KPMG Private Enterprise

STEP PROJECT GLOBAL CONSORTIUM
FOR FAMILY ENTERPRISING

Global family business report 2025

Strategic growth through values and purpose

Executive summary

May 2025

Introduction

The influence of family-owned enterprises is becoming ever greater in the 21st Century. In an era defined by rapid technological advancements, global market shifts and increasing environmental and social responsibilities, how family businesses grow matters.

How should family business success be measured? Does the continuity of the business outweigh the diversification of family capital? Or is success best defined by a combination of financial strength, governance and long-term societal impact?

How can family businesses align their growth strategies with their evolving purpose, ensuring they remain resilient, relevant and impactful acrossgenerations? This report offers insights to these questions based on data generated from research by the STEP Project Global Consortium and the experience of KPMG Global Family Business Network.

> "Family businesses are expanding their field of vision where success is not limited to succession but to a meaningful transition of capital across generations."

Robyn Langsford
Global Leader
KPMG Private Enterprise Family Business,
KPMG International

Key Insights

Governance matters
High performing businesses were 10% more likely to have a formal board structure in place.

Build boards for impact
Businesses that exhibited high sustainability were typically led by boards with greater female participation.

Scale enhances performance
Businesses with more than 250 employees were more likely to be high performing than their peer group, and exhibit higher levels of sustainability and entrepreneurship than the global cohort.

Encourage entrepreneurship across generations
Family businesses with high transgenerational entrepreneurship (TES) lay the foundations for long term success.

Strengthen family relationships
Working closely, and effectively, together is a significant contributor to out-performance.

Multi-generational engagement enhances sustainability
As family businesses transition from generation to generation, consider enhancing the depth of multi generational engagement.

Communication can always be improved
Families need to pay particular attention to communication to ensure family relationships remain strong.

Consider how you may grow ‘inorganically’
Family Businesses are increasingly looking to engage in M&A activity and finding new sources of ‘growth’ capital funding as a basis for diversification and international expansion.

Engaging in M&A activity requires experience and confidence
Before developing a strategy of M&A consider the capacity of the leadership and the board to undertake the transaction.

How do you continue to grow ‘family capital’?
We are witnessing the evolution of ‘family businesses’ becoming ‘business families’ investing more widely outside the equity in their own business — how will you grow in the future?

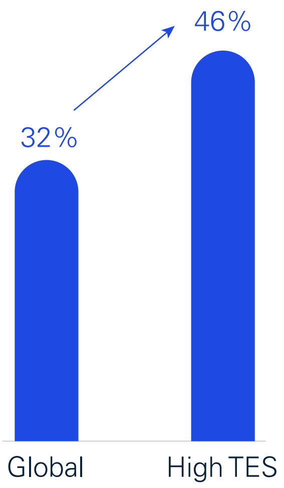
Building long term growth and sustainability

2,683 Family businesses were surveyed in 2024

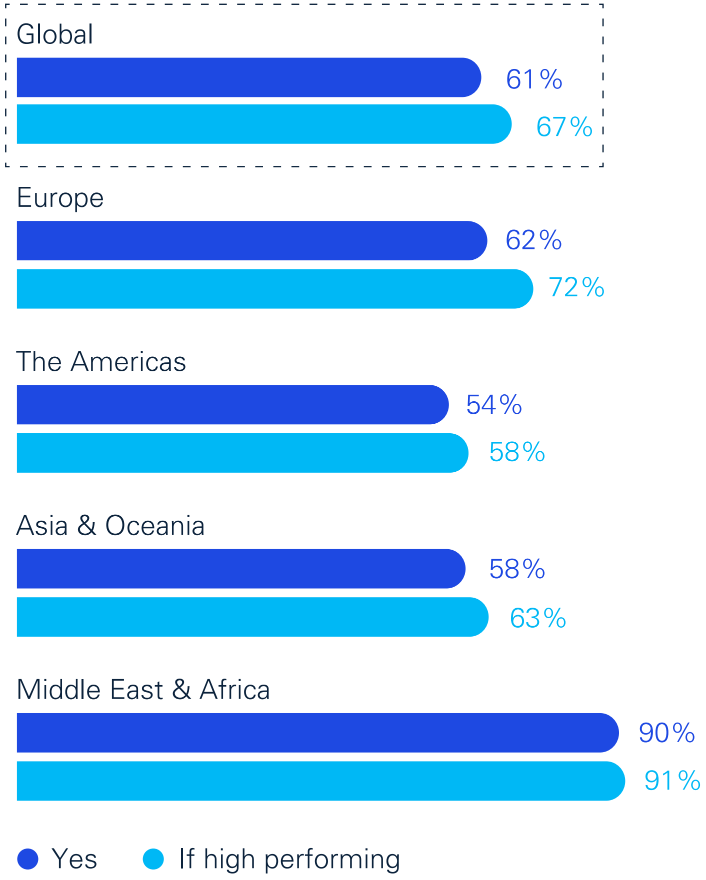
32% Of these were high performing

67% And over 2/3rds of these had formal boards v's 61% of the overall

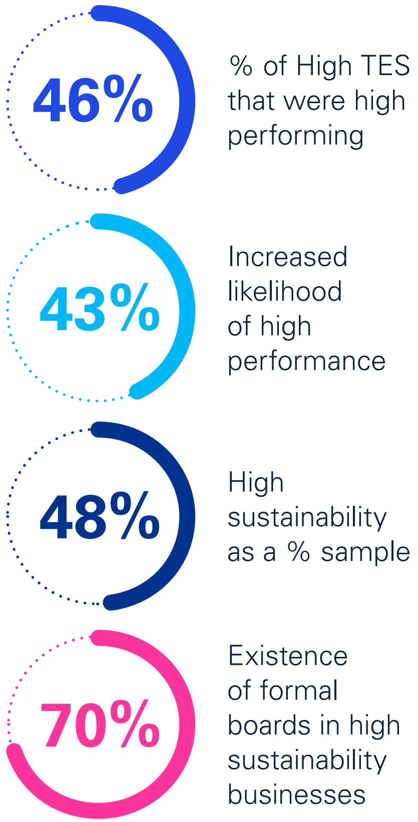
High performance



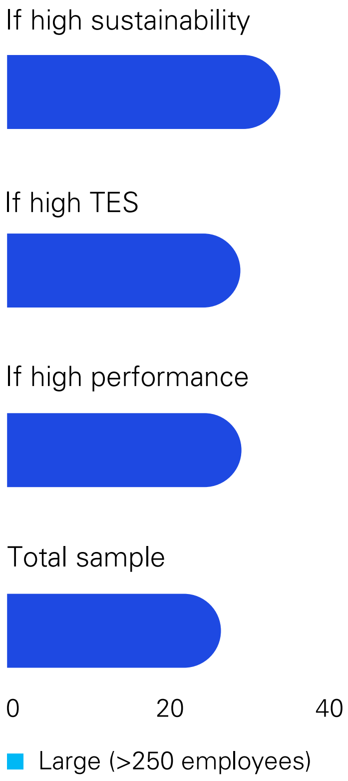
Boards matter



Key stats and attributes % of sample



Scale impacts



Entrepreneurship and ‘growth’ capital

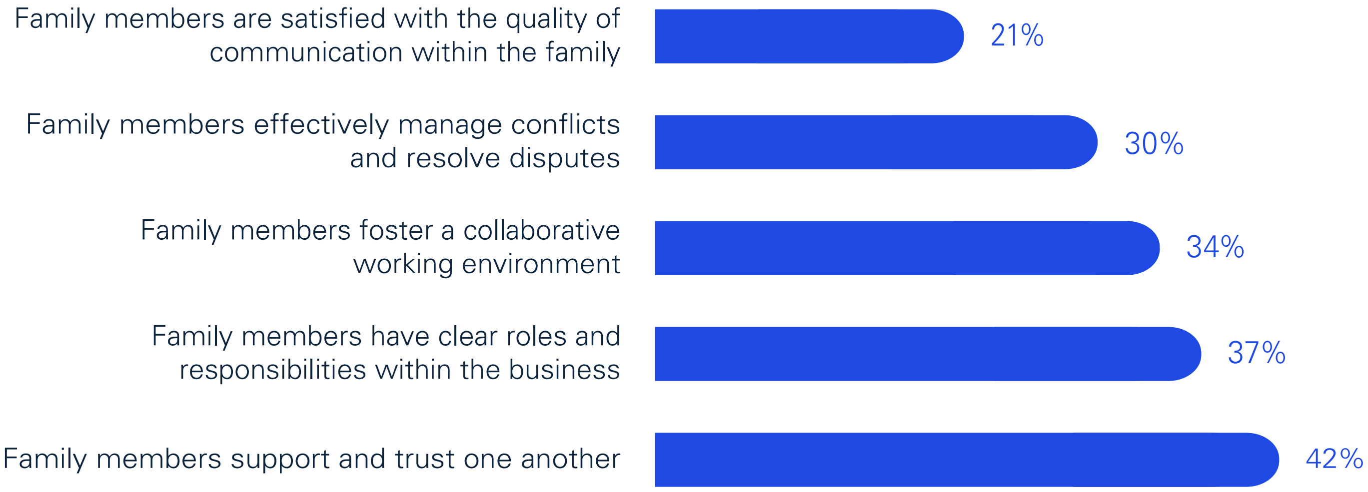
50%

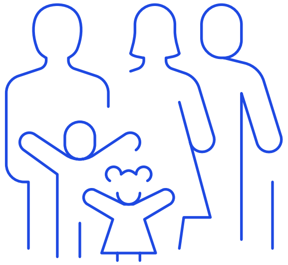
The correlation between high TES and high sustainability in family businesses

70%

Family entrepreneurship is ‘embedded’ with the practice of over 70% of family businesses

Family relationships (Strongly agree %)





38%

of family businesses are not comfortable with the quality of communication within the family

Just

52%

of next gen family members play a role in strategy development

20%

in the past three years, almost 500 of the family businesses that were surveyed engaged in M&A activity.

60%

of the targets were other family businesses

Growth matters

Value creation through growth is crucial for a family business because it can help ensure long-term sustainability and ultimately the successful transition of the business across generations.

Done well, it builds a family identity across generations and enhances a sense of legacy, encouraging continued family engagement. By fostering growth, family businesses can stay competitive in a dynamic market and provide a platform for enduring prosperity.

Unplanned or unbalanced growth can have a disruptive effect. It creates confusion as to the basis of growth, has the potential to create conflict, if it is achieved at the expense of the family's values and is not consistent, leading to the inevitable reversal of fortunes eroding both value and family support.

In short, how a family business grows matters.

Conversely, bad growth would be seen as adversely affecting the long-term health of the business, its value and the reputation of the family as owners.

Long-term value creation within a family business requires careful consideration of the business's financial performance, sustainability and capacity to generate good growth.

As family businesses grow larger, achieving good growth becomes more complex.

Driving value creation through growth

Actions to take

1. Diversification of revenue streams
2. Strengthen financial systems and processes
3. Build strong customer loyalty
4. Strengthen business governance and leadership
5. Encourage a culture of innovation
6. Develop and retain talent
7. Plan for Succession
8. Align your business growth strategy with the family's long-term vision
9. Expand networks

Governance for Growth

Governance is crucial for the growth of a family business because it establishes clear decision-making processes, reduces conflicts and ensures long-term sustainability.

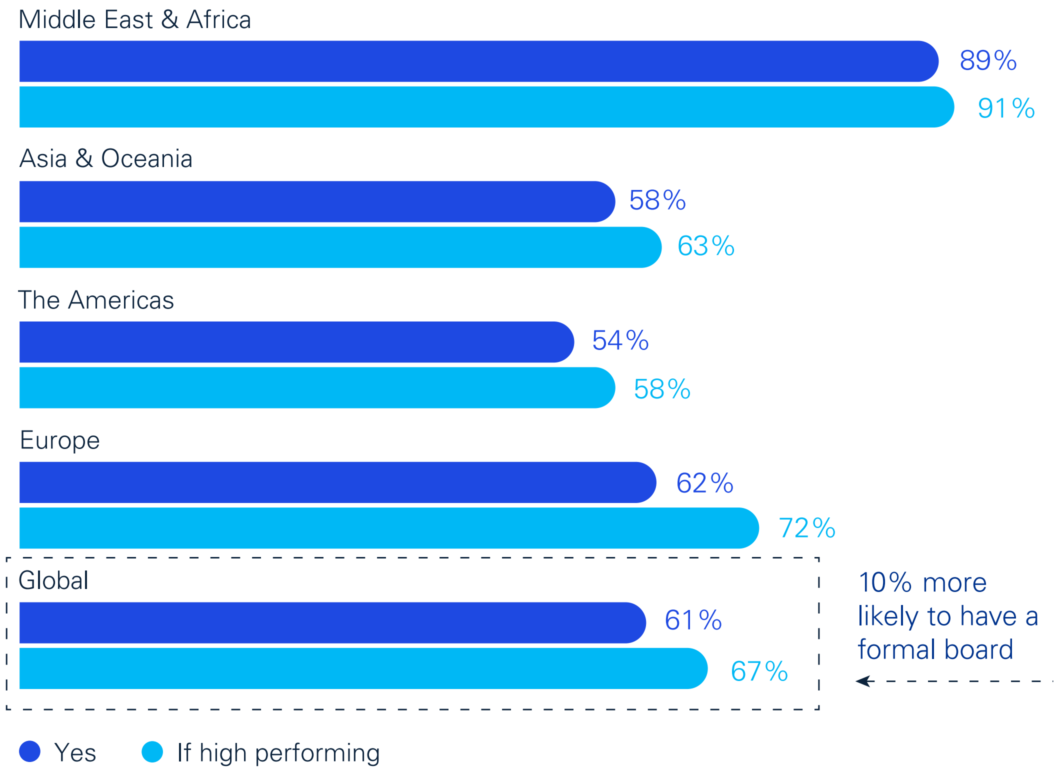
Governance and formal boards — they matter. The adoption of formal boards can often be a sticking point for many family businesses. Common rebuttals include: 'We don't have the scale to justify having a board.', 'Who could tell me more about my business than I already know?', 'I'm too busy in the business to set up a board.'

However, from our analysis, good governance and the existence of a formal board matters. Specifically, the data shows that 67 percent of high-performing family businesses had a formal board, relative to the global sample of 61 percent. Interestingly, the region with the highest percentage of formal boards was Middle East and Africa with 89 percent of the regional total having a board. The impact was most profound in Europe with 72 percent of high-performing businesses having a formal board versus the percentage of the population as a whole of 62 percent, effectively a 16 percent increase.

While the existence of a board matters, the composition of the boards of high-performing businesses were not markedly different from the composition of boards in the global sample — high-performing family business boards shared similar characteristics, with regards to their size, number of family members and inclusion of non-family members.

However, we found that how the board is structured can affect a business' capacity to innovate and be sustainable.

Board relevance



Sustainability as a growth driver

Sustainability is increasingly becoming a strategic priority for family businesses seeking growth. Sustainability supports the preservation of the business for future generations, provides economic benefits, creates competitive advantages, enhances employee engagement, improves stakeholder relations and ensures regulatory compliance.

Companies that integrate sustainability into their strategies can achieve long-term profitability by reducing costs (e.g, energy efficiency, waste reduction).

At the same time, consumers and investors increasingly favor businesses with strong ESG practices, leading to enhanced brand loyalty and market positioning.

The sustainability of family businesses and the adoption of sustainable practices can be problematic where there may be a potential conflict between generational perspectives. The "Unlocking Legacy" report discussed this challenge as the legacy paradox, where older members may prioritize traditional business approaches while younger members advocate for modern, sustainable initiatives.

As a basis for understanding the extent to which generational thinking may support the development of sustainable practices, we examined the likelihood of multiple generations being involved in the management of an enterprise.

We found that where a family business is exhibiting a high-level of sustainability, they would be predominantly led by a single generation of management.

However, it was also the case, globally, that these businesses would have a higher proportion of management from multiple generations than the global sample. This trend toward multigenerational management influencing sustainability is more likely to increase as family businesses become led by younger members of Generation X and millennials.

The characteristics of family businesses that demonstrated high sustainability included the following:

16%

are more likely to be large scale than high-performing businesses in general, and

Nearly

70%

had a formal board
(versus 62 percent of the global group).

Fostering growth through M&A

Growth capital is essential for family businesses to scale operations, expand into new markets, fund innovation, adopt digital transformation and remain competitive. Unlike working capital, which covers day-to-day expenses, growth capital is used for long-term strategic investments that drive expansion and sustainability. In this section, we explore family businesses undertaking inorganic growth through acquisitions.

As our analysis indicates, we are also witnessing an increase in M&A-style activity from family businesses themselves.

We found in the survey data, evidence of family businesses engaging in M&A activity with 485 of the respondents indicating they had undertaken acquisitions in the three-year period to mid-2024.

Of these, over 60 percent were acquisitions of family businesses by family businesses, with European businesses undertaking the highest percentage of the total and the highest percentage directly related to family business acquisitions (71 percent).

The data is representative of the growing interest in both inorganic strategic acquisitions and the readiness of targets to contemplate the role of third-party capital from a successional perspective and from a broader funding sense.

It would be anticipated that family businesses as acquirers would undertake M&A activity off the back of solid business performance and their capacity and confidence to execute the transaction.

The deeper analysis of the data also showed that transgenerational entrepreneurship orientation was important in the structure of family businesses undertaking M&A activity. We found that nearly 40 percent of these businesses had also recorded high TES.

However, family firms are sometimes reluctant to engage in M&A, fearful of losing control and the sense of heightened risk exposure, but when family firms carefully select acquisition targets that align with their core values and long-term objectives, they can achieve favorable financial outcomes.

The emphasis on long-term value creation and prudent risk management often guides family firms toward more strategic and deliberate M&A decisions.

At the same time, family firms often have a long-term orientation and a strong commitment to social andenvironmental responsibilities. This commitment can influence their M&A strategies, as family firms seek acquisition targets that enhance their sustainability performance and align with their values.

“

For family businesses, international acquisitions are more than just financial transactions — they are strategic moves shaped by ownership structure, leadership and long-term vision. While dominant family owners see M&A as a means to secure the firm’s future and expand its legacy, those with dispersed ownership often struggle with balancing risk and control. A well-governed board must recognize these dynamics, ensuring that acquisition strategies align with both financial objectives and the socioemotional wealth priorities of the family. ”

Andrea Calabrò
STEP Project Global Consortium Academic Director,
IPAG Chair for Sustainable Family Business & Entrepreneurship,
IPAG Business School

The role of family offices in supporting family business growth

As family businesses expand across generations, the need for professionalized financial oversight and long-term planning becomes increasingly critical. Family offices serve as dedicated entities that help manage assets, mitigate risks and align financial decisions with family values and business goals.

A well planned Family Office can contribute to the growth and long-term sustainability of a family business.

A Single Family Office (SFO) is typically a stand-alone entity dedicated to managing the wealth of a family and enhancing the family's overall capital.

Increasingly, families are embedding family offices within their family business. An Embedded Family Office (EFO) is typically deeply integrated and aligned with the family enterprise, as a whole.

Increasingly, family businesses are now seeing the EFO as a separate profit center. Rather than isolating the activities of the family office away from the family business, EFOs are instead deliberately complementing the activities of the family business by sourcing new investment opportunities and managing M&A activities.

Often referred to as patient capital, the family office's motivations behind investment decisions are led, not by a responsibility to a broader investor base, but to the principal objectives of the family as owners.

"Private equity firms are attracted to well-run family businesses with proven performance and market penetration. Increasingly they are offering 'growth' capital to leverage their expertise and enhance operational performance in a business which is a complement to their existing portfolio. For the owners of the family business, it requires an appreciation of the value of these enhancements and an understanding of expectations of private equity, as new investors."

Gavin Geminder
Global Head of Private Equity
KPMG International

Measuring success — Toward long-term sustainability and growth

Family businesses are at a pivotal moment. Generational transitions, rapid technological shifts, and growing demands for environmental and social responsibility are reshaping the way family businesses define and pursue growth. Standing still is not an option.

As Baby Boomer CEOs step aside, they pass down more than just leadership. They transfer the responsibility -and opportunity- to reimagine what success looks like for the next generation. That means going beyond wealth preservation to embrace innovation, long-term value creation and purpose-led governance.

This report has outlined the most critical drivers of growth for today's family enterprises:

- **Governance and leadership** must be recalibrated for the future, clarifying roles, strengthening decision-making and preparing the next generation to lead with purpose.
- **Sustainability** is no longer a side initiative. Instead, it is a strategic driver of growth. Businesses that embed ESG principles into their operations are building resilience and securing relevance.
- **Strategic investment and M&A** are emerging as key levers to accelerate growth. Seizing these opportunities, however, requires careful planning, the right partners and a willingness to evolve.

The path ahead will likely demand tough decisions and shared commitment across the family, the business and the broader community.

The next 5 to 10 years may separate the family businesses that merely survive from those that lead with intention and build a lasting legacy. With the right focus, your family enterprise can grow not just bigger, but better.

Methodology

This report draws on findings from a global survey of 2,683 family business CEOs conducted in the second half of 2023. The survey, available in 18 languages, **captured responses from leaders across**

80 Countries territories and regions,

offering a broad, multi-generational perspective on family business growth and performance.

Respondents represented businesses with an average of 42 years, ensuring insights were grounded in long-term experience and cross-generational dynamics. The survey explored core areas influencing sustained success in family businesses, including governance practices, transgenerational entrepreneurship, sustainability commitments and evolving family legacy. Participants were asked to assess their business performance over the past three years, enabling the identification of key differentiators among higher-performing family firms.

To deepen out understanding, we also conducted regional roundtable discussions with **21 family business leaders** and next-generational members. These sessions provided practical, real-world perspectives on how values and structures shape strategy, growth and long-term impact.

Findings were analyzed by region, company size, generational stage and governance model to better understand how strategic choices and family values drive growth across family enterprises worldwide.

Lead authors

Robyn Langsford

Global Leader, KPMG Private Enterprise Family Business, KPMG International, and Partner in Charge, Family Business and Private Clients, KPMG Australia

Robyn Langsford is a trusted adviser to privately held businesses, including family businesses and offices, startups and expanding businesses. She has more than 25 years of experience working closely with private clients to deliver important financial and tax advice tailored to their business and the challenges they face. Robyn particularly enjoys working with family businesses and has assisted many family and private groups working through a number of issues, including asset protection, succession planning, tax-effective structuring and helping to meet their philanthropic objectives.

Dr. Andrea Calabrò

STEP Project Global Consortium Academic Director,
Director, IPAG Chair for Sustainable Family Business & Entrepreneurship,
IPAG Business School, Professor, SDA Bocconi School of Management

Dr. Andrea Calabrò is the Global Academic Director of the IPAG Chair for Sustainable Family Business & Entrepreneurship and Professor of Family Business & Entrepreneurship at IPAG Business School, France. He is Global Academic Director of the Successful Transgenerational Entrepreneurship Practices (STEP) Project Global Consortium. He has published journal articles on family firms, internationalization and corporate governance in leading international journals, such as Strategic Management Journal, Entrepreneurship Theory & Practice, Family Business Review, Harvard Business Review and Journal of Business Ethics.

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