



Staying power: how do family businesses create lasting success?

Global survey of the world's
largest family businesses



EY

Building a better
working world



Kennesaw
State UNIVERSITY

Coles College of Business

About our survey

This report is based on 2014 survey data gathered from a database of 2,400 of the world's largest family businesses. This database comprises the largest family businesses from the top 21 global markets – Australia, Belgium, Brazil, Canada, China, France, Germany, the Gulf Cooperation Countries (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), India, Indonesia, Italy, Japan, Mexico, the Netherlands, Russia, South Korea, Spain, Switzerland, Turkey, the UK and the US. Valid Research, an independent research institute in Germany, used a questionnaire and conducted 1,000 phone interviews in the specific country language with senior ranking family business leaders. Based on the number of companies contacted to achieve our desired sample size, we achieved a 42% response rate. This report takes into account the responses of the 25 largest family-owned businesses in each of the markets.

Coming soon ...

We will be releasing a series of in-depth explorations of the key topics covered by this survey. The future insights will delve more deeply into the data and will explore the differences of countries, regions, and developed and emerging markets in each of the following topics:

- ▶ **Succession**
- ▶ **Women in leadership**
- ▶ **Governance**
- ▶ **Communication and resolving conflicts**
- ▶ **Branding**
- ▶ **Corporate social responsibility, philanthropy and sustainability**
- ▶ **Cybersecurity**

Download the survey executive summary at ey.com/stayingpower.

Family businesses are an essential source of prosperity and stability in both our global economy and our society. Many large, well-known companies are family owned and proud of it. These businesses create jobs, invest in their communities and give back to society. The characteristics and practices of large, long-lived family businesses serve not only as a model for other family businesses but also for all companies that aspire to maintain an entrepreneurial spirit, innovate and grow consistently.

That's why EY has teamed with Kennesaw State University's Cox Family Enterprise Center to survey the world's largest family businesses with a focus on seven success factors: succession; women in leadership; governance; communication and resolving conflicts; branding; corporate social responsibility, philanthropy and sustainability; and cybersecurity. We're delighted to share an executive summary of the results of our groundbreaking survey.

As a group, they report having a firm handle on succession. They welcome women into leadership and onto the board, displaying gender equity that far outstrips most other types of ownership models. Their overall family cohesion and unity are high, and although conflict does arise, it is generally managed in a healthy way that serves to bind the family closer together. Their leaders are proud of their family businesses and happily proclaim it in their branding. Their management practices clearly prioritize long-term growth, health and family unity, leading them to high performance, more staying power and healthier owning families. Their growth plans tell the tale of their success – 54% plan to add an estimated 100,000 jobs, and 68% plan to increase their production capacity in 2015.

In the coming months, we'll be releasing in-depth reports on each of the seven topics covered in this executive summary. In these reports, we'll reveal what makes the largest and most successful family businesses around the world tick. Through that insight, we hope to help all companies, family owned or otherwise, build their staying power, accelerate growth and succeed for generations.

We extend a special thanks to the family firms that responded to our survey and shared their information and thoughts with our researchers.



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An entrepreneurial legacy

“Family businesses and their leaders are the ultimate entrepreneurs. They must continually innovate to grow and pass on a thriving business from one generation to the next. Our survey demonstrates how this entrepreneurial thinking across generations results in business success and strong family ties.”

Carrie Hall, EY Americas
Family Business Leader

How do you build a business that remains entrepreneurial, nimble, creative and prosperous over generations? Years of toil. Now integrate the intricate relationships of a family into the business, and you have an even more complicated task. The business requires practicality, strategy and strong commercial acumen, and the family needs nurturing and care. The world’s most successful family businesses have managed to integrate both imperatives to create a lasting legacy of entrepreneurial success and family unity.

Who are our family business survey participants?

- ▶ Average number of employees: **12,000**
- ▶ Average number of operating countries: **15**
- ▶ Average number of operating industries: **5**
- ▶ Average sales: **US\$3.48 billion**
- ▶ Annual average growth as a percentage of profit: **8%**
- ▶ **62%** report they are highly or extremely entrepreneurial
- ▶ **64%** predict expanding markets in their country in 2015
- ▶ **54%** plan to increase hiring, for an estimated 100,000 jobs added
- ▶ **68%** plan to invest in expanding their production capacity
- ▶ Their top three planned investments are **IT systems and controls**, **production capacity** and **human capital**

The importance of family businesses to the global economy is undeniable. They account for more than two-thirds of all companies around the world and 50%-80% of employment in most countries.¹ With that kind of global impact, it's vitally important to understand what makes successful family businesses tick. We partnered with the Kennesaw State University Cox Family Enterprise Center and surveyed the largest family businesses from the top 21 global markets² to find out how they manage the important issues: succession; women in leadership; governance; communication and resolving conflicts; branding; corporate social responsibility, philanthropy and sustainability; and cybersecurity.

As we described in a previous report based on the survey, *In harmony: family business cohesion and profitability*, family cohesiveness is a key ingredient in generating better financial returns for family business.³ In fact, the survey findings indicate that, when combined with growth ambition and a focus on sustainability and branding, family cohesiveness can predict as much as 35% of return on equity.⁴

Overall, the companies surveyed are fit and strong. They manage to remain entrepreneurial and committed to innovation, even into their second generation and beyond – the oldest family business in our survey is in its ninth generation. And they aren't complacent – most have their eyes on growing by investing in new talent, increased production and better systems. In this report, we offer a bird's-eye view of the noteworthy practices, characteristics and success factors that make these family businesses successful and long-standing.

In the coming months, we will delve into each of these topics, offering you new analysis and deeper insight into what gives the world's largest and most successful family businesses their staying power.

Secrets to lasting success



87%

have clearly identified who is responsible for succession.



70%

are considering a woman for their next CEO.



90%

have a board of directors.



90%

have regular family or shareholder meetings to discuss business issues.



76%

refer to themselves as a family business in their branding.



81%

engage in philanthropic activities.



83%

expect spending on cybersecurity to increase.

Embracing succession

“The most important goal in running the family business is to hand over the business. You don’t own it. You’re just watching it, guarding it, nurturing it, to hand it over to the next generation in as good a condition as possible.”

Georg Riedel, Owner and
Advisor of Riedel Glas
*EY Family Business
Yearbook 2014*

Succession is arguably the most critical issue a family business has to face. It’s also one of the most difficult. Complicated family dynamics and the emotional connection that leaders and family members feel toward their companies can make addressing succession a minefield.

With all their complicating factors, most family businesses do not make it past the first generation, and even fewer past the second or beyond.⁵ Our survey participants are exceptional: 53% of their leaders are in the second generation or greater, with one notable company in its ninth generation of family ownership.

How do the world’s largest family businesses succeed at succession?

Our survey reveals that these businesses do three things differently. They:

- ▶ View succession as a long-term process
- ▶ Clearly define who has the responsibility for succession
- ▶ Work steadily to prepare the next generation for leadership

A perpetual process

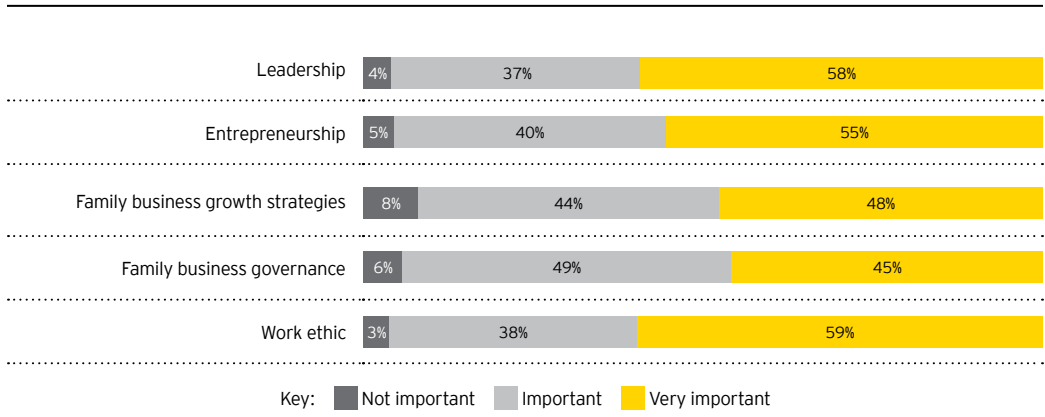
“If a family intends the business to remain in family hands, succession must be considered a process, not an endpoint,” says Peter Englisch, EY Global and EMEA Family Business Leader. Though the vast majority of survey participants have a formal plan in place, succession planning is no guarantee of a smooth succession. That doesn’t mean planning isn’t important. Instead, it highlights that planning means little if it’s not a continuous process in which all new information is included in the conversation and all relevant stakeholders are firmly in support of it. And, of course, the successors must be willing, trained and prepared to take over.

Succession is a critical responsibility – put it in good hands

More than 87% of the businesses we surveyed have clearly identified who is responsible for succession, implying that processes to handle traditional transitions as well as potential emergencies are well in place. Across all regions and countries, the board of directors is most often responsible for succession (44%), with the next tier of responsibility shared about equally between owners/family council and the CEO.



Figure 1: How important are the following in educating and preparing the younger generation to join your family business?



Note: Numbers may not sum to 100% due to rounding.

Lifelong training for a long-lived business

Training and educating the next generation are critical elements of preparing successors for both ownership and leadership succession, and the process starts early – sometimes in childhood. Leaders report that work ethic, leadership and entrepreneurship are the most important attributes to nurture in the younger generation. To help ensure they are tapping the right family members for the leadership pipeline, family businesses tend to require at least three years of outside management experience before family members are allowed to assume managerial positions.

“While choosing a successor, one of the considerations that successful family businesses demonstrate is that they ask the successor to get a good and sound education, go through personal development and get some work experience outside the family business,” says Marnix van Rij, EY’s Global Leader, Private Client Services.

These preparations generate a deep pool of well-trained potential leaders. Survey participants average five family members on the top management team and seven in the business. That’s a large group of potential successors from which to draw when planning succession.

There’s no avoiding succession; embrace it instead

The family businesses we researched are proactive about succession. To make it as smooth and successful as possible, they embed the aforementioned practices into the day-to-day operations of the business. That is the key to supporting successful succession in the current generation and also to building long-term succession competency for the future.

“If a family intends the business to remain in family hands, succession must be considered a process, not an endpoint.”

Peter Englisch,
EY Global and EMEA
Family Business Leader

Women leaders welcome

"I was very fortunate – my father, my mentor, did not differentiate between his son and daughter. I never felt that I was any different. I didn't have to fight for my position in the organization; I had to demonstrate that I deserved it."

Vinita Gupta, CEO of
Lupin Ltd. and Lupin
Pharmaceuticals, Inc.
EY Strategic Growth
Forum® 2013

Our survey participants are far ahead of the curve in gender parity in leadership. Globally, 70% of the world's largest family businesses are considering a woman for their next CEO. They average five women in the C-suite and four being groomed for top leadership positions. And more than half (55%) have at least one woman on their board.

There is already a wealth of research demonstrating that having women in leadership and strategic roles makes economic sense for businesses. Companies with women on the board outperform those without in return on equity, net income growth and price-to-book value,⁶ and they tend to focus more sharply on governance and reducing risk, which underpin superior financial results.⁷ Companies with the greatest number of women in the C-suite outperform on return on equity and other financial performance metrics.^{8,9}

With women filling family business leadership ranks faster and more often than their non-family enterprise counterparts, companies in our survey appear poised to reap performance benefits while acting as beacons of parity in a gender-imbalanced business world.

"It's hard to ignore the mounting evidence that more gender-balanced leadership teams correlate with better business performance," says Kate Barton, EY Americas Vice Chair – Tax Services. "There are fascinating studies of the different ways in which women and men assess risk and make decisions that reinforce the conclusion that promoting gender equality is just smart business. I'm not suggesting that one is right and one is wrong, but diversity leads to balance, and balance – particularly when considering risk – is healthy business."

Figure 2: Is the company considering having a woman as the next CEO/successor?

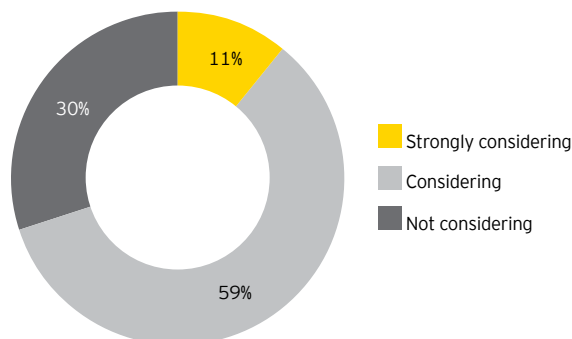
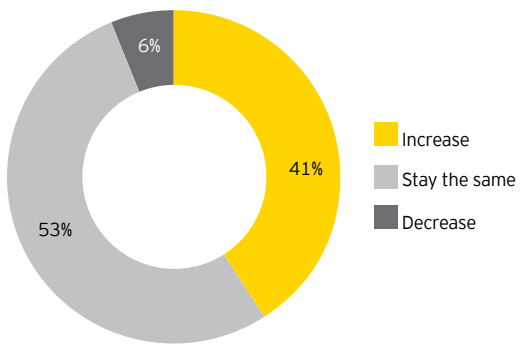




Figure 3: Compared to the last three years, do you believe there has been an increase or decrease in the level of interest of female family members wanting to be involved in the business?



Interested women + cohesion = gender parity

What accounts for the strong presence of women among family business leaders? At first glance, the answer seems to be simply interest. Forty-one percent of survey participants report that women family members have shown increased interest in joining the business over the last three years.

The increased interest implies that inclusive leadership and the concern for others and their opinions displayed by the gender balance of these businesses tend to create a sense of belonging that, in turn, builds trust and engagement. That increased cohesion leads to better business performance.¹⁰

Our research implies that women are welcome in these family businesses – apparently more so than in other corporate environments. The possible connection between women leaders, their intentions to enter the business and family cohesion may tell us more about how to advance women’s leadership in the workplace overall. With further analysis, we intend to find out. (For more information on the status of gender parity in the global workforce at large, visit ey.com/womenfastforward.)

In governance, family is first

“Our board improved accountability and systematic planning processes, which has been a huge help to our growth and success.”

John Tracy, CEO of
Dot Foods, Inc.
*EY Strategic Growth
Forum 2014*

Nearly all (90%) of the world’s largest family businesses have a functioning board of directors, and on most of those boards, family members make up the majority. Nearly 50% are exclusively family members, and only 28% have an equal number or greater of non-family voting members on their boards.

Companies in emerging economies are particularly devoted to family board members, with family making up 95% of emerging market boards, compared to 78% of developed economy boards. And in all markets, they are happy with the board’s performance (87% rate it as outstanding or good).

Whom do you trust?

This devotion dovetails with another survey finding: family members are considered by far the most trusted advisors for the world’s largest family businesses, with parents heading the list, followed by spouses. After family members, survey participants trusted their accountants most.

Given the importance of family cohesion to business success, a lack of trust in close family members can be a serious problem that may lead to debilitating conflict. Our research has shown that family business branding and sustainability are the best tools to build family cohesion and trust, an issue we explore later in this report. Building and maintaining good relationships should be at the top of the developmental to-do list for family businesses.

Boards are good for business health

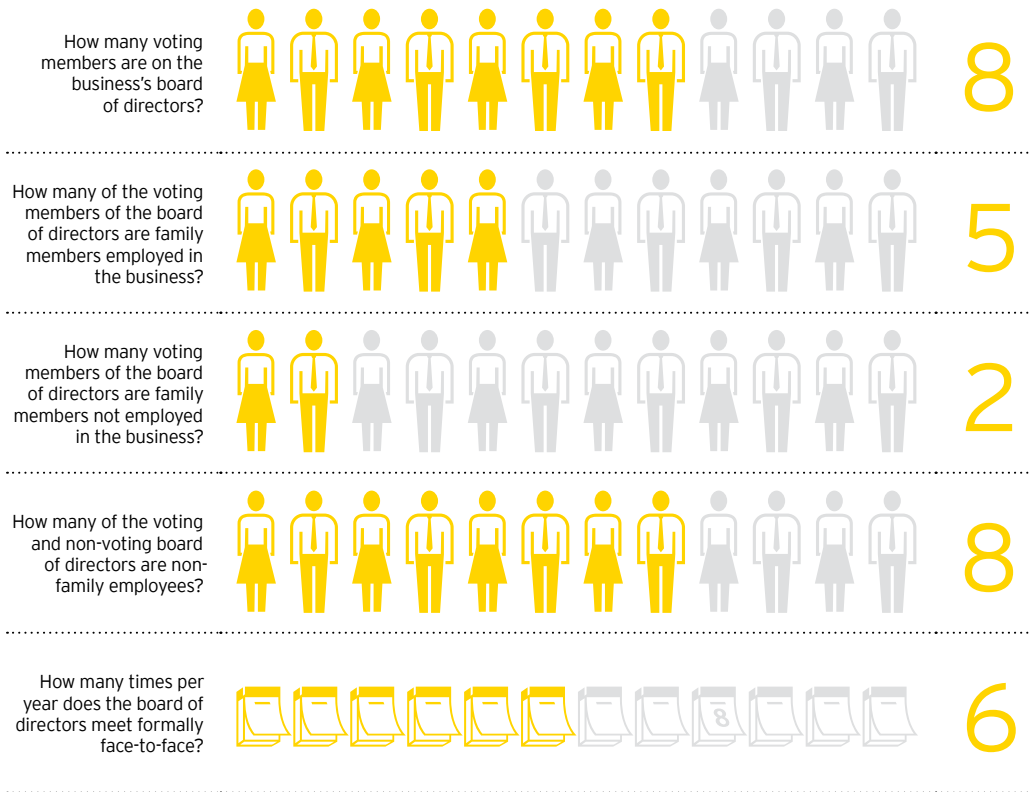
Despite the fact that a board of directors is a best practice in governance, not all family businesses have one. Some families rely on the idea that everything will just work itself out when it comes to governance issues like management, ownership and succession. A strong board, along with a family that is continuously focused on family governance documents and practices, reduces the risks of nepotism, internal conflict, inequitable allocation of ownership shares and succession woes.

“Directors of family-owned companies are expected to provide more than business intelligence,” explains EY Americas Family Business Leader Carrie Hall. “They serve as coach, counselor and peer advisor, and they must consider how strategic and operational recommendations, such as succession planning and dividend policy, will affect family dynamics.”



Family businesses without a board would do well to emulate the board structures and practices of the world's largest family businesses. Participants report their boards are large (averaging eight voting members) and professionally organized, with well over half having a committee structure. Most of their boards also have formal governance agreements in place, with business mission statements, bylaws and articles of incorporation occupying the top three spots. Mission statements in particular can be important tools for branding and building family unity.

Figure 4: Average board composition



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Carrie Hall, EY Americas Family Business Leader

Healthy communication, healthy conflict, healthy business

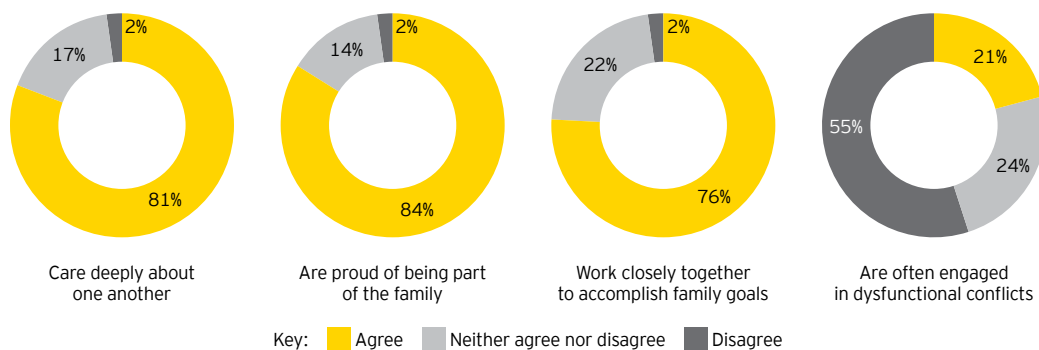
“A family that does business together grows together and in the process achieves a binding relationship that far supersedes all conflicts.”

Narain Girdhar Chanrai,
Group CEO of Kewalram
Chanrai Group
EY Family Business
Yearbook 2014

The family owners of the world’s largest family businesses report they care deeply about one another (81%). They spend time and effort developing cohesiveness and shoring up relationships between and among family members, most effectively through family business branding and corporate social responsibility activities. This cohesiveness is a key ingredient in generating better financial returns in the business.¹¹

A vast majority (84%) of participants say their family members are very proud of being part of the family. This is positive news for the future of family business, as cohesion and pride are also important attributes of multigenerational success. When families are cohesive, they can more easily take the long view and forgo short-term investments outside the business in favor of those that lead to future growth of the family enterprise.

Figure 5: Please rate the extent to which you agree or disagree with each of the following statements. Members of this family ...





Constructive conflict is good for business!

But even with such a focus on family unity and pride, conflict is inevitable in business and family. This is particularly true for family business, where complicated relationship dynamics may be in play. However, a degree of conflict can be a good sign if families are addressing and resolving the issues behind those conflicts. And those that do so are considered healthier than those that either ignore or simply do not recognize their conflicts.

For example, new conflict generally arises in times of change, when family members disagree about what to do next. These disagreements are often based on differing experiences, values, willingness to change and risk tolerance.

When families are good at working through conflict, it means they can quickly develop solutions, make necessary adjustments to weather changes in the market or elsewhere, and even prosper from them. And there is an added benefit: working through differences and successfully resolving problems tend to make people feel closer to one another, thus enhancing family cohesion.

On the other hand, when families struggle to resolve conflict, they often delay making decisions until it is too late, hurting the business and/or missing opportunities.

Build trust by establishing good policy

One way to tease out potential conflicts and resolve them before crises hit is by developing a common point of view. This can be accomplished in part through the process of agreeing on a governance document like a mission statement, a family constitution or a code of conduct. A mission statement, for example, can be thought of as a list of reasons to stay unified as a family. The discussions that take place to arrive at these policies can build trust, enhance the ability to make other decisions and help family members identify differing points of view that may have been hidden.

“As a family in business, we live within a dynamic ecosystem that requires care and support,” says Richard Boyce, EY Oceania Head of Family Office Services and a fifth-generation member of a family business. “There is much benefit derived by staying close to your family and supporting the ecosystem, but set ground rules to avoid the collisions.”

Communicate to stay connected

Effective communication with family members is very important for family unity and is common practice among the world's largest family businesses. Participants in our survey report that 90% have regular family or shareholder meetings to discuss business issues, 70% have regular family meetings to discuss family issues and 64% have a family council that meets regularly.¹²

Using social media to stay in touch is becoming increasingly popular as well. While the phone is still the primary communication channel for both business and other family-related communication, social media, including family intranet, is used twice as much for business communication (43%) as for family communication (21%).

This rise in digital communication for important family communications and business matters underscores the need for heightened cybersecurity, an issue we explore later in this report.

From our family to yours: family business branding builds trust

“So many people who work for us want to work for a family business because, in a way, they become part of the family.”

Johan Willemen, Managing Director of Willemen Groep
EY Family Business Yearbook 2014

The world’s largest family businesses are proud of their companies and their families – 76% report they refer to themselves as a family business in their advertising, websites, social media, press releases and other promotional materials (what we call “family business branding”). But it’s not simply family pride that influences this strategy.

Pride, unity, trust

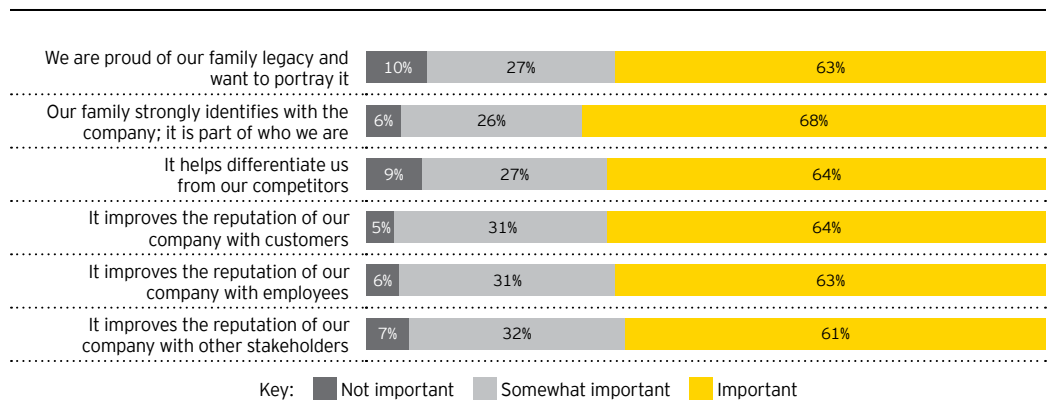
Family businesses are often seen as more trustworthy than other types of businesses,¹³ and there is a great deal of research showing that positive and trusting view extends beyond just consumers to include other businesses, employees and stakeholders.¹⁴

This corresponds with the top three reasons survey participants cited for using family business branding:

- ▶ Our family strongly identifies with the company – it is part of who we are (68%).
- ▶ It helps differentiate us from our competitors (64%).
- ▶ It improves the reputation of our company with customers (64%).

Companies in developed economies are far more likely to brand themselves as family businesses than those in emerging economies. There appears to be a variety of reasons for this distinction. In some markets, there may be safety concerns when identifying the family connected to a business. In addition, these businesses are generally younger and do not yet have a long history or legacy to use in branding. Some emerging market countries also appear to have a cultural bias leading to distrust of family business, according to the Edelman Trust Barometer.¹⁵

Figure 6: Why do you promote your family as part of your branding efforts?



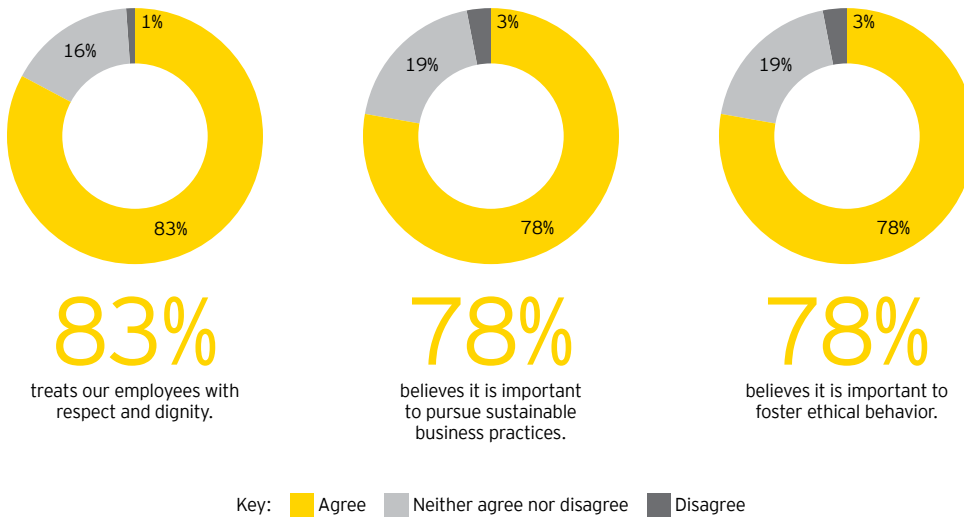


It all comes back to cohesion

The best and most compelling reason for family business branding is to display the byproduct of family cohesiveness. The world's largest family businesses are proud of what they've built – they identify deeply with the company and believe it is an essential part of what defines their family.

Their core values are another important component of that definition. And the trust that employees, customers and other companies put in family businesses is validated by those values.

Figure 7: Please rate the extent to which you agree (or disagree) with each of the following statements. Our family firm ...



“Vibrant family businesses around the world know the limitless value of connecting their families to their stakeholders in messaging and all elements of image.”

Joe Astrachan, Professor of Management and Entrepreneurship, Kennesaw State University

“Vibrant family businesses around the world know the limitless value of connecting their families to their stakeholders in messaging and all elements of image,” says Joe Astrachan, Professor of Management and Entrepreneurship, Kennesaw State University. “It’s even better for business success and family health when the family gets engaged in shaping the message and delivering it personally.”

Sustainability: leveraging family legacy to build a better future

“It is important to us as a family to give back. The Turi Trust was born from our family’s desire to give back to the communities which have supported us on our journey. To help someone without expecting anything in return helps us to stay grounded and remain true to our core family values.”

Pina Di Donato, Director of the Turi Trust (Philanthropic Trust of the Cuteri Family and Turi Foods)

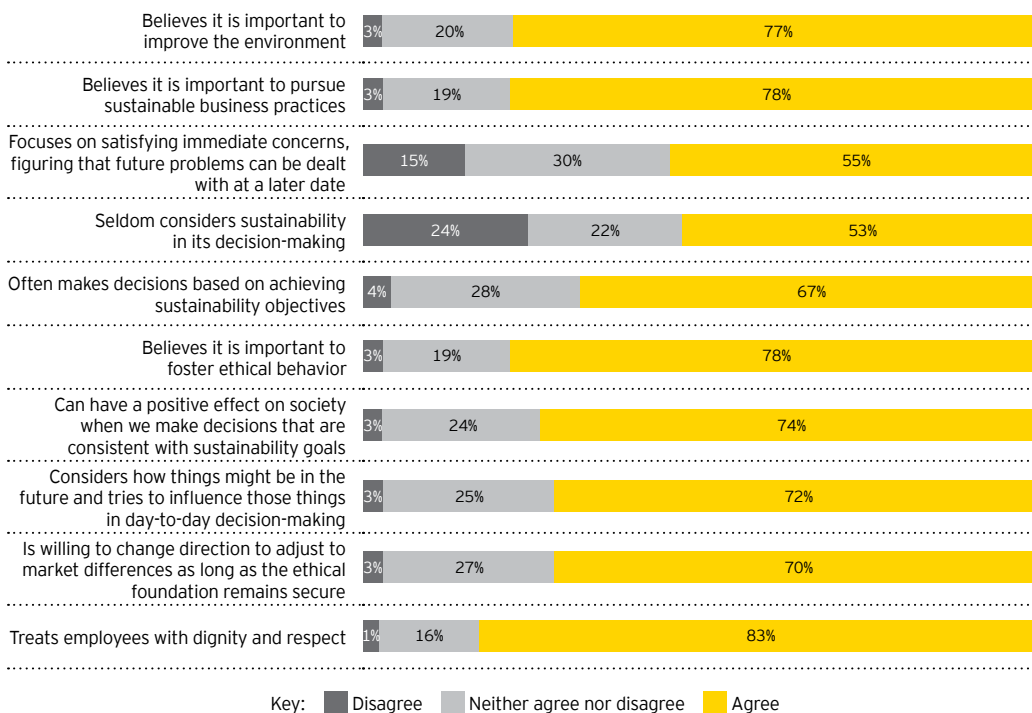
Studies have found that family businesses are more likely to value and implement corporate social responsibility (CSR) and sustainability practices, and the participants in our survey are no exception. More than 50% report a high commitment to CSR practices, and an impressive 81% say they are engaging in philanthropy (nearly equally split between monetary contributions and community service). In addition, 85% have a code of ethics, compared to only 57% of the world’s largest companies overall.¹⁶

CSR leads to family pride, cohesiveness – and better performance

Sustainability and CSR practices are well-established as being good for business – they’re not just a public relations exercise. They tend to result in increased operational efficiency, reduced waste and increased product differentiation, which help improve business processes and profitability. Family businesses stand to gain even more, as these practices lead to more family pride, family unity and cohesiveness,¹⁷ which in turn have positive effects on business growth and profitability. In fact, 20% of family cohesiveness in participant companies is directly attributable to sustainability practices and family business branding.

“Be it by driving sustainability through their operations or by adding value to their communities by extending the reach of core products and services, today’s business leaders are benefiting by investing in sustainability,” says Nicky Major, EY Global Corporate Sustainability Leader. “A mindset of shared value means all stakeholders benefit – doing well by doing good.”

Figure 8: Please rate the extent to which you agree (or disagree) with each of the following statements. Our family firm ...



Note: Numbers may not sum to 100% due to rounding.

Help in years to come

Around the world, 47% of respondents have a family foundation, and 37% report they will increase their philanthropic activities in 2015. Companies in emerging economies edge out those in developed economies in their philanthropic plans, and they tend to give more in both money and time in the form of community service activities. This may be due to the greater needs in those markets, the influence of religious or cultural factors, or a strong desire to help others when there is a great disparity in wealth compared to the general population.

Sustainability and family legacy

Sustainability and CSR practices are closely linked to the family's legacy. A commitment to those practices demonstrates that the family and its business are focusing on the sustainability of the business itself, the environment and the community. By taking steps to safeguard the future, the business shows it is committed to that future and cares about the lives of employees and family members. In return, family members are likely to become increasingly committed to the family and needs of the business. These benefits can be particularly important to family members who are not directly involved in day-to-day business operations.

The specter of cyber risk

“Most cyber breaches could have been prevented with some relatively simple commonsense actions. Business executives almost always regret not having taken the threat more seriously. There are thousands of breaches per year. It’s a new reality of doing business.”

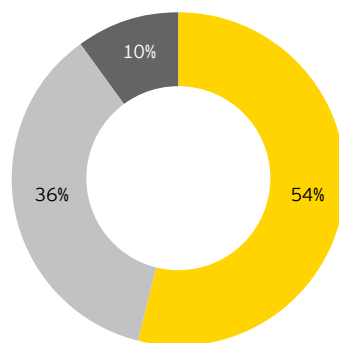
Bob Sydow, EY Americas Cybersecurity Leader

Even with the near-constant news of breaches, leaks and billions of dollars in lost revenue due to cybersecurity lapses, the family businesses we surveyed appear to be worryingly self-assured in their abilities to identify and respond to ever-evolving cyber threats. The majority (75%) say they are confident or very confident that their business is effectively addressing these risks.

This is a marked difference from a recent survey of all types of businesses, where only 8% indicate they are highly likely to detect a sophisticated attack.¹⁸ Most of the participants (83%) report they expect spending on cybersecurity to increase – an indication, perhaps, that this issue is rising on their agendas as news coverage grows.

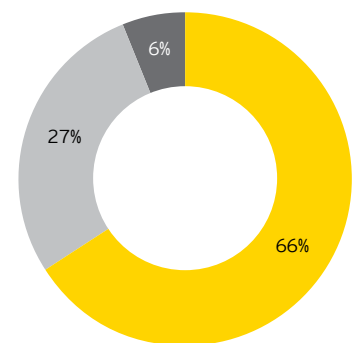
Cybersecurity needs to be at the top of the agenda for family businesses, as they face some particular dangers and increased risks beyond the risks of hacking and direct attack. These include social media risks, reputation risks and personal safety concerns.

Figure 9: How confident are you that your organization addresses risks of emerging technologies (e.g., mobile devices, cloud computing, social media)?



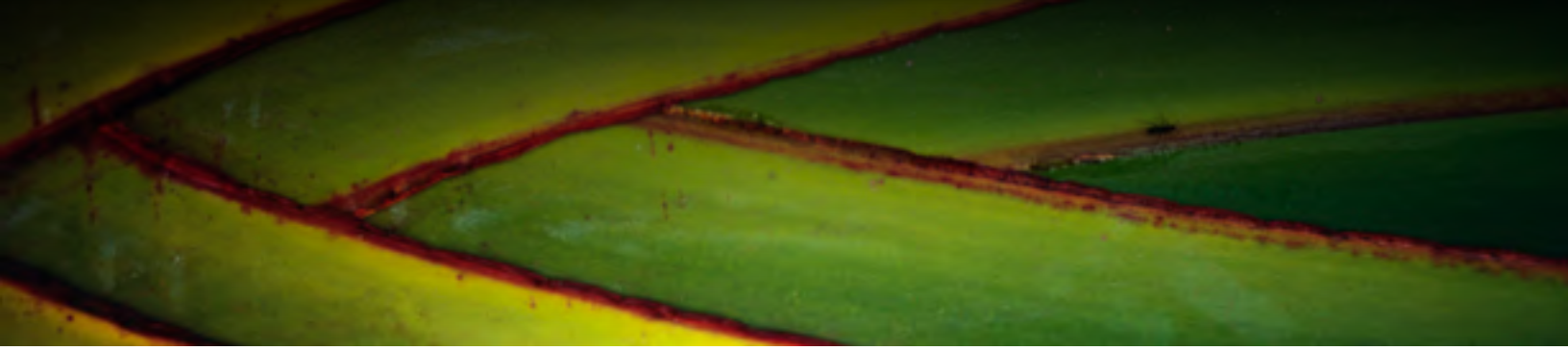
Very confident
Confident
Not very confident

Figure 10: How confident are you that your organization would be able to respond and continue business in case of a disaster, cyber attack or other emergency?



Very confident
Confident
Not very confident

Note: Numbers may not sum to 100% due to rounding.



Urgent! More awareness needed

Yet even with this recognition, some family business leaders (25%) don't know how cyber risks affect their businesses. Among those that are enlightened about cyber risk, 55% believe the risk is moderate to high.

Given the potential for devastating financial loss, tarnished brand (and resulting losses in family cohesion) and decreased personal safety, family businesses need to be certain they are optimizing their security in a connected, digital world. Due to concentrated ownership, family businesses have the advantage of being able to make and implement decisions quickly. Their biggest hurdle is likely understanding the most critical threats and learning how to implement effective plans to address them.

Addressing cybersecurity risks

Every business leader should know if his or her organization has optimal cybersecurity. *Get ahead of cybercrime: EY's Global Information Security Survey 2014* found that only 35% of organizations have their information security professionals present to the board or the top governing structure on a quarterly basis. It's important to remember that mitigating cyber risk is not about developing deep technical knowledge; it is about understanding how an organization's cybersecurity approach relates to organizational and strategic priorities and protecting the data that is vital to business and family success and security.

Lasting success

A healthy business with long-term growth potential, a cohesive family and proud legacy – that’s the ideal for nearly every family business. And it’s one that many of our survey participants have managed to achieve.

Through studying this group of exceptional businesses, others can better understand how to manage the challenges of succession and governance, how to navigate conflict with good communication, and how to improve family unity through inclusiveness and a proud brand.








These insights are not just helpful to other family businesses. The importance of family businesses to our global economy cannot be overstated. Information about how these businesses balance stability and growth through good times and bad can help shape business-friendly public policy and regulation, which in turn helps more businesses, with varied ownership structures, to flourish.

Questions family business leaders should be asking

What can we do to help ensure a smooth succession? | How can branding ourselves as a family business improve performance? | Are we really prepared for cyber attacks?

<p>Clearly define who has the responsibility for succession</p> <p>Work steadily to prepare the next generation for leadership</p>	<p>Build cohesion</p> <p>Differentiate yourself in the market</p> <p>Enhance customer loyalty</p>	<p>Take stock of risks and identify which are most critical to ongoing operations</p> <p>Have an information security officer reporting regularly to the board</p>
<p> More than 87% clearly identify who is responsible for succession.</p> <p> Average number of years family members must work outside the business before joining.</p>	<p> 68% say their family strongly identifies with the company – it is part of who they are.</p> <p> 64% say it helps them differentiate themselves from their competitors.</p> <p> 64% say it improves the reputation of the company with customers.</p>	<p> 25% don't know how cyber risks affect their business.</p> <p> 55% believe the cyber risk is moderate to high.</p>

How do we create an effective governance model? | How do we increase focus on corporate social responsibility and sustainability?

<p>Create a board of directors</p> <p>Implement governance agreements such as a mission statement, bylaws, family charter and family constitution</p>	<p>Form a family foundation</p> <p>Engage in philanthropic endeavors, giving both money and time</p>
<p> 90% have a board of directors.</p> <p> 87% think their board is doing a good or outstanding job.</p> <p> 56% have a mission statement.</p> <p> 43% have bylaws.</p> <p> 42% have articles of incorporation.</p> <p> 47% have a family foundation.</p> <p> 81% say they are engaging in philanthropy (nearly equally split between monetary contributions and service to the community).</p>	

How do we reduce unhealthy conflict? | How do we encourage women to join the business?

<p>Go through the process of creating a code of conduct, a mission statement or a family constitution to uncover any hidden issues</p> <p>Communicate regularly with family members about what's going on in the business</p>	<p>Create a welcoming and inclusive environment</p> <p>Consider women family members for leadership positions</p>
<p> 56% have a mission statement.</p> <p> 13% have a family constitution.</p> <p> 90% have regular family or shareholder meetings to discuss business issues.</p> <p> 70% have regular family meetings to discuss family issues.</p> <p> 41% report that women family members have shown increased interest in joining the business over the last three years.</p> <p> 70% are considering a woman for their next CEO; 55% have at least one woman on their board.</p> <p> They average five women in the C-suite and four being groomed for top leadership roles.</p>	

About EY's Strategic Growth Markets Network

EY's worldwide Strategic Growth Markets Network is dedicated to serving the changing needs of high-growth companies. For more than 30 years, we've helped many of the world's most dynamic and ambitious companies grow into market leaders. Whether working with international, mid-cap companies or early stage, venture-backed businesses, our professionals draw upon their extensive experience, insight and global resources to help your business succeed. ey.com/sgm

About EY's Family Business Services

EY is a market leader in advising and guiding family businesses. With almost a century of experience supporting the world's most entrepreneurial and innovative companies, we understand the unique challenges they face – and how to address them. We offer a personalized range of services aimed at the specific needs of each individual business – helping it to grow and succeed for generations. Our Family Business Global Center of Excellence is a powerful resource that provides access to our knowledge, insights and experience, connecting family business owners to their peers through the strength of our global network. ey.com/familybusiness

Notes

1. *Global Data Points; Family Enterprise Statistics from around the World*, Family Firm Institute, www.ffi.org/?page=GlobalDataPoints, accessed March 6, 2015.
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3. T.M. Pieper and J.H. Astrachan, *Mechanisms to assure family business cohesion: guidelines for family business leaders and their families*, Cox Family Enterprise Center, Kennesaw State University, 2008.
4. *In harmony: family business cohesion and profitability*, Ernst & Young LLP, 2014.
5. John Ward, *Keeping the family business healthy*, Jossey-Bass, 1987.
6. *The CS Gender 3000: Women in Senior Management*, Credit Suisse Research Institute, September 2014; Catalyst censuses (Fortune 500 and FTSE 250), 2014.
7. *The Business Case for Women on Boards*, Conference Board of Canada, 2012.
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10. *In harmony: family business cohesion and profitability*, Ernst & Young LLP, 2014.
11. T.M. Pieper and J.H. Astrachan, *Mechanisms to assure family business cohesion: guidelines for family business leaders and their families*, Cox Family Enterprise Center, Kennesaw State University, 2008.
12. Ibid.
13. Edelman PR conducts a trust survey every year, Edelman Trust Barometer, and its latest survey shows that family businesses are the most trusted of any business type worldwide with the exception of the APAC region. See slide 19 of www.edelman.com/insights/intellectual-property/2014-edelman-trust-barometer/trust-around-the-world.
14. J. B. Craig, C. Dibrell, and P. S. Davis, "Leveraging Family-Based Brand Identity to Enhance Firm Competitiveness and Performance in Family Businesses," *Journal of Small Business Management*, Vol. 46, Issue 3, 2008.
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16. M. Kaptein, "Business Codes of Multinational Firms: What Do They Say?" *Journal of Business Ethics*, 50(1), 13-31, 2004.
17. *In harmony: family business cohesion and profitability*, Ernst & Young LLP, 2014.
18. *Get ahead of cybercrime: EY's Global Information Security Survey 2014*, EYGM Limited, 2014.

EY Family Business Center of Excellence

The Family Business Center of Excellence brings together advisors from the EY global network to share knowledge and insight to address family business challenges and provide seamless service for internationally based, family-owned companies. Wherever you are based or whatever your needs, there is someone ready to help you to succeed for generations.

Visit ey.com/familybusiness for more information about our Family Business Center of Excellence.

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About the Cox Family Enterprise Center

Since 1987, the Cox Family Enterprise Center at Kennesaw State University has been dedicated to the education, recognition and research of family businesses. As one of the first university-based centers of its kind, the center remains focused on connecting people, ideas and knowledge to create a dynamic community to transform the family business ecosystem and further economic development.

Visit coles.kennesaw.edu/familybusiness for more information.

About Kennesaw State University

Kennesaw State University is the third-largest university in Georgia, offering more than 100 undergraduate, graduate and doctoral degrees. A member of the University System of Georgia, Kennesaw State is a comprehensive university with more than 32,000 students from 130 countries. In January 2015, Kennesaw State and Southern Polytechnic State University consolidated to create one of the 50 largest public universities in the country.

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