# Global family business report 2025

**Strategic growth through values and purpose**

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# Foreword

Family businesses are the backbone of economies worldwide, representing a significant share of global GDP and employment. Their unique structure, combining familial relationships with entrepreneurial ambition, offers both distinct advantages and complex challenges. As family business leaders confront evolving market conditions, identifying and leveraging growth drivers becomes essential for long-term success and sustainability.

The influence of family-owned enterprises is becoming ever greater in the 21st century.[1] Their unique role in the economic and social fabric of countries is widely recognized for the stability and sustainability they offer. However, in an era defined by rapid technological advancements, global market shifts, and mounting environmental and social responsibilities, the very definition of growth is changing. Today, growth is no longer just about financial expansion. It's about building adaptability, strengthening purpose and contributing to a more sustainable future.

This report is designed specifically for family business leaders who are seeking to evolve and grow in today's dynamic environment. Through this series of articles, we explore the key factors that enable family businesses to thrive across generations - from governance frameworks and leadership development to innovation strategies and accessing growth capital.

Each article offers practical, evidence-based insights tailored to the distinctive realities of family enterprises. Going beyond theory, this series provides actionable ideas that reflect the lived experience of family business leaders. Whether you're facing succession pressures, entering new markets or redefining what success looks like, family business leaders will find useful guidance that speaks directly to your priorities.

We examine how to preserve legacy, while remaining competitive.

We also offer insights into how to embed values into governance, navigate growth without compromising identity, and how to create not only financial value, but long-term, values-driven impact.

Through this report, we aim to help you grow better, not just bigger.

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[1] Conservatively estimated to represent over 70 percent of all businesses and presumably a higher proposition of private companies themselves. *Jayakumar, T., Conti, E., & Calabrò, A. (2025). Chapter 1: The grand transition: Family businesses leading the path towards a sustainable future. In* Jayakumar, T., Conti, E., Calabrò, A., Rivas, A. A. A., & Rodríguez, Y. E. (Eds.). (2025). *Family Business Sustainability Case Studies Across the World.* Edward Elgar Publishing.

Family businesses are expanding their field of vision, imagining new markets, new features and redefining success not as succession alone but as a meaningful transition of purpose and capital across generations. This transformation is driven by something deeper: a sense of purpose grounded in family values, responsibility to community and a long-term vision that embraces sustainability as a strategic imperative.

It is this ability to deliver 'value with values' that sets successful family-owned enterprises apart.

We invite you to engage with each article as we explore what lies behind the essential growth drivers shaping the future of family businesses. Through evidence-based insights and real-world observations, this series aims to support your next chapter of growth - helping your family business enterprise succeed with strength, clarity and intention.

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# Introduction

**32 percent of family businesses exhibit high performance relative to their peers**

**46 percent demonstrated high levels of entrepreneurship coupled with close family engagement (high TES)**

**48 percent exhibited 'high sustainability'**

**What measure matters most?**

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 across generations? 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.

Growth, in the realm of family businesses, transcends the mere increase in sales figures. It embodies a multifaceted pursuit essential for the enduring prosperity and sustainability of the enterprise, often underpinning the very legacy and identity of the family.

More than ever, successful family businesses recognize that sustainable growth requires balancing financial performance with social responsibility, environmental impact and effective governance. The ability to innovate while maintaining a clear sense of purpose is what distinguishes those that endure across generations.

Nearly **2,700 family businesses**, globally, contributed to this research and increased our understanding of what makes for family business success.

Put another way, family businesses that can both instill an 'entrepreneurial mindset' and also leverage their unique familial resources and capabilities, across generations, create what is referred to as 'transgenerational entrepreneurship' or TES. The higher the TES, our research suggests, the greater the likelihood of increased financial performance and enhanced social and environmental impact.

Since 2019, KPMG Private Enterprise and the STEP Project Global Consortium have examined some of the key aspects of growth in a family business, including the importance of 'entrepreneurship' and 'innovation', the capacity to leverage their long-term vision toward a sustainable future and the need to manage the transition of family ownership and control across generations.

In our 2024 research report "Unlocking Legacy — the path to superior growth for family business", we identified the impact of a 'dynamic' legacy, whereby family businesses successfully balanced tradition and innovation, to drive superior business performance.

This year's report provides a deeper understanding of the core drivers of family business growth, structured around three interconnected themes:

1. **Effective governance and leadership**
   Highlighting the role of governance structures, board effectiveness and leadership transitions in sustaining long-term success.

2. **Sustainability as a growth driver**
   Demonstrating how integrating environmental and social principles alongside good governance ('ESG') is no longer optional but essential for future resilience and value creation.

3. **Strategic investment and the role of M&A and "growth" capital**
   Examining how family businesses are pursuing 'inorganic' growth through mergers, acquisitions and sourcing external capital from private equity and family offices.

By focusing on these themes, this report aims to provide global family business leaders with the knowledge and tools they need to navigate the complexities of managing growth across generations and to unlock a pathway to sustainable growth and long-term value creation.

> "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

# Contents

# Inside the **data**

This report examines how effective governance, sustainable business practices and mergers and acquisitions (M&A) activity are shaping success in family enterprises - revealing the key drivers behind today's successful family businesses.

# Key survey findings

We surveyed nearly
**2,700 family businesses**
and asked them to qualitatively assess their business performance in the last three years relative to their peers and competitors.

**32%**

of the **2,683 businesses** surveyed reported they were high performing

**Two-thirds**

of high-performing businesses had a formal board

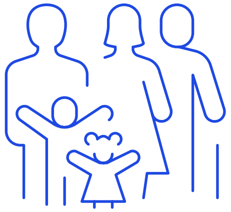
**Generational differences** emerged with millennial CEOs enhancing performance

The larger the scale of the business increased the likelihood of **high performance**

We wanted to understand the characteristics of these
**high-performing businesses,**
understanding from previous research the interconnectedness of characteristics such as governance, entrepreneurship and innovation, and sustainability.

**46%**

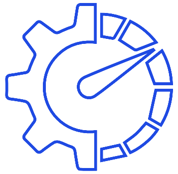
of the global sample exhibited high levels of **transgenerational entrepreneurship** (high TES)



**46 percent** of high TES businesses also reported high performance — a

**43%**

increase on the global sample



**48%**

of the global sample exhibited high levels of **sustainability**

## Family businesses can take actions to have a positive impact

**70%**

of high-sustainability businesses had a formal board structure

Over **80%**

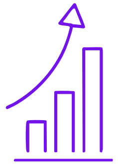
of these businesses reported high performance

We also wanted to see the extent to which family business success was attributable to **'risk-taking'** reflected by a willingness to engage in M&A activity.

We found that businesses engaging in M&A activity, on average, exhibited a 14 percent higher business performance than those that are not

Over
**60%**
of family businesses undertaking M&A activity targeted other family businesses

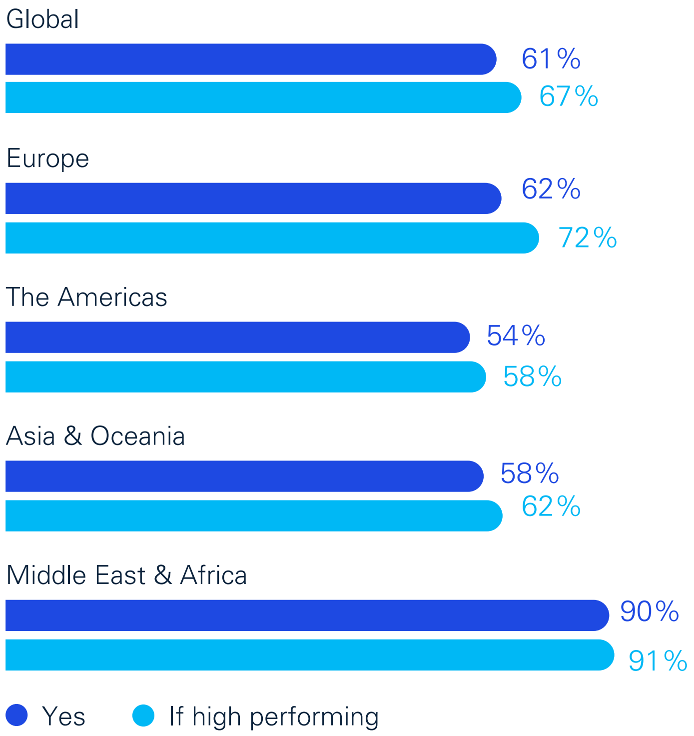
M&A activity enhanced
**'sustainability'** —
promoting the idea that 'growth' is good



Boards matter and the existence of a board meant that businesses in our survey were globally

**10%** more likely to be high performing.

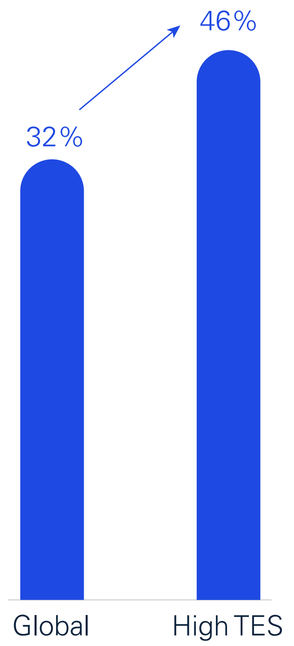
### Board relevance




Family businesses exhibiting high levels of 'transgenerational entrepreneurship' were over

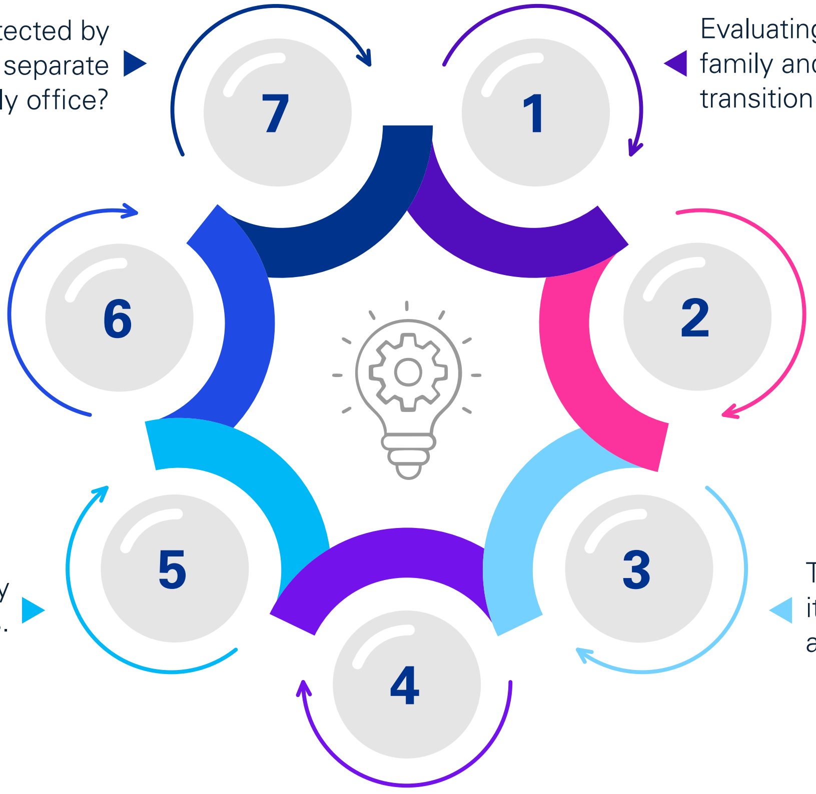
**40%** more likely to be high performing.

### High performance



Within family businesses there are pearls that can be extracted. By examining the data compiled from our research, we explore ideas and strategies that can help family businesses grow, enhance their family capital and drive long-term outperformance.

Specifically, we discuss:




1. Evaluating what success means for the family and the family business at moments of transition.
2. Taking stock of the family's and the family business's balance sheet of skills and networks to uncover the potential of next generation leaders and their ideas.
3. Thinking about how the family business may enhance its governance structure to increase its performance and encourage innovation and entrepreneurship.
4. How a growth strategy can be orientated around the family's long-term vision and sustainability.
5. How a growth strategy may be enhanced by acquisition of other businesses.
6. Can the introduction of growth and succession capital work for the benefit of the family as long-term owners of equity?
7. How can the family's financial capital be protected by diversification and the establishment of a separate family office?

02

# Measuring success for long-term **business growth**

Even if you are unfamiliar with the study of family businesses, you would probably be familiar with the phrase ‘shirtsleeves to shirtsleeves in three generations’, and its meaning.

Even if you are unfamiliar with the study of family businesses, you would probably be familiar with the phrase 'shirtsleeves to shirtsleeves in three generations', and its meaning.

So common is its use, that the perceived main struggle for families in business is how to successfully transition the management, ownership and control of family businesses across generations rather than succumb to failure in three.

It's only natural that families in business want to sustain their business for its financial security, and the broader benefits it brings to the family: growing social and human capital, and the legacy their efforts create. For many families, the business is what binds the branches across generations together.

However, increasingly families are defining their success more widely.

Many of the world's largest public and private companies, with significant ownership in the hands of the original family, are influenced by the original family owners and still influenced by that family's values and business culture.

They include:

**Walmart**[2]
**46 percent**
owned by the Walton family in the US

**Exor**[3]
**53 percent**
owned by the Agnelli family in Italy

**Schwarz Group**[4]
still **100 percent**
owned by the Schwartz family in Germany

## The transition of a family in business to a business family

One of the primary ways families are redefining success is by evolving from founder-led to family-run to family-owned models — each reflecting a shift in how the family relates to the business.

This transition is often referred to as the move from a 'family in business' to a 'business family' and, although difficult, is important for the sustainability and success of both the business and the family.

Typically, a business family adopts a more structured and professionalized approach with a focus on board structure and governance and the development of separate family-orientated forums or councils. Some business families have grown to such an extent that representation on family councils is itself subject to formal rules and guidelines.

Essentially, a business family is the family agreeing to step back and acknowledge the ability and skill sets of other managers to be able to enhance the value of their interests beyond their own capacity to do so.

2 https://www.barrons.com/articles/walmarts-walton-family-expands-voting-power-to-next-generation-2a23cfea
3 https://www.exor.com/pages/investors-media/shareholders-corner/ownership-structure
4 https://www.forbes.com/profile/dieter-schwarz/

## From a business family to a family enterprise

Having agreed that the value of their business may be enhanced by the leadership of non-family members, a family may also take the opportunity to examine the depth of their own balance sheets.

It is quite enlightening for families to undertake an examination of their family capital in this way. It creates an opportunity for a family to discuss its own social, economic and cultural value, for example, to better understand the extent of its social network, the depth of the expertise of the family and its applicability to the future well-being of the family as an enterprise of itself.

It helps families and individual family members consider a future that is not defined by a narrow path, and at the same time, see as the next iteration of success, the growth in value of the family's human capital.

It can often lead to the family investing in other forms of family capital, most obviously social capital and the development of philanthropy through foundations and charitable trusts. There are many families who are better known now for their work as philanthropists than as business owners, and therefore have enhanced the family's reputation and social capital, which has benefitted subsequent generations.

## Enhancing family capital

Defining and measuring success, depends fundamentally upon the stage of the family businesses' development, the nature of the family's capital, at that time, and the role to be played by the owners of that capital.

At some point, particularly, during times of generational transition, the definition of what success represents may shift from a focus on entrepreneurial endeavour to consolidation and reinvestment.

So just as the nature of success may change, dependent upon the maturity of the family business, so may the need to preserve or maintain that financial success. As the growth of the family business enhances the family's return as owners, so may the family decide to reallocate that capital away from the needs of the family business toward the family enterprise.

The concept of an embedded family office emerges from the decision to use excess capital for investment into other asset classes, business opportunities or further speculation by the family business owners.

This arrangement often continues until the family office capital grows large enough to justify a dedicated management function, or the current arrangement starts distracting from the running of the core family business.

Most common and standalone single family offices (SFOs) arise because of a trigger event such as the sale, in whole or in part, of the business. Many of these SFOs have become extremely influential and created a whole new pathway of success for family members to pursue.

Underpinning each iteration and transition of the family's capital is the wish to continue to grow the value of the family's financial resources while simultaneously enhancing the value of the family's reputation and the skills sets of the family members themselves.

Research by STEP Project Global Consortium and KPMG shows that long-term family business success over the long term relies on the family's capacity and willingness to work together over time. It requires adaptability with resilience, entrepreneurship aligned to sustainability and the effective use of governance mechanisms that leverage the unique skills and capabilities of the family, as a whole.

# 03

# Why **growth** and **value creation** matter for a family business

## Table of key reasons

| Key reason for growth | Impact on family business |
|---|---|
| Ensuring business relevance and longevity | Prevents stagnation, keeps the business financially viable and ensures attractiveness to the next generation. |
| Financial resilience and risk mitigation | Provides financial buffers and diversification opportunities, making the business resilient in uncertain market conditions. |
| Talent attraction and retention | Creates career development pathways, offers competitive compensation and provides job security to retain top talent. |
| Innovation and market expansion | Enables reinvestment in R&D, technology and entry into new markets, ensuring long-term competitive advantage. |
| Smooth succession and leadership transition | Allows multiple family members to take leadership roles, reducing conflicts and ensuring a stable transition process. |
| Access to capital and strategic partnerships | Attracts investors, lenders and strategic partners, providing necessary funding and resources for expansion. |
| Sustainability and social responsibility | Supports investment in green technologies, employee well-being and ethical supply chains, reinforcing corporate responsibility. |

**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.**

As the table of key reasons to the left shows, growth enhances the value of the family's overall capital, not just the family's financial capital but also the value of the family's human and social capital.

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.

If good growth can be defined, aside from the normal indications of financial success, it may be characterized by:

- An alignment of the business and family values: 46 percent of high-performing businesses reported strong family relationships.
- Strong community engagement enhancing the business's and the family's reputation.
- Effective diversification and risk management practices.
- A capacity to invest in new innovations: 46 percent of high-performing businesses exhibited high levels of innovation and entrepreneurship.
- Focus on continuity with effective succession planning.
- Clear governance frameworks: family businesses demonstrating high TES showed 43 percent improvement in relative performance.
- Long-term strategic planning that marries the family's vision to sustainable growth.

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. The following section discusses the evidence from the research that underlines the importance of good governance frameworks to support long-term strategic planning.

> "For a family business to thrive across generations, it must first define a clear vision, purpose and values that act as its guiding compass. Growth is not just about financial expansion, but about ensuring alignment between family aspirations and business strategy, supported by strong governance and the right resources to bring that vision to life."

**Jaly Chea**
Associate Dean, School of Business Universidad, Francisco Marroquín, Guatemala

# Driving value creation through growth

## Actions to take

1. **Diversification of revenue streams**
   - **Explore new markets**, products or services to reduce reliance on a single income source.
   - Discuss at a board level: **what is the family business growth strategy?**
2. **Strengthen financial systems and processes**
   - **Optimize cost efficiency** by improving operational processes to reduce waste and increase profitability.
   - **Implement strong financial controls:** avoid financial mismanagement by maintaining transparent accounting and budgeting.
3. **Build strong customer loyalty**
   - **Leverage family values:** Using the business's history and legacy builds a unique brand identity.
   - **Enhance customer experience** by prioritizing quality service and personalized customer service.
   - **Invest in marketing and a digital presence** by using social media, content marketing and search engine optimization to reach new customers.
4. **Strengthen business governance and leadership**
   - **Separate family and business roles:** establish clear roles for family members based on merit, not just lineage.
   - Bring in non-family business leaders and external advisors to **introduce new perspectives** and broaden skill base.
5. **Encourage a culture of innovation**
   - **Invest in R&D:** stay ahead of industry trends by continuously improving products or services.
   - **Collect ideas** from your workforce.
   - **Automate operations,** use data analytics, consider ai and adopt digital marketing strategies.
6. **Develop and retain talent**
   - **Train the next generation:** provide leadership development programs for family members.
   - **Attract top talent:** offer competitive compensation and a strong company culture to retain skilled employees.
   - **Foster employee loyalty:** recognize contributions and provide career growth opportunities.
7. **Plan for succession**
   - **Commence planning** well in advance of the transition.
   - **Identify and prepare** future leaders.
   - **Work with the incumbents** to help manage their own transition.
8. **Align your business growth strategy with the family's long-term vision and ownership succession plan.**
9. **Expand networks**
   - **Form strategic alliances:** collaborate with other businesses, suppliers or investors to expand market reach.
   - **Engage with business communities:** join industry groups or family business associations for learning and growth.

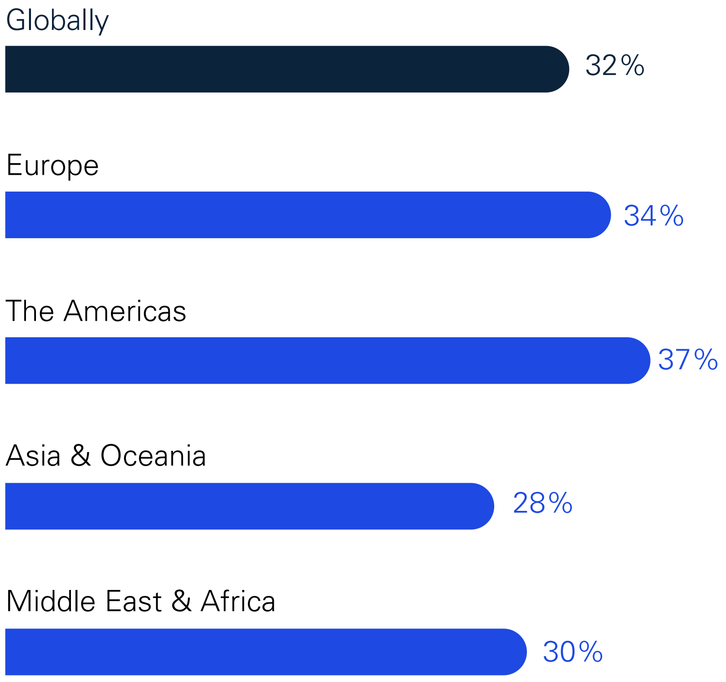
# 04

# Governance for **growth**

In the survey conducted for this report, respondents were asked "How would you rate your business performance in the last three years compared to that of your competitors?"

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

### High Performing Businesses as a percentage of the survey respondents




Globally, 908 of the respondents (32 percent of the total sample) reported 'high performance'. Geographically, the Americas reported both the highest percentage of 'high performers' (36.5 percent) and lowest percentage of low performers. Asia and Oceania conversely recorded the lowest percentage of high performers and highest percentage of low performers.

While High Performing Businesses included many small-and medium-sized employers, large-scale employers were represented to a much greater extent than their representation as a percentage of the global cohort.

For example, in Europe, the Middle East, and Africa, the percentage of high-performing large businesses was 22 percent higher than that of large businesses in the overall sample.

Large scale, of itself, is not the reason for high performance. However, scale offers economic advantages, productivity gains and the need for greater compliance with regulatory obligations. This in turn drives the development of good governance frameworks and a focus on stakeholder engagement, internally and externally, which our research indicates drive business performance and growth.

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.'

**67 percent of high-performing businesses have formal boards**

**Multigenerational boards positively impact sustainability and entrepreneurial orientation**

“An effective board in a family business is more than just a governance structure — it is a forum for diverse perspectives, bridging the wisdom of past generations with the innovation of the future. A well-balanced board, with both family and independent members, ensures sound decision-making, fosters accountability and challenges the status quo to drive long-term success.”

**Tulsi Jayakumar**
Professor, Finance and Economics
Executive Director
Center for Family Business and Entrepreneurship, SP Jain Institute of Management and Research (SPJIMR), India

Very often, boards may be formed but their benefit may be diminished because of the personality of the chair or business owner, essentially reducing debate to a rubber stamp. Quite often they may also be poorly constituted and dysfunctional, lacking definition and purpose, and in the case of family businesses confused as to the nature of decisions to be taken.

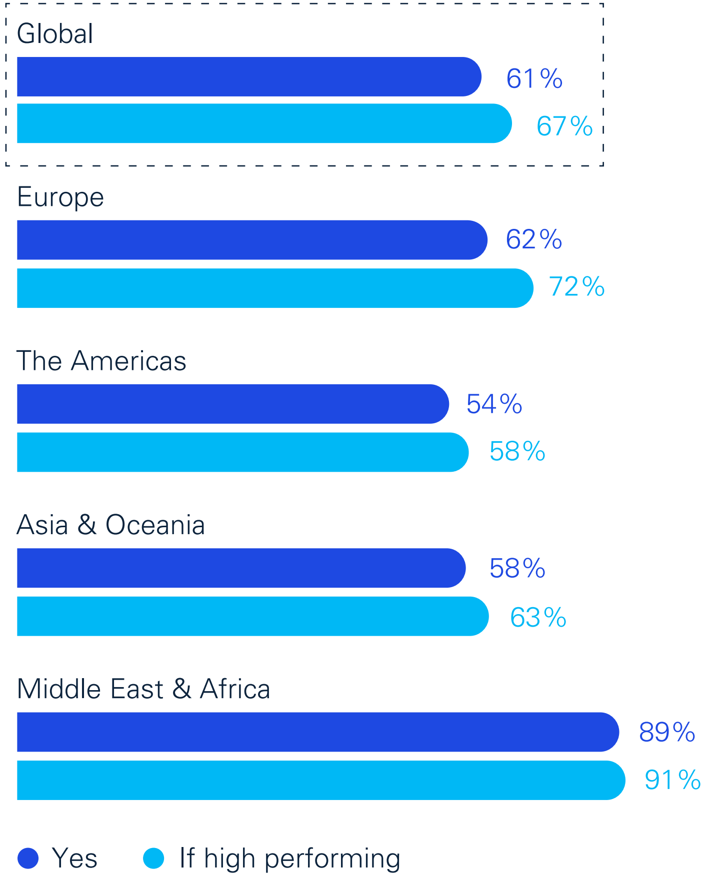
However, from our analysis, good governance and the existence of a formal board matters. Specifically, the data shows that 67 percent of high-performing family businesses had a formal board, relative to the global sample of 61 percent. Interestingly, the region with the highest percentage of formal boards 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.

As mentioned, the scale of the business explains a large part of this improvement with 32 percent of high-performing European family businesses being large in scale versus 26 percent in the sample size as a whole.

Why such a high percentage of family businesses in Middle East and Africa had a formal board is unclear from the data but the following are indicative:

- The region was more significantly represented by large firms than the global sample.
- The region also had the highest percentage of firms with multiple generations working in the business (55 percent vs 46 percent globally).

**Board relevance**




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 businesses capacity to innovate and be sustainable.

## Innovation and sustainability

Boards are instrumental to the development of sustainability practices within family businesses. For family businesses exhibiting high levels of sustainability, they were 15 percent more likely to have a formal board structure in place as compared to the global sample.

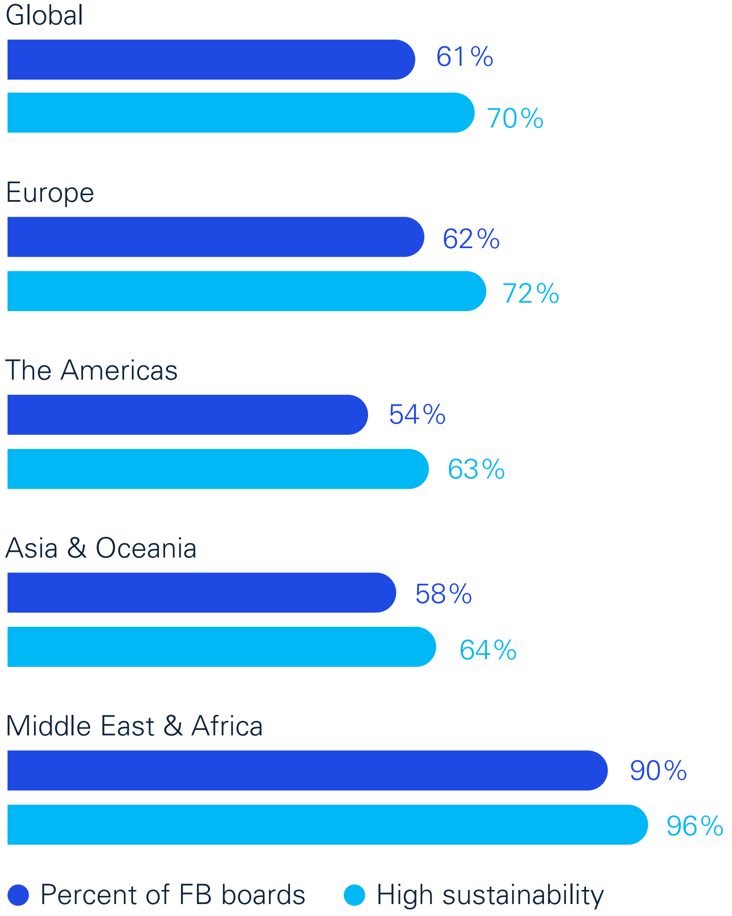
This is a demonstration of how family businesses can integrate ESG (environmental, social and governance) through deliberate consideration of the role of the board and the recognition of the importance of sustainability as part of their long-term performance profile.

The level of transgenerational entrepreneurship (TES)[5] and sustainability was also measured by examining the respondents' agreement, or otherwise, to several specific propositions.[6]

[5] Respondents indicated whether they strongly agreed (5) or strongly disagreed (1) with specific propositions that explored family relationships, family entrepreneurship and future generations.

[6] For sustainability, the specific propositions explored community, environment, employee and supplier orientation.

## Governance and sustainability




Responses were then weighted to establish the extent to which there was strong agreement/agreement to determine those family businesses that exhibited high TES or high sustainability.

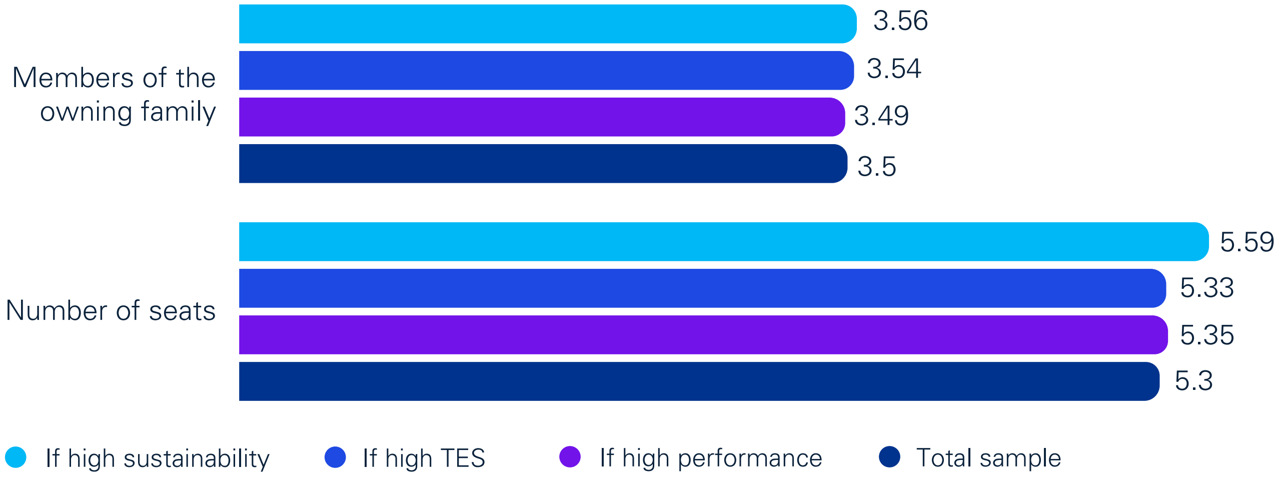
One of the most compelling examples of the importance of TES, specifically family entrepreneurship, was the extent to which family businesses demonstrating high TES were also likely to be high performing. It was found that there was a 43 percent increased likelihood of outperformance.

Importantly, the characteristics of these businesses also indicated that they were predominantly multigenerational versus businesses run by a single generation and that a higher proportion than the general sample were run by Generation X or millennial CEOs.

That is, the composition of the board reflected a heightened sense of awareness of social responsibility and specifically, an appreciation for the value of generational diversity.

The positive impact of diversity at a board level on board performance was illustrated by the fact that businesses with high TES or sustainability also had higher representation of women on their boards than the general sample (35 percent vs 30 percent).

## Board composition



"I do believe strategy is a plan of actions that guides but doesn't determine the success of a business. Having a relevant value proposition, the right talent, the capacity to be agile and flexible, being close to customers and understanding the market forces are factors that lead to business success. When a family business sooner or later realizes the uniqueness of the combination of resources they can add as a family (operating, or governing from the board), they can thrive and prosper across generations."

**Maria F Fonseca Paredes**
Tecnológico de Monterrey, Mexico

## Building boards for growth

Research by the STEP Project Global Consortium, combined with practice-based insights from KPMG firms, underscores the importance of structuring the family board to align with the business's stage of evolution and growth. An effective board should support the company's strategic direction while balancing continuity and adaptability. For instance, long board tenures are frequently observed in family enterprises.

While experience and stability can be beneficial, prolonged tenure may also limit fresh perspectives and innovation,[7] potentially hindering the company's ability to adapt to changing market dynamics.[8]

Board evaluation processes are now standard best practice for public boards and are being adopted increasingly by the boards of family businesses.[9] The rate of transition of baby boomer CEOs to Generation X or millennial CEOs is increasing.

This represents an opportune moment for a proper evaluation of the effectiveness of the family board to be undertaken, while at the same time reviewing the composition of the board and matrix of skills necessary for the next stage of growth.

A successful family business board can be characterized by several key elements:

1. **Strategic alignment and vision:** Ensuring that the board is aligned with the long-term vision and goals of the family business is essential. This includes having a shared dream, values and philosophy that permeate both the company and the family.

2. **Diverse composition:** As indicated above, both family and non-family board members can provide a balance of perspectives and expertise. External board members, including family members not involved in the business, bring in fresh ideas and independent viewpoints that are crucial for strategic decision-making and setting the direction for growth.

3. **Encouraging innovation and entrepreneurship:** A forward-thinking board fosters an entrepreneurial culture by promoting innovation through structured initiatives such as idea competitions, venture investments and gamification. By encouraging multigenerational participation in strategic discussions, the board ensures sustained growth and adaptability while embedding innovation into the business's long-term vision.

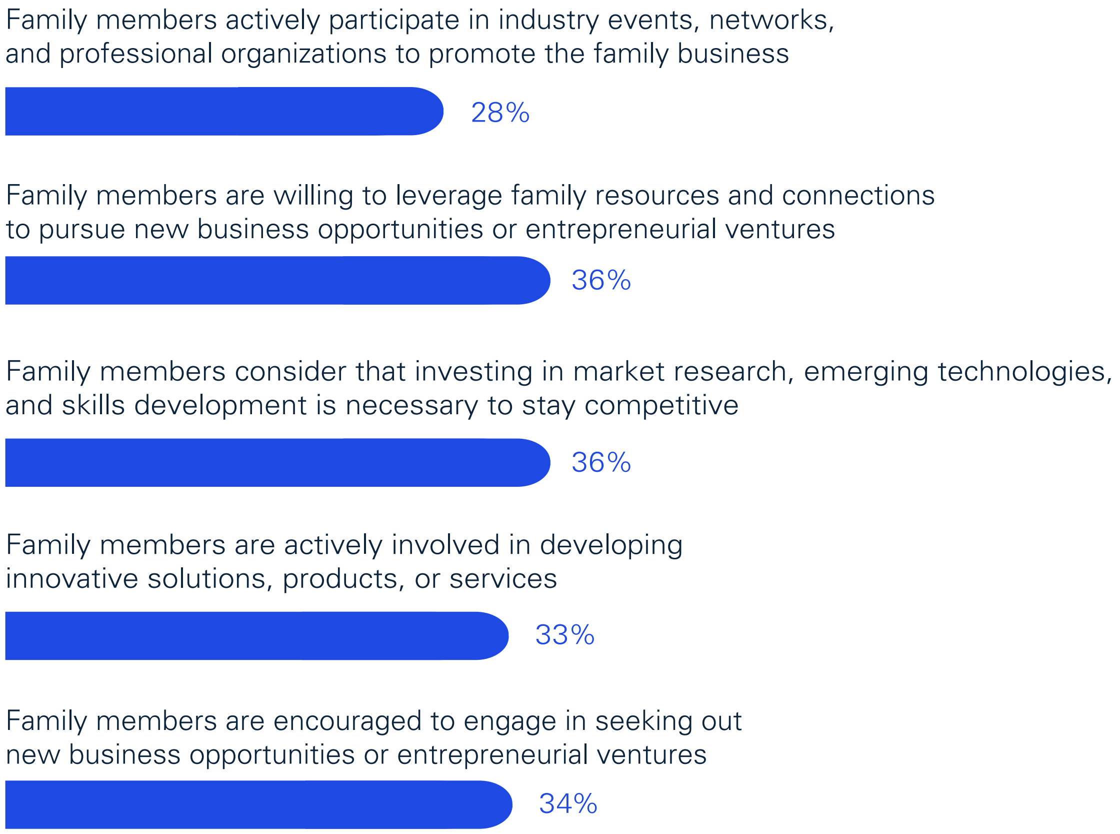
"Family businesses must align their growth strategy with a clearly defined shared purpose and risk appetite. A well-composed board, providing diverse perspectives and complementary skillsets, is often a critical tool in achieving this strategy. By offering a combination of reflection, oversight and foresight, the board generates accountability and an external perspective to the family's strategic objectives."

**Daniel Trimarchi**
Director, Family Dynamics and Governance
KPMG Australia

[7] See the Unlocking Legacy report for a consideration of the 'Legacy Paradox'
[8] See the Unlocking Legacy report for a consideration of the 'Legacy Paradox'
[9] For an example see KPMG Board Effectiveness Evaluator — KPMG Australia

The data analysis supported the sense of high levels of family entrepreneurship when the five propositions referred to in the table were considered.

**Family entrepreneurship — (percentage of 'strongly agree' responses)**




Undeniably, family business growth is built on the back of a strong 'entrepreneurial mindset' within the family.

Family entrepreneurship is 'embedded' within the practice of over 70 percent of family businesses that either agreed or strongly agreed with the propositions posed.

Indeed, one-third strongly agreed that their family businesses encouraged the development of new thoughts and ideas from family members.

For example, over 35 percent acknowledged that family members were actively engaged with their networks to flesh out new business opportunities.

In addition, 36 percent recognized the need to invest in emerging technologies and the development of internal skills necessary to stay competitive.

Across the regions, Asia and Australasia demonstrated the highest overall level of family entrepreneurship, while at the same time being the region with the highest percentage of multigenerational involvement.

As family businesses undergo intergenerational transitions, it is encouraging to imagine this adoption of the 'ownership' of future innovation and entrepreneurship more widely.

**4 Clear roles and delineation of responsibility:** A well-structured board brings clarity to decision-making by defining specific roles, responsibilities and authority levels for family and non-family members. Clearly outlining who is responsible for strategic decisions, oversight and operational guidance helps prevent conflicts, improves efficiency and ensures accountability. This structure allows family businesses to balance tradition with professional governance, supporting long-term stability and growth.

**5 Regular meetings and communication:** Regular board meetings and effective communication channels, such as family intranets and forums, ensure that all members are informed and engaged in the business's strategic direction. Here, the data indicated that nearly 40 percent of respondents felt that there could be improvements in the quality of communication within the family itself. It is important to consider the role of complementary forums to the board, such owners councils, representing family and other shareholders and family councils, discussing matters relevant to the family's engagement as a family with the business itself.

A proactive board fosters family engagement by integrating family members into strategic discussions, supporting educational programs and facilitating structured interactions with the business. By guiding next-generation development and ensuring informed participation, the board strengthens family commitment and prepares future leaders for governance roles.

**6 Performance and accountability:** The board should be accountable for the business's performance and sustainability strategy. This involves setting clear performance metrics and regularly reviewing progress against these goals.

**7 Succession planning:** A strong board ensures smooth leadership transitions by identifying and developing future leaders based on merit and family expectations. Through clear succession criteria and structured planning, the board safeguards business continuity across generations.

By focusing on these characteristics, a family business board can define its structure, objectives and purpose to effectively govern the business, drive growth and ensure long-term sustainability.

**Family relationships (percentage of 'strongly agree' responses)**

“

Family business leaders should ensure all generations are involved in the growth strategy development process. This can range from being informed and consulted to having a direct say in the direction of the strategy, through participation in the family council, owners’ council, or board of directors. Each generation should have a role that aligns with their capabilities and contributes to the shared purpose of the family business. ”

**Creagh Sudding**
Director, Family Business
KPMG Private Enterprise
KPMG in South Africa

Important considerations to foster growth in family businesses:

**Should you consider the creation of a formal board to bring expertise and objective strategic direction?**

**Is your board well placed to support your growth strategy?**

**Develop succession plans — Identify and train the next generation of leaders in advance.**

**When was the last external formal review of the function and performance of the board undertaken?**

**Encourage communication — Hold regular meetings to discuss business between the business and the family.**

**Establish a family constitution — Define family values, roles and decision-making.**

# 05

# 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.

More recently, the concept of sustainability has become intertwined with corporate responsibility and the sense of an organization having to adhere to or acknowledge the existence of a social license to operate.

Having regard to ESG matters has for many family businesses simply meant 'business as usual', with sustainability already deeply ingrained in their values and long-term goals.

The 'sustainability' of the family businesses was measured across four separate orientations – community, environmental, employee and supplier,

Using a series of questions to establish a particular orientation, the research uncovered some interesting differences regionally with regards to a particular orientation or focus.

The Middle East and Africa region demonstrated the highest commitment toward community with over three-quarters confirming that their family business had supported local charities and humanitarian causes and nearly 70 percent actively working to improve the well-being of local communities.

At an environmental level, 75 percent supported the proposition that their family business contributed toward saving energy and resources, and two-thirds indicated they were deliberately pursuing practices designed to decrease the impact of their activities.

Family businesses that demonstrate high levels of sustainability often exhibit the following characteristics:

- Long-term orientation — stewardship and prioritizing growth over short-term profits
- Strong values and culture
- Resilience and adaptive mindset
- Effective governance
- Focus on human capital
- Financial prudence — fiscally responsible and preference to reinvest
- Environmental stewardship
- Stakeholder engagement — transparency

Yet, strikingly, less than 50 percent could measure what that impact was.

Europe was the region that most demonstrated an orientation toward environmental impact with over 80 percent of family businesses actively contributing toward saving energy and resources.

Europe is also the region that indicated the highest level of investment in clean technology and renewable energy initiatives.

Employee orientation was strongest in family businesses in the Americas, yet lowest in Asia Pacific. In all regions however, the close relationship between family businesses and their staff was clear from the responses.

Finally, across each region, family businesses were, by and large, aware of the need to understand their own supply chains and seek to work alongside suppliers that demonstrated respect for their workforce.

By consolidating the responses across each of these four orientations, it was possible to identify the proportion of businesses that exhibited high levels of sustainability.

Having done so, the research demonstrated 80 percent of family firms reporting high financial performance exhibited a medium-to high-level of sustainability performance, suggesting that sustainability and sustainable growth are a competitive advantage.

**Can you measure your family business's 'sustainability' performance?**

**Less than 50 percent of family businesses can measure the impact of their activities on the environment**

**American family businesses place the highest priority on employee health and well-being**

**European family businesses are more keenly driven by environmental priorities than family businesses in other regions**

## Driving toward sustainability

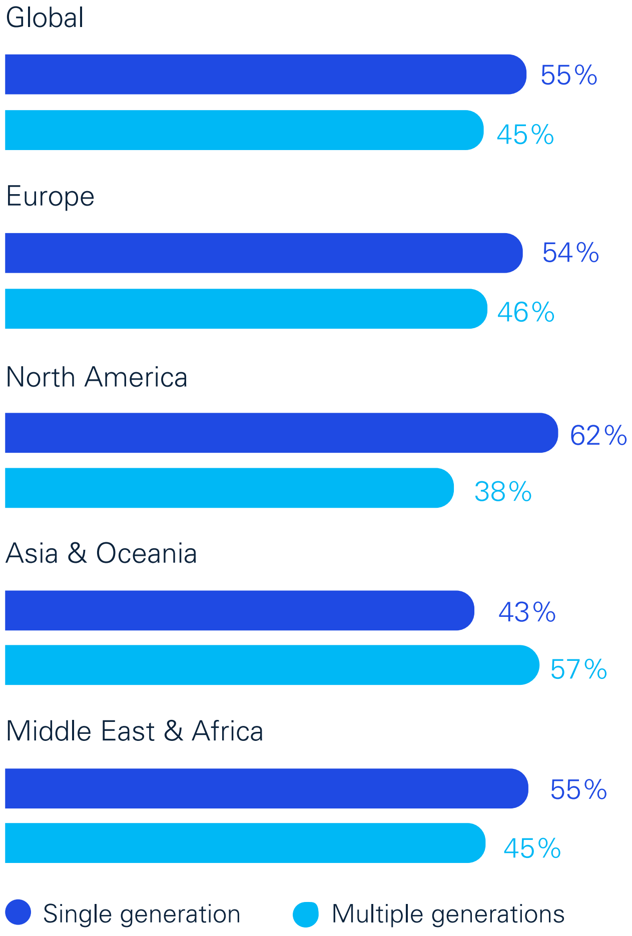
The sustainability of family businesses and the adoption of sustainable practices can be problematic where there may be a potential conflict between generational perspectives. The "Unlocking Legacy" report discussed this challenge as the legacy paradox, where older members may prioritize traditional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

**Relevant generations (rounded to nearest %)**




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

more likely to have a formal board. Nearly

**70%**

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

## Case study

A family business within the energy and natural resources sector in Mexico was in search of its next CEO. The family decided to look externally for a seasoned executive that would serve as a bridge until the rising generation was ready to take the helm. As such, the family wanted a CEO who was a flexible and collaborative leader ready to continue managing the family business in line with the founder's vision and core values, while also preserving and building upon his entrepreneurial and social legacies.

This family's connection to legacy was paramount to its identity, and they wanted to be sure the founder's vision was clearly passed down and embraced by future generations. The first generation had already proactively instilled a strong sense of transgenerational entrepreneurship early on in the rising generation, encouraging them to carry the business forward. As a beacon of the organization's culture, the company put in place clear rules and greater appetites for risk to safeguard its entrepreneurial spirit.

Sustainability was also a key priority for the family. From a social perspective, the family took their role as employers seriously, making sure to create jobs and support well-being across the community. The family business was also dedicated to environmental sustainability and actively worked to align the company to United Nations and its Sustainable Development Goals. Further, the company integrated their commitment to clean energy and sustainability into key business strategies.

As the family searched for a new CEO, they wanted to be sure the incoming leader would support these principles. With such specific criteria, the family understood it could make for a more complicated succession process. At the same time, they anticipated such a scenario would give the rising generation time to learn and grow, while protecting the family's identity and values until a family successor was named.

| Challenges | Learning |
|---|---|
| Ensure the continuity of values previously established by the founder | Hiring an external CEO allows succeeding generations to grow while preparing to take on their roles |
| Promote social and cultural legacies to maintain the family's identity | The social and cultural legacies are essential to convey the values, attitudes and perspectives of the founder |
| Reinforce and promote transgenerational entrepreneurship and sustainability in the succession process | The ability to take risks without fear of failure is crucial to incentivize transgenerational entrepreneurship |

To foster sustainable growth in a family business, it is important to consider:

Establishing strong governance structures

**95 percent of family businesses in the Middle East & Africa region with high sustainability had formal boards compared to 70 percent globally**

Aligning the business's long-term strategic planning with sustainability goals

Engaging with future generations of family members and understanding their desire for corporate social responsibility and long-term impact

**40 percent of family businesses are not engaging dynamically with future generations in areas of strategy and sustainability**

Adopting eco-friendly practices – reduce waste, improve energy efficiency and source sustainable materials

Diversifying revenue streams – explore new markets, digital transformation or product innovation

Invest in employee development such that there is a strong internal leadership pipeline

Strengthening governance and succession plans to assist with smooth leadership transitions

**Integrate multigenerational perspectives in establishing succession plans as a basis for encouraging future generation engagement**

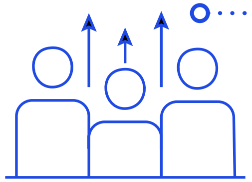
# 06

# Fostering growth **through M&A**

The expansion of private markets, specifically the increase in the availability of growth capital, has seen heightened activity from global private equity funds in seeking investable private businesses.

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.

Private companies, and specifically family-owned enterprises, are now the center of gravity in financial markets. Indeed, it has been estimated that in 2024, "87 percent of companies with revenue greater than $100M are private."[10]



Growth through acquisitions and access to third-party funding is a key strategic priority for 46 percent of private companies over the next 3 years.

In the 2024 study, "KPMG's Global CEO outlook — The Private Company Perspective", 46 percent of respondents indicated they had a strong (high) appetite for M&A activity over the next three years and that M&A is the most important strategic option for growth in that period.[11]

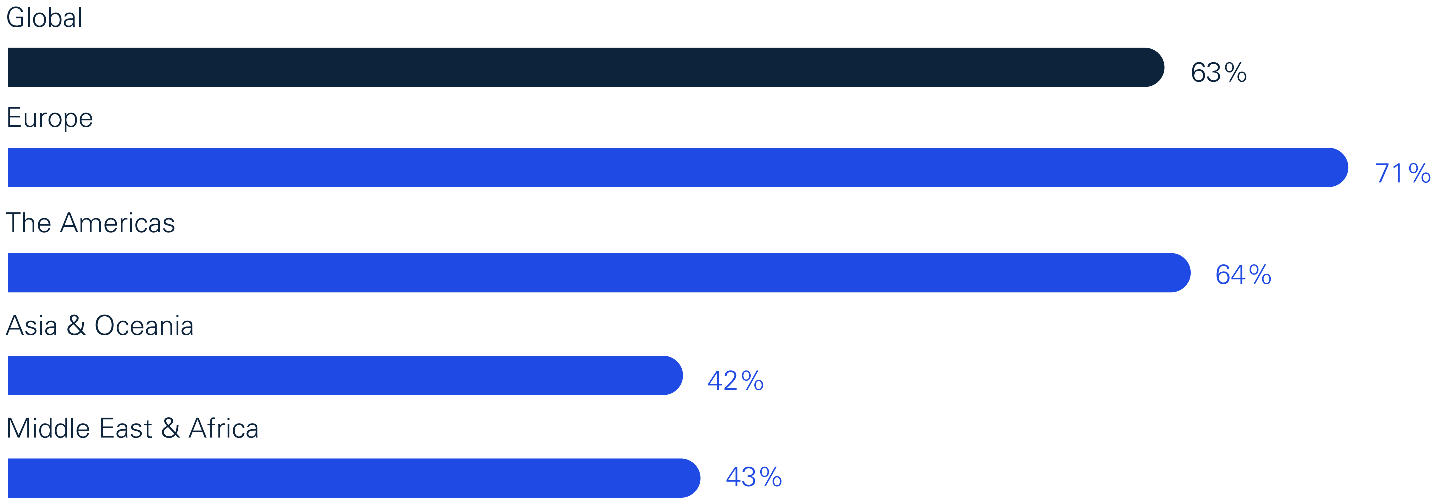
As our analysis indicates, we are also witnessing an increase in M&A-style activity from family businesses themselves.

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.

**Family business targets as percent of acquisitions (rounded to nearest %)**




[10] Political economy research institute — The growth of private capital markets — Leonore Palladino and Harrison Karlewicz — working paper 600 — University of Massachusetts — May 2024.

[11] It is noticeable that the third- most important option involved the formation of strategic alliances with third parties, which are directly relatable to engagement with PE and other funders.

The findings highlight key characteristics of family businesses engaging in M&A, particularly regarding governance structures, leadership experience and demographic trends:

| Aspect | Details |
| --- | --- |
| **Family businesses in M&A** | Larger family firms more likely to pursue M&A |
| **Scale** | Provides financial and managerial resources for acquisitions |
| **Experienced leadership** | Baby boomer CEOs lead firms in acquisitions |
| **Formal boards** | 73 percent of CEOs reported to formal boards (vs. 61 percent overall) |
| **CEO tenure** | Longer CEO tenures linked to higher confidence in M&A |
| **Board composition** | Larger boards with more independent directors |

## 1. Larger family businesses are more likely to pursue M&A

- A higher proportion of large-scale family firms engaged in acquisitions compared to the broader family business sample.
- This suggests that scale provides the necessary financial and managerial resources to undertake acquisitions with confidence.

## 2. Experienced leadership and strong governance facilitate M&A

- Baby boomer CEOs were more likely to lead firms engaged in acquisitions, reflecting a preference for experienced leadership in strategic decision-making.
- 73 percent of these CEOs reported to formal boards, compared to 61 percent in the overall sample, indicating that structured governance plays a crucial role in acquisition decisions.
- Firms with longer CEO tenures and greater business longevity demonstrated higher confidence in pursuing acquisitions.
- These firms also had larger boards with a higher proportion of independent (non-family) directors, reinforcing the importance of diverse expertise in evaluating and executing M&A strategies.

## The impact of M&A activity on performance

Family businesses, either as acquirers or targets, may be motivated to consider M&A transactions for several reasons:

**01 Underutilized growth potential**
A well-targeted acquisition can unlock this potential through expansion, modernization and access to new markets.

**02 Operational efficiency improvements**
Many family businesses may wish to optimize their operations by adopting technology and increasing digitization. Funding can provide family businesses with the opportunity to streamline operations, improve efficiencies and implement best practices to enhance profitability benefiting the family as long-term equity holders.

**03 Succession planning challenges**
Family businesses often struggle to manage transitions due to a lack of capital necessary to enable family owners to step back or to allow subsequent generations to fund their takeover. They may also face challenges with succession planning, especially if there is no clear or willing successor within the family.

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.

Family businesses that engage in M&A activity exhibit high levels of business performance, particularly in the Americas.

"For family businesses, all issues related to mergers, acquisitions or integration must be thought out and tailored so that the family business can be guaranteed the preservation of values and heritage. Therefore, it is worthwhile for the company, i.e. the management and board, to consider the critical aspect of cultural alignment with the entity with which it wants to integrate, enter into a merger, or which it intends to take over. It is also necessary to assess the risk associated with such ventures, whether losing a strong position, stability, etc., does not threaten the family business."

**Piotr Pachura, Tomasz Nitkiewicz, Aneta Włodarczyk and Katarzyna Szymczyk**
Czestochowa University of Technology, Poland

We measured the marginal effect on performance of M&A activity and found that these businesses have on average, **14%** higher business performance than those that have not engaged in M&A activity.

We also identified 37 percent of these businesses as having registered high legacy scores suggesting that a significant number would be regarded as having a dynamic legacy (the combination of high TES and high legacy) as discussed in the 'Unlocking Legacy' report.

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 and environmental 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. To emphasize this point, for family businesses in Europe, M&A activity was also positively correlated with all levels of performance, including all aspects of sustainability.

“

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

## Building bridges to future success — a role for private equity

As a large proportion of family business owners approach retirement age, the next decade will witness a significant transfer of wealth and the need for planning of leadership, ownership and control to successors and the next generation.

It is common that family businesses find it difficult to manage transitions successfully and, across generations, to maintain the business itself in the ownership of the family.

There are several reasons why this transition may not succeed, including a lack of willingness and limited capacity of the next generation to participate in the management of the business.

However, more recently, family business owners have a broader range of options open to them in planning for the transition of family capital and are not necessarily constrained by the binary sense of sale or succession.

According to KPMG South Africa's Quarterly Personal Perspective 2025, growing a family business and implementing a transformation strategy often requires some form of financing. In a closely held, family-owned business, seeking external funding can often be daunting and is a crucial decision, which involves assessing the various financing options and understanding the implications of the choice made.[12]

[12] Insights from KPMG South Africa — Personal Perspectives 2025

The capacity to access growth or succession capital increases the potential for third-party equity participation either as long-term equity partners or short to medium providers of funding either as debt or equity, while at the same time preserving the family's investment in the business.

Carefully selected third-party investors not only bring necessary debt or equity but can also contribute extensive expertise, strategic guidance and networks invaluable for navigating the complexities of business scaling, whether through growth capital or business sales.

Top tier private equity firms are renowned for their capacity to drive operational improvements and enhance business value. Meanwhile, family offices have the potential to provide patient capital with a long-term investment horizon, which aligns well with the continuity and legacy preservation objectives of family enterprises.

In an economic landscape where traditional financing routes may impose limitations or added pressures, collaboration with private equity firms and family offices can be transformative, opening pathways to sustainable growth and success.

“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

# Key insight

The research of STEP Project Global Consortium and KPMG's experience in working with family businesses globally, indicates that M&A transactions are most successful when:

- There is an **alignment of interests** matching the ambitions and long-term vision of family business owners, including proposed 'succession' plans, with the aspirations of the private equity funder.
- Extensive pre-planning and careful consideration of the attributes and ambitions of the private equity funder.
- There is a **flexible deal structure** providing family businesses with broader options to support their future growth such as partial buyouts, growth equity investments and recapitalization.

# Overcoming challenges

Key considerations to enable growth through M&A or private equity (PE) include:

## Controlling the engagement

The role of the board is critical to successful engagement and specifically, to ensuring that the family, the owners of the business and the management of the business understand the basis of that engagement.

## Thorough due diligence

Ensuring strategic alignment and cultural fit prior to engagement can mitigate future conflicts. This involves conducting research on potential PE partners, including their history, values and previous investments. By understanding the PE firm's approach and ensuring it aligns with the family business's ethos and long-term goals, potential misalignments can be identified and addressed early on.

## Clear agreements

Detailed contracts outlining expectations, governance structures and exit strategies can create clarity and trust. These agreements should specify the roles and responsibilities of both parties, performance metrics and conflict resolution mechanisms. Having clear terms helps to prevent misunderstandings and ensures both the family business and the PE firm are on the same page concerning operational and financial expectations.

## Open communication

Maintaining transparent and frequent dialogue is crucial in nurturing a strong partnership. Regular meetings and updates facilitate the smooth exchange of information, enabling both parties to remain informed about the business's progress and any emerging issues. Open communication fosters a collaborative environment, encouraging mutual support and the timely resolution of problems.

## Balanced leverage

Prudent financial structuring can capitalize on growth while maintaining fiscal prudence. This means finding the right balance between debt and equity to finance expansion without overextending the business's financial capabilities.

Leveraging the PE firm's expertise in financial management and strategic planning can provide valuable insights and support, helping the family business to achieve sustainable growth while safeguarding its financial health.

07

# 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.

Family offices are key contributors to the sustainable growth of family businesses by doing the following;

1. **Focus on wealth preservation and growth:** Family offices implement robust financial strategies to protect and grow family wealth, ensuring the longevity of the business across generations.

   They provide investment diversification, enabling family businesses to expand into new markets and industries while maintaining financial stability.

2. **Governance and succession planning for the family:** They establish clear governance frameworks that align business objectives with family values, reducing conflicts and fostering generational continuity.

   Family offices facilitate structured succession planning by preparing next-generation leaders through education, mentorship and strategic involvement.

   They also offer an alternative pathway for family member engagement as potential roles and future careers are defined in the family office.

3. **Sustainability and impact investing:** Many family offices are also integrating ESG principles into investment decisions or using impact investment strategies, helping to align business growth with sustainable and ethical practices.

   At the same time, reinforcing the family business's commitment to corporate responsibility.

4. **Risk management and financial resilience:** Family offices employ risk management strategies to protect the family from economic downturns, market volatility and operational disruptions.

   They ensure financial resilience by establishing contingency plans and maintaining liquidity to support business continuity in periods of economic stress.

5. **Philanthropy and social responsibility:** Family offices often oversee philanthropic initiatives, reinforcing the family's legacy of giving back to society and fostering a positive corporate image through charitable foundations and social impact projects, they help sustain community development and long-term societal progress.

> Beyond ensuring sound investment strategies and financial stewardship, a family office should act as a unifying mechanism to foster family cohesion and preserve the shared values and purpose that define the family legacy. It can serve as a platform for nurturing talent within the family, offering education, mentorship and structured succession planning to prepare future generations for leadership. Furthermore, the family office should be a tool for promoting sustainable and impactful initiatives, such as philanthropy and socially responsible investments, which align with the family's long-term vision and purpose.

**Beatriz Forés,**
**José Mª Fernández-Yáñez,**
**Montserrat Boronat-Navarro,**
**Alba Puig-Denia,**
**and Alexandra García-Joerger**
GRECO Group — Universitat Jaume I (UJI)

## Funding family legacy with synergistic investment strategies

Family offices are increasingly participating in direct investments rather than through fund structures. This is particularly the case with an EFO influenced by the alignment of values and cultures between the family office and the family enterprise.

Additionally, direct investment provides the family office with the opportunity to exert influence and control. This approach allows their wealth to be invested in ventures that reflect their long-term vision and principles.

### Potential benefits of direct investment strategies

By engaging in direct investments, family offices have the potential for higher returns and benefit from increased flexibility in investment terms and durations. This method often results in longer investment periods that support the business's growth and stability over short-term gains.

Also, direct investments allow family offices to avoid fees and carried interest typically associated with fund investments. This cost-saving aspect is particularly appealing and enhances the overall returns of the investment portfolio.

### The synergistic advantage

The synergy between family offices and family businesses often leads to more than just financial success. These alliances foster an environment where knowledge, networks and expertise are shared. This collaboration can lead to innovative business practices, shared industry insights, and often, a revitalization of the entrepreneurial spirit.

### Challenges and risks

Despite the benefits, direct investments come with their own challenges and risks. Family offices must perform thorough due diligence to ensure the viability of their investments and navigate complex deal structures. The personal nature of the investment can also lead to governance issues and conflicts of interest. To manage these risks, family offices often implement rigorous legal frameworks and clear communication channels.

### Global success stories

The landscape of direct investments includes success stories from various regions and sectors. In Europe, a family office led the growth funding of a luxury fashion brand, resulting in significant international expansion. In Asia, a technology-driven family business benefited from direct investments by a regional family office, which provided not only capital but also strategic partnerships in the tech ecosystem. North American examples include family office investments in the renewable energy sector, highlighting a commitment to sustainable development and green technologies.

### Future outlook

As the trend of direct investments continues to influence the financial strategies of family offices, it reshapes the paradigms of wealth management and business funding. This relationship is expected to evolve, offering opportunities for families seeking to establish new legacies and foster growth through generations.

## Potential benefits of using a family office to drive family business growth:

**01**

Managing the family's wealth in alignment with business needs in terms of time frame

**02**

Enabling the separation of family and business capital

**03**

The capacity to invest in strategically aligned growth opportunities for the family business

**04**

The opportunity to fund the right education and leadership programs for future family executives

**05**

Enabling broader diversification of family capital to ensure financial stability and sustainability

# 08

# Measuring success — Toward long-term **sustainability** and **growth**

# Conclusion

## Defining growth for the next generation

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. It is time to ask the questions that matter:

How do we want the family business to evolve?

How will we define and measure our success as a family business?

Do we have the right skills, mindset and capital to scale?

What governance structures will help us lead with clarity?

How can we optimize long-term performance through innovation?

Are we ready to make growth a conscious, values-driven choice?

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

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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.

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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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Dr. Alfredo Valentino received his Ph.D. in Management from Luiss Guido Carli University in Italy, and he is currently a Global Research Champion of the STEP Project Global Consortium. Alfredo's research interests include family firms' internationalization, headquarter-subsidiary relations, location and relocation decisions of multinational enterprises, and internal and external embeddedness of subsidiaries. His work has been published in leading journals such as the Journal of Management Studies, British Journal of Management, Journal of World Business, Family Business Review, and International Business Review.

**Creagh Sudding**
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Creagh Sudding coordinates global strategic initiatives related to family businesses, including thought leadership, resource development and knowledge sharing across KPMG's global network of family business specialists. For KPMG South Africa, Creagh specializes in international tax and leads KPMG Private Enterprise's Business Family initiative across Southern Africa, supporting family-managed/owned businesses and family offices in enhancing their contribution to the economy while managing family dynamics and maintaining family harmony. As a tax professional, he works predominantly in the property investment (REITs), agriculture/farming, retail and financial services sectors to help ensure these organizations remain compliant in a complex local and international tax environment.

**Daniel Trimarchi**
Director, Global Center of Excellence for Family Business, Director, KPMG Private Enterprise, KPMG Australia

Daniel Trimarchi is part of the KPMG Enterprise Family Business practice, specializing in family governance and succession planning with business families of various sizes and complexities. Daniel has over 15 years of experience working in Canada, the UK and Australia providing advisory services, business strategy and compliance services to the family business and family office market. He is the global co-chair of the STEP Business Families Special Interest Group and a faculty member of the UHNW Institute. He is also a specialist accredited adviser with the Family Business Association (Australia and New Zealand).

**Arpita Vyas**
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Arpita Vyas is committed to family business research, project coordination and transgenerational entrepreneurship. As a Project Manager at SPGC and a Research Assistant at the American University of Sharjah, Arpita actively contributes to global family business studies. She recently earned the Certificate in Family Business Advising (CFBA) and continues to advance research in family governance, entrepreneurship and sustainability.

## About the STEP Project Global Consortium

The STEP Project Global Consortium is a global applied research initiative that explores family and business practices within business families and generates solutions that have immediate application for family business leaders. The STEP Project Global Consortium aims to be a leading global family business research project with an international reputation. The research insights are specifically drawn to be of relevance to developing new theoretical insights that can offer novel and valuable best practices recommendations to the business stakeholders and the practice community at large. Having a global worldwide orientation, the STEP Project Global Consortium offers networking opportunities for researchers, family business owners and consultants coming from five continents.

Visit: www.spgcfb.org

## About the KPMG Private Enterprise Global Family Business Network

As with your family, your business doesn't stand still — it evolves. Family businesses are unique, and KPMG Private Enterprise family business advisers understand the dynamics of a successful family business and work with you to provide tailored advice and experienced guidance to help you succeed. To support the needs of family businesses, KPMG Private Enterprise coordinates with KPMG firms from around the world that are dedicated to offering relevant information and advice to family-owned companies. KPMG Private Enterprise understands that the nature of a family business is inherently different from a non-family business and requires an approach that considers the family component.

Visit: kpmg.com/familybusiness

## About KPMG Private Enterprise

Passion, it's what drives entrepreneurs; it's also what inspires KPMG Private Enterprise advisers to help you maximize success. You know KPMG, but you might not know KPMG Private Enterprise. KPMG Private Enterprise advisers in KPMG firms around the world are dedicated to working with you and your business, no matter where you are in your growth journey — whether you're looking to reach new heights, embrace technology, plan for an exit, or manage the transition of wealth or your business to the next generation. Working with KPMG Private Enterprise, you'll gain access to a trusted adviser — a single point of contact who shares your entrepreneurial mindset. Access to KPMG's global resources and alliance network can help you drive your business forward and meet your goals. Your success is KPMG Private Enterprise's legacy.

Visit: kpmg.com/privateenterprise

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Designed by Evalueserve.

Publication name: Global family business report 2025
Publication number: 139885-G | Publication date: April 2025