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Making the most of the ‘Family Factor’

PwC’s latest Irish Family Business Survey highlighted big picture topics – governance, processes, skills - but dig a little deeper and we reveal important issues for family businesses around decision-making, communication, generation gaps, the future workplace, digital opportunities, and succession planning.

John A Dunne of PwC Ireland explains how to deal with some of these key issues and the opportunities they present.



Review family governance

For family firms there can be times of tension or difficulty, so it’s important to put processes in place to govern how the family interacts with the business. Governance should be regularly reviewed to ensure it is fit for purpose and firms should assess decision making structures, and the formal as well as informal channels of communication.

Future plans and intentions should be discussed openly and agreed, and family roles and accountability clearly defined. And it’s a really good idea to establish a conflict management policy which can provide a structure for airing and resolving issues.

Acknowledge generational changes

Our latest survey found that over half of Irish family businesses are apprehensive about their ability to recruit skilled staff. By 2025, it is thought that millennials will account for at least 50% of employees, so it’s important that family businesses acknowledge this shift, make the most of the opportunity and ensure both the business strategy and corporate culture is right for them.

The millennial generation was born into a highly technological world, they have high values, expect variety, want regular feedback and rapid career progression. Firms need to attract, retain, engage and manage this new generation of employees by being agile, flexible and technologically savvy.

Understand the changing world

With new technologies, social networks and innovations, the world of work is changing dramatically. Being able to judge future opportunities, risks and evolving demands of customers and employees alike is crucial, and the ability to plan long term is a big advantage. This ensures you have the right people, with the right skills, in the right places to realise your evolving goals and respond to sudden shifts in the marketplace.

Family businesses often operate within strong networks and have an inherent sense of corporate social responsibility (CSR) due to the strong family values that guide their culture and vision. Relationships and CSR continue to be an important aspect of customers' decision to buy, so businesses that make the most of these differentiating factors in a crowded marketplace will stand out.

Embrace digital technologies

Two-thirds of Irish family firms said they recognise the growing impact of digital technologies, but less than half understand the business benefits of moving to a digital strategy and less than one in three recognise that they need to attract the right talent to help them do this.

Family firms are close to what's happening on the 'shop-floor', and this lends itself to well to trying out new digital ideas in a controlled environment before rolling out across the firm. It is also important to stay in touch with trends and pick out the ones that are relevant for your business to follow. And remember to make the most of your next generation's digital knowledge and ensure your online presence works effectively on smart phones and tablets. You can also get access to the latest technology solutions online, giving you more choice for improving back office systems.

Planning for succession

There is no aspect of the family business where it is more important to apply rigour than succession planning. I would encourage family businesses to have a written, long-term succession plan, and by involving the whole family you should ensure it is most likely to work. Make sure everyone is clear about what rules you want to abide by through the process, so that it is fair and doesn't cause a rift, and start as early as you can to stand a better chance of working through any potential difficulties. It is not an easy process but it will ensure that your family business has the best chance of passing down the generations.

Seize the challenge

I believe the 'family factor' has so many advantages in business - a strong culture that does the right thing for its customers, people and communities, and the ability to make quick decisions but take a long-term view. These provide a distinct, competitive advantage, and help to attract and retain customers and employees for the long term.

My message to family firms is to think about how you 'professionalise the family, not just the firm' and to make the most of these attributes. Bringing structure and discipline to the 'family factor' that drives your business can deliver more success for those who seize this challenge.