



The best family businesses

KPMG Enterprise is here to help



Congratulations

As part of a successful family business you have experienced the challenge of balancing family life with the needs of the business. We know that this is not always easy but you have made it work, which is a significant achievement.

The next challenge is what needs to be done in order to cope with the changes that will inevitably happen in both the business and the family. To make the best decisions, you need to know the alternatives to doing what you have done in the past.

Our team of specially trained consultants provide practical ideas and information that will help you to decide how to continue being a successful family business.

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The best family businesses....

are clear why they want to be in business together

The greatest strength in a successful family business is a clear Shared Purpose among the family that is understood by the other key stakeholders.

The Shared Purpose describes what the family is striving to achieve by being in business together. While the best family businesses prioritise overall financial success of some sort, they often also seek other types of return on investment.

- A desire for the business to continue into the next generation as a family legacy.
- Attachment to the type of business or the place where it is based.
- Attachment to the business brand or logo, especially when this includes the family name.
- A sense of personal identity, pride and self-esteem through involvement in the business.
- Remaining connected as a family through the business as individuals follow their own careers and lifestyles.
- Putting something back into society by creating jobs or through philanthropy.



Why do you want to be in business with your family?

How KPMG Enterprise can help

Our consulting process will help your family agree if there is a good enough Shared Purpose for them to continue being in business together.

As a result, everyone - owners, leaders, managers and other family members – will know what is expected of them in the future and what they can expect of each other.

There is no better foundation for a successful family business than a clear Shared Purpose.



The best family businesses.... are clear about the roles of family members in the business



- Do you want family members to create new ventures that will be supported by the business?
- Do you want family owners to be hands-on in control of managing the business?
- Can you imagine a future where family owners oversee others who run the business for them?
- Are family primarily investors who should seek the best financial return from the business?

These are all potential roles for family members in the business. The best outcome will depend on your Shared Purpose, the talent in your family for these different roles and how you feel about involving non-family in the business. Your decision on these roles will ultimately affect how the business and the family need to be organised in order to continue being successful.

What roles will family members have in the future?



How KPMG Enterprise can help

- We can help you agree the roles for family that balance the needs of your business and the ability in your gene pool.
- We can help you decide who can be an owner and what the owners do and get for being an owner.
- We can help you decide how family members can get a job in the business or support for new ventures.
- We can help all generations involved in these discussions to decide if the changes that need to happen are good enough for them to move forward as a family in business together.

The best family businesses... are well organised

Successful family businesses are different in many ways, but they have one thing in common. They are all well organised.

There are no best practices that apply to every family business. Some introduce new structures like an owners assembly where the owners meet to make key decisions. They might have a separate family assembly for the family who are not owners to learn about the business and work at maintaining the family glue. These families could have written policies to cover sensitive areas like ownership, employing family members, paying dividends or family philanthropy.

Other families prefer a more informal approach, where people are trusted to know what to do based on a clear Shared Purpose. These families meet whenever they need to do so without having a formal gathering. They feel that too much formal governance might weigh them down and make the family business over-complicated.



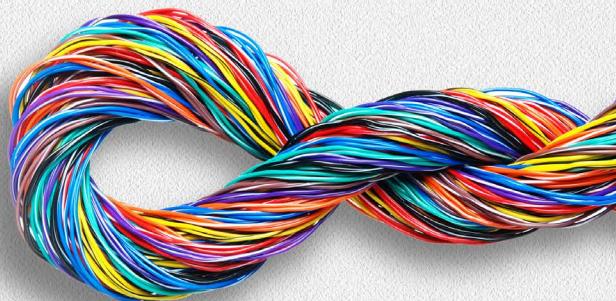
How do you need to be organised?

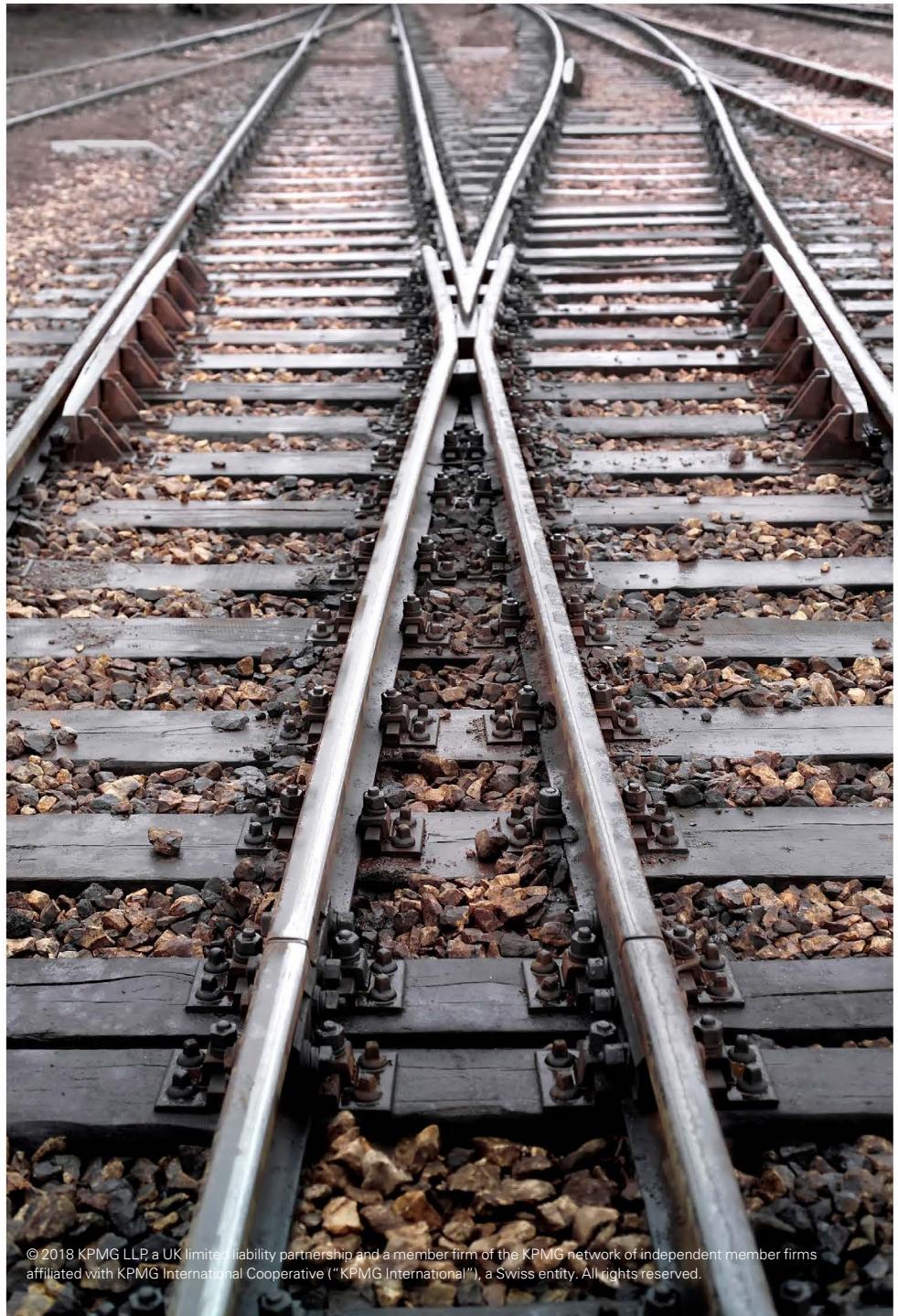
How KPMG Enterprise can help

Deciding how to balance the interests of the future owners, the business and the family is a lot easier after you have agreed **Why** you are in business together (the Shared Purpose) and **What** roles family will have in the future of the business.

As well as navigating you through the discussions that need to take place, we have the advantage of having worked with a lot of family businesses. They have come from many sectors, been at different generational stages and range from small businesses to large international enterprises.

Combining this experience with the latest research about family businesses makes us confident that we can help you decide **How** the relationship between your family and the business needs to be governed in the future.





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The best family businesses.... sometimes sell and move on

There is a lot of positive comment about how long some families continue in business together, which we celebrate as much as anyone. However, sometimes selling the family business can be the right decision.

The family could have lost their passion for the business and concluded that they do not have a Shared Purpose that motivates them to remain in business together. They might have received a great offer to sell the business or concluded that this is the best way to resolve family discord in relation to the business.

Selling a family business is always a commercial and technical matter and sometimes it can be emotionally challenging. Having the right help will be key to getting the best deal, overall.

How KPMG Enterprise can help

- We can help you to decide the best time to sell.
- We can value the business and market it for sale.
- We can help you identify the other non-negotiables about sale that matter to your family.
- We can carry out diligence on the purchaser to make sure that you can trust them.
- We can advise on forming a working party to negotiate on behalf of all the family owners.

- We can discuss with you what the family will do after the sale and help you avoid the risk of seller's remorse.

This service combines our deep appreciation of family businesses with the range of financial, commercial and tax services that are needed to achieve the best deal and the type of successful future for your family that lies beyond the deal.

Six elements of a strong family business

As with your family, your business doesn't stand still — it evolves.

Family businesses are unique, at the core lies an important dynamic connecting the family and the business through the family's ownership, which offers both opportunities and challenges. Surrounding each decision you may take, are strong family values and a purpose that helps you navigate the journey ahead. KPMG Enterprise advisers understand the dynamics of a successful business and work with you to provide tailored advice — throughout the lifecycle of your business.



2017 Source: KPMG Enterprise Family business dynamics

About Family Business Consulting

KPMG has a team of specially trained family business consultants. Our clients range from first generation businesses to multi-generational, global businesses with many shareholders.

Our role is to help the family and other stakeholders understand their options for the future and support them in making decisions that combine their aspirations, traditions and values.

Our consulting process has been developed over 20 years and is based on extensive research combined with wide practical experience of the realities of life in a family business. We provide an independent and experienced view and have the skills to facilitate discussions on matters that can sometimes be sensitive.

As enthusiastic champions of family entrepreneurship, we are actively involved in improving the overall awareness of the economic and social contribution made by family businesses.

Why?



Why does the family want the business to continue?

What?



What type of involvement does the family want to have?

How?



How do the family and the business need to be organised to achieve these objectives?

KPMG Enterprise is here to help

Here to help



We have a team of specially trained family business consultants.



The practice is led by Ken McCracken who is one of the leading experts in the field.



We have an effective process for helping family businesses that is based on extensive research and practical experience.



We are skilled in facilitating discussions among stakeholders, which can sometimes be sensitive.



We will help you decide important issues like who can be an owner and how family members join the business.



We provide many examples of what other family businesses have done in similar situations, which is invaluable.



We offer an experienced and independent view that is helpful when everyone else has a significant stake in the outcome of any discussions.



We provide training for families who want to improve their understanding in what makes a family business successful.



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About KPMG Enterprise

Passion, it's what drives entrepreneurs, family businesses and fast-growing companies alike. It's also what inspires KPMG Enterprise advisers to help you drive success. You know KPMG, you might not know KPMG Enterprise. KPMG Enterprise advisers in member firms around the world are dedicated to working with businesses like yours. Whether you're an entrepreneur looking to get started, an innovative, fast-growing company or an established company looking to an exit, KPMG Enterprise advisers understand what is important to you and can help you navigate your challenges — no matter the size or stage of your business. You gain access to KPMG's global resources through a single point of contact — a trusted adviser to your company. It's a local touch with a global reach.

KPMG Enterprise Global Centre of Excellence for Family Business

From the boardroom to the kitchen table, KPMG Family Business advisers share practical advice and experienced guidance to help you succeed. To support the unique needs of family businesses, KPMG Enterprise manages a global network dedicated to offering relevant information and advice to family-owned companies. We understand that the nature of a family business is inherently different from a non-family business and requires an approach that considers the family component.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

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