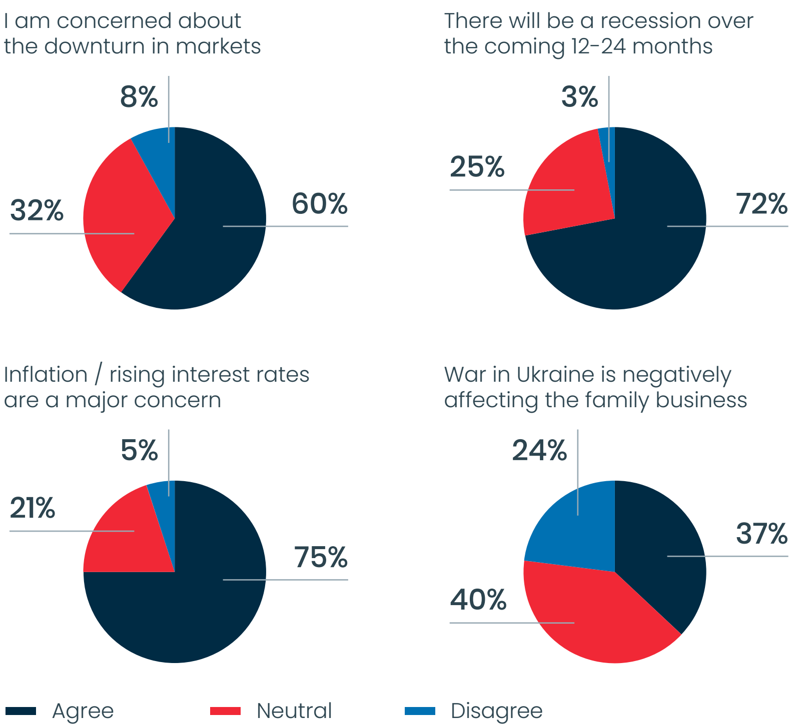
72% expect a recession over the coming 12-24 months

When asked about the state of the economy, respondents confessed unease. Six in 10 of those surveyed (60%) are generally worried about a market downturn and seven in 10 (72%) expect that there will be a recession over the coming 12-24 months.

Driving up costs across the board, higher inflation, and rising interest rates are particular concerns, according to 75% of respondents. In contrast, ongoing geopolitical tensions seem to be less of a concern, as only 37% respondents would say that the war in Ukraine is negatively affecting the family business and 40% remain neutral on the topic (**figure 6.1**).

6.1

Views on economic risks for the family business



Base: All respondents
The North America Family Business Report 2023, Campden Wealth and Brightstar Capital Partners
Note: Figures may not sum to 100% due to rounding

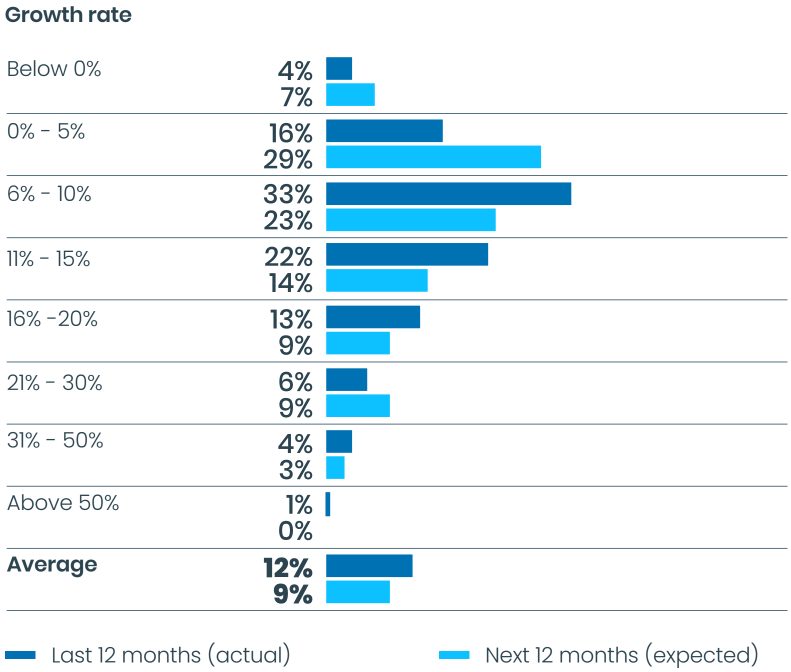
Against the backdrop of a potential recession, North American family businesses fear slower growth.

Family businesses fear slower growth

Against the backdrop of a potential recession, North American family businesses fear slower growth. Having enjoyed a solid revenue growth rate averaging 12% over the last 12 months, respondents now expect a decline by 3pp, down to an average of 9% over coming months (**figure 6.2**).

6.2

Growth rate of family business revenues



Base: All respondents
The North America Family Business Report 2023, Campden Wealth and Brightstar Capital Partners
Note: Figures do not sum to 100% due to multiple answers permitted

Economic factors pose the biggest business risks over the next 12 months

Six in 10 family businesses surveyed (62%) believe that the current economic environment poses the most significant systemic risk to their operations over the next 12 months. The tight labor market, in particular, prompts 44% of businesses surveyed to see competition for talent as a substantial risk, followed by 38% who worry about global supply chain risks due to, for example, higher costs of transport (**figure 6.3**).

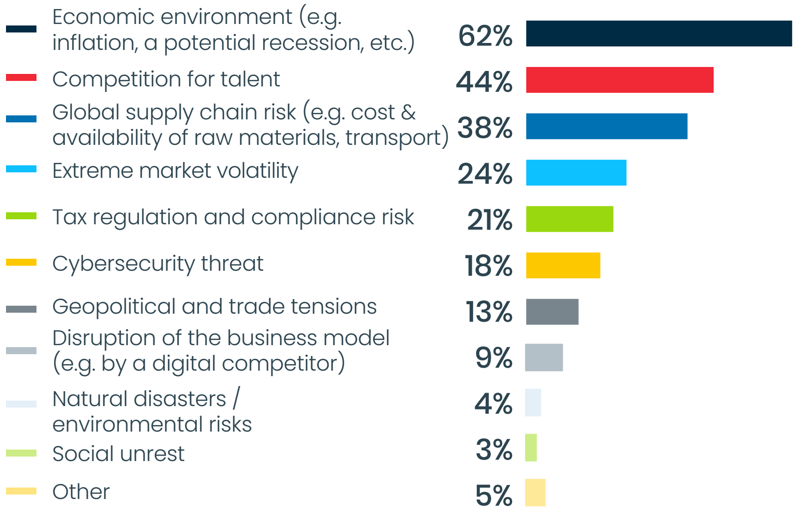
Environmental risk factors are deemed less important

Risks related to global warming, including danger of droughts, wildfires, and flooding rarely influences businesses surveyed as only 4% of respondents identify natural disasters / the environment as a systemic risk factor. Similarly, social unrest is a worry for 3% of family business leaders surveyed.

Tax, compliance, and cybersecurity pose some challenges

Instead, family businesses surveyed pay some attention to risks associated with tax regulation and compliance (21%), threats to cybersecurity (18%), and market disruptors that would challenge their current business model (9%) (**figure 6.3**).

6.3
Factors which pose the biggest systemic risks to the family business over the next 12 months



Base: All respondents
The North America Family Business Report 2023, Campden Wealth and Brightstar Capital Partners
Note: Figures do not sum to 100% due to multiple answers permitted

Respondents worry about the economic outlook, harmonious relationships within the family, succession, and the future of their business.

Most are worried about a potential recession and succession planning

Respondents shared what keeps them awake at night. Their responses provide a glimpse into the wide-ranging thoughts of family members and business executives surveyed, reflecting worries about the economic outlook, harmonious relationships within the family, succession, and the future of their business (**figure 6.4**).

6.4
Factors keeping family members and family business executives awake at night

Take-aways and implications of the study

When conducting this research, we asked family members and family business executives to share their most valuable lessons learned. This section summarizes their key pieces of advice:

Succession planning is a process. Engage with family members early on and facilitate an inter-generational dialogue...

Start early with succession planning

Succession planning is a process. Engage with family members early on and facilitate an inter-generational dialogue when developing a shared vision for the business. Once you have established a forum for family members to address succession, you might find hidden talents among the next generation that will positively surprise you. Moreover, by talking about business matters more frequently, the younger generation can ask questions and learn about different aspects of the company from early on.

Meet and discuss with family regularly

Every successful team meets regularly. When working with family, it should not be any different. Set up regular discussions and allow family members to voice their thoughts and concerns. This will help ease the tension that, if unaddressed, could ignite family conflict. Furthermore, formal processes to address topics at those meetings will channel grievances and support a collaborative approach to identifying solutions.

Let Next Gens leaders take on responsibilities and have them manage a project, oversee a task force, or care for a philanthropic endeavour.

Focus on Next Gen leadership education

Next Gen leadership education is a critical component of succession planning. Let next-generation leaders take on responsibilities and have them manage a project, oversee a task force, or care for a philanthropic endeavour. Allow Next Gens to make independent decisions and provide access to mentorship and guidance from experts. Most importantly, stay patient and appreciate the process of working with Next Gens – after all, it is a rare privilege to teach your own.

Brace yourself for a recession

Four in 10 family businesses surveyed report increased reliance on retained earnings over the past five years. In anticipation of a potential recession, self-financing will become even more relevant. As borrowing costs rise, cash reserves and effective resource management will be critical. Be innovative and effective when spending your resources. If sales decline, stay ready to discuss new ideas and pivot your operations. The pandemic has shown that sometimes simple changes allow a business to survive and thrive.

By embracing diversity and inclusion, family businesses can gain new perspectives and ideas that can help drive innovation and growth

Lead on diversity

Attract talent in a difficult labor market by emphasizing diversity and inclusion in the family business. With a formal, written diversity policy, you will draw in talented individuals from various backgrounds. By embracing diversity and inclusion, family businesses can gain new perspectives and ideas that can help drive innovation and growth. Taking a leadership role in diversity will also boost your brand reputation and give your family business positive recognition from staff members, your local community, and customers.

Adopt a long-term perspective and consider the acute threat of climate change

Prepare for climate-related risks

Adopt a long-term perspective and consider the acute threat of climate change. Findings in this report show that environmental risks rarely determine decision-making in the family business. At the same time, the ongoing Colorado river drought affects seven US states, home to 18% of family businesses surveyed. To ensure long-term success and sustainability, family businesses must act now to prepare for the impacts of climate change by tracking your business risk and supply chain exposures. Further, start considering how to best future-proof the business when our global temperatures rise, and natural disasters continuously disrupt our everyday lives.

List of figures

About the creators

Campden Wealth

Campden Wealth is a family-owned, global membership organization providing education, research, and networking opportunities to families of significant wealth, supporting their critical decisions, helping to achieve enduring success for their enterprises, family offices and safeguarding their family legacy.

The Campden Club is a private, qualified, invitation only Members club. Representing 1,400 multi-generational business owning families, family offices and private investors across 39 countries. The Club delivers peer networking, bespoke connections, shared knowledge and best practices. Campden Club members also enjoy privileged access to generational education programmes held in collaboration with leading global universities.

Campden Research supplies market insight on key sector issues for its client community and their advisers and suppliers. Through in-depth studies and comprehensive methodologies, Campden Research provides unique proprietary data and analysis based on primary sources.

Campden Education delivers a virtual training platform empowering families with practical knowledge and the tools to make informed decisions. Drawing on deep expertise and real-world experiences, our programs are designed to guide the whole family through all stages of ownership and growth.

Campden Wealth owns the Institute for Private Investors (IPI), the pre-eminent membership network for private investors in the United States founded in 1991. In 2015 Campden Wealth further enhanced its international reach with the establishment of Campden Family Connect PVT. Ltd., a joint venture with the Patni family in Mumbai.

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Brightstar Capital Partners

Brightstar Capital Partners is a middle market private equity firm focused on partnering with exceptional families, founders, entrepreneurs and management teams where the firm can drive value creation. Brightstar is led by a seasoned team of investors with expansive relationship networks and significant operating experience across numerous sectors. We employ an operationally intensive "Us & Us" model of investing, respecting the accomplishments, culture and vision of our portfolio company leadership while helping on the ground and in the boardroom.

brightstarcp.com

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