Next-generation family businesses
Exploring business ecosystems
ABOUT THE SURVEY

From January 8 to February 28, 2018, the Deloitte Family Business Center polled 575 next-generation family business leaders in 52 countries through an online survey. “Next-generation” leaders were considered to be those who have taken over the leadership of their business within the past three years, or who are expected to do so within the next three years.

Of the family companies that participated in the survey, 51 percent had an annual revenue of less than €50 million, 33 percent made between €50 million and €250 million, and 16 percent had an annual revenue exceeding €250 million.

Only 11 percent of the companies were established less than 20 years ago. Almost 36 percent were established between 20 and 49 years ago, 37 percent were established between 50 and 100 years ago, and 15 percent were established more than a century ago.

The majority of the respondents (53 percent) represented the second generation of family business leaders, 29 percent represented the third generation, and 18 percent the fourth generation or more.

Some of the percentage figures in the charts throughout this report may not add up to 100 percent due to rounding or because respondents had the option of choosing more than one response.
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FAMILY businesses make up a major part of the global economy, creating an estimated 70 to 90 percent of the global GDP annually. They are important clients for Deloitte, and we are proud to maintain an ongoing commitment to the family business segment, with a special focus on the next generation of family business leaders.

We engage in continuous dialogue with family business leaders, both current and next generation, and we find that these leaders have considerable interest in “hot topics” such as digitization and disruption (the subject of last year’s Next-generation family businesses report). This year, we report on another topic of great interest: The ways that family enterprises are adapting to the continual changes that occur within and among today’s business ecosystems.

By “business ecosystems,” we mean interdependent networks of businesses and other organizations that interact to create value. Most family businesses have historically operated within closely knit, stable networks of trusted collaborators. But across geographies and sectors, business ecosystems as a whole are evolving to become broader, more fluid and more complex than family businesses may be accustomed to. Roles, relationships, and modes of interaction are changing in ways that threaten to make the traditional competitive advantages of family businesses, if not obsolete, then at least a less solid basis for success.

We find that family businesses recognize there are opportunities to benefit from the broader ecosystems within which they operate. At the same time, they do not necessarily know how or to what extent these opportunities should be pursued. They are aware of the need to maintain their family culture and traditions—not least the tradition of trust—but also understand the need to form new types of business relationships to thrive in a continually and rapidly changing environment.

We hope that you find the views set out in this report informative and valuable. To discuss any specific aspects of this report, please contact one of our Deloitte family business leaders, whose email addresses are given at the end of this document.
Key findings

Ecosystems offer opportunities for growth and innovation

• Generally, next-generation family business leaders believe that they are well-placed to adapt to a rapidly changing business landscape.
• Fifty-six percent see opportunities to leverage their business ecosystems to grow their enterprise.
• Fifty percent believe that their business ecosystems offer an opportunity to enhance their company’s innovation capabilities.

Third-party interactions have increased, with innovation a key goal

• Sixty-five percent of next-generation family business leaders have increased their interactions with third parties over the past three years.
• Most are used to working in partnerships for innovation:
  – Six percent always partner with others on innovation, and 37 percent do so often.
  – Forty-nine percent will work with any organization that has a good idea.

Leaders value asset and intellectual property (IP) ownership, which may drive a preference for acquisitions

• Next-generation family business leaders are inclined to be possessive about IP.
• Acquisitions were the most frequent type of transaction for expansion.

Leaders may need to educate their families about the potential for digital transformation

• Twenty-six percent of respondents have a strategy for digital transformation solidly in place; another 35 percent said that their digital strategy is fairly recent.
• Digital awareness among next-generation family business leaders is high, but other family members may not be as cognizant of the opportunities that digital technologies can bring.
Family businesses
A time of transition

For many family-owned companies, business relationships other than those with suppliers and customers used to be limited to a handful of players within the same industry—and often also within the same geographical region. While this model may have proved successful in the past, today’s evolving business environment now calls it into question. Driven largely by digital technologies and greater connectivity, new ways have emerged to create value through networking, collaboration, and interdependence. These interdependent networks of businesses and other organizations—business ecosystems—are changing roles, relationships, and modes of interaction in ways that threaten to make the traditional competitive advantages of family businesses, if not obsolete, then at least a less solid basis for success.

Businesses have always participated in partnerships, networks, alliances and other relationships as part of day-to-day operations. But the need to engage more widely, to take part in the broader ecosystems that now make up today’s business landscape, is becoming more urgent: Those who fail to engage are risking being left behind. Yet for a family enterprise, the reality of fully engaging with business ecosystems can have a profound impact, not only on its economic and financial objectives, but also on nonfinancial goals, such as autonomy and control, status within the community, and customer loyalty.

The challenge for family businesses today, then, is to learn how to thrive in the fluid and rapidly changing business ecosystems in which they participate, while preserving their identity as a business as well as their cohesion and values as a family.

Defining business ecosystems

The term “business ecosystem” was introduced by James F. Moore in the 1990s as a metaphor for competition drawn from the study of biology and social systems. Moore proposed that a company be viewed not as a member of a single industry, but as a part of an ecosystem crossing a variety of industries. In a business ecosystem, companies “coevolve” capabilities around innovation, working both cooperatively and competitively to develop new products and satisfy customer needs. The opportunities for innovation that arise from operating in a business ecosystem exceed those available to organizations that choose to operate independently.

For the purpose of our survey and questionnaire, we defined a business ecosystem as organizations working together to develop new products, satisfy customer needs and pursue innovations, and whose capabilities as an ecosystem exceed those of any single participating organization.

Threat, opportunity, or both?

We asked our respondents whether they saw emerging ecosystems as an opportunity to grow their business, or whether they thought ecosystems threatened the business’s sustainability. The overwhelming majority saw business ecosystems as an opportunity for growth. When asked to comment on the statement, “Business ecosystems are an opportunity to
grow my family business,” 56 percent fully agreed and another 39 percent partially agreed (figure 1).

Conversely, relatively few respondents saw ecosystems as a threat. Only 32 percent fully or partially agreed with the statement “Business ecosystems may harm the sustainability or longevity of my family business”; 61 percent disagreed with this sentiment outright (figure 2).

While most next-generation family business leaders see opportunities for growth in their business ecosystems, the challenge will be to exploit them. For family businesses, no less than for other businesses, ecosystems are evolving continually, with digital innovations, new and agile participants, and shifting competition. Business leaders cannot afford to ignore the changes that are taking place. Taking full advantage of their ecosystems could mean investing in the right technology; forming new relationships, partnerships and alliances to grow the business; developing new services or products to maintain market leadership; or incorporating innovations to fend off the risk of obsolescence.

While most next-generation family business leaders see opportunities for growth in their business ecosystems, the challenge will be to exploit them.

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**Figure 1. Business ecosystems are seen as an opportunity to grow**

*To what extent do you agree with the statement “Business ecosystems are an opportunity to grow my family business”?

<table>
<thead>
<tr>
<th>Fully agree</th>
<th>Partially agree</th>
<th>Disagree</th>
<th>Don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td>56%</td>
<td>39%</td>
<td>2%</td>
<td>4%</td>
</tr>
</tbody>
</table>

*N = 575
Source: Deloitte analysis.

**Figure 2. Ecosystems are not generally viewed as a threat**

*To what extent do you agree with the statement “Business ecosystems may harm the sustainability of my family business”?

<table>
<thead>
<tr>
<th>Fully agree</th>
<th>Partially agree</th>
<th>Disagree</th>
<th>Don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td>29%</td>
<td>61%</td>
<td>7%</td>
<td>4%</td>
</tr>
</tbody>
</table>

*N = 575
Source: Deloitte analysis.*
The way forward

The next generation of family business leaders might need a shift in perspective to recognize how business ecosystems are changing. The way that most families have done business, depending mainly on long-standing relationships based on trust, is becoming outdated, with new relationships, interconnectedness and interdependence opening up new possibilities for growth. Companies that fail to proactively capitalize on these new forms of interaction risk falling back into a participatory role only, allowing competitors or other ecosystem participants to take the lead in defining the rules of engagement and the direction of change.

Understanding the dynamics and possibilities of their business ecosystems can give family businesses an opportunity to act in meaningful ways to strengthen their position, and to shape strategies for dealing with the disruptive changes they will face. In doing this, however, family business leaders need to be aware of the impact of the evolving business ecosystems on the family and its members. The ways in which their business will need to develop may have implications for the family—for example, in matters such as autonomy and control—and family business leaders will need to consider these carefully to avoid unintended consequences.
COLLABORATION is not a new concept in business. Family businesses often build long-term relationships with external parties—customers, suppliers, and partners—through which they operate. These trusted relationships and a strong family culture are a competitive advantage for many.

Collaboration continues to play an important part in today’s broader and evolving business ecosystems. But the number of participants is larger and the nature of the relationships can vary. The spectrum of relationships in a modern business ecosystem ranges from competitive to cooperative, and the roles of participants can shift, sometimes rapidly, as their interests and objectives change. This could stand in sharp contrast to the long-term stable and collaborative relationships characteristic of many family businesses, which may last for generations.

Interactions are on the rise

The evolution of business ecosystems has reduced the barrier to entry for new participants in and across many industries, resulting in more and smaller players, many of them specializing in particular areas, with whom interaction is possible. Agility and speed of response are now key dynamics. Reflecting this phenomenon, the majority of our respondents reported that the number of other organizations with which they interact regularly (excluding customers and direct suppliers) has increased over the past three years (figures 3 and 4).

Excluding direct customers and suppliers, family businesses interact most frequently with customers of their customers, with 47 percent of respondents saying that they do so on a weekly or monthly basis. Interestingly, 42 percent of respondents say that they also interact with competitors on a weekly or monthly basis. This could be an indication that family businesses are participating—intentionally or

![Figure 3. Interactions with third parties have increased over the past three years](image-url)

*Has the number of third parties your family business interacts with increased, decreased, or stayed the same over the past three years?*

- Increased: 65%
- Stayed the same: 29%
- Decreased: 4%
- Don’t know: 2%

*N = 575
Source: Deloitte analysis.

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not—in broader business ecosystems than they have traditionally been used to.

For a family business, relationships with other parties are often built on trust, which is established over time. However, building and maintaining trust in today’s business ecosystems can be a real challenge. Rapidly evolving ecosystems often entail shorter-term relationships. Business ecosystems are dynamic, barriers to entry are generally low, the number of participants can change over time, and roles and relationships change. Family business leaders should recognize that they may not be able to deal with others on the same basis of trust and long-term relationships as they did in the past. Moreover, they may need to have a shorter-term perspective on relationships and interactions. In addition, increasing interdependence may lead to greater instability and unpredictability, which can threaten the autonomy and control that family businesses have often historically enjoyed. This threat could be especially acute during times of leadership transition from one generation to the next.

### Acquisitions and alliances top the list of business combinations

Among the family businesses in our survey, acquisitions were the most common type of business combination for achieving growth during the three years prior to the survey, but strategic alliances and joint ventures were also widely used. Asked about their intentions to engage in business combinations over the next three years, respondents’ answers were (not surprisingly) less certain, but our results suggest that acquisitions are likely to remain the main method of business combination among family businesses, with the use of strategic alliances and joint ventures expected to a lesser degree (figure 5).

The reasons given by respondents for undertaking business combinations were varied, but most were linked to achieving growth or efficiencies of scale (figure 6).

It is interesting to note that 30 percent of the family businesses in our sample that undertook business combinations cited “access to innovation” as a driver, making it the third-most frequently cited reason for undertaking this activity. This finding, combined with their apparent preference for acquisitions as a deal type, suggests the possibility that many family businesses feel the need to own innovations outright to derive value from them. This would be consistent with their traditional emphasis on owning a strong asset base. But in today’s business ecosystems, acquiring another company outright is just one of several ways to gain access to innovation. Joint ventures and alliances, in particular, offer avenues to benefit from innovations without actually owning them. Alliances and joint ventures generally are also more cooperative, more negotiated, and less risky than acquisitions, which tend to be more confrontational, can be expensive, and are generally riskier. In the future, family businesses may wish to explore these alternative approaches to innovation more extensively.
Figure 5. Acquisitions are the most common type of business combination

In which forms of business combination or other arrangement, if any, has your family business been involved during the past three years? Which does it consider most likely to occur during the next three years?

<table>
<thead>
<tr>
<th>Form of Business Combination</th>
<th>Past three years</th>
<th>Next three years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition</td>
<td>46%</td>
<td>38%</td>
</tr>
<tr>
<td>Strategic alliance</td>
<td>33%</td>
<td>22%</td>
</tr>
<tr>
<td>Joint venture</td>
<td>11%</td>
<td>25%</td>
</tr>
<tr>
<td>Divestiture</td>
<td>15%</td>
<td>6%</td>
</tr>
<tr>
<td>Merger</td>
<td>7%</td>
<td>1%</td>
</tr>
<tr>
<td>Demerger</td>
<td>4%</td>
<td>1%</td>
</tr>
<tr>
<td>Other</td>
<td>4%</td>
<td>2%</td>
</tr>
<tr>
<td>Reverse takeover</td>
<td>2%</td>
<td>1%</td>
</tr>
<tr>
<td>None</td>
<td>26%</td>
<td>3%</td>
</tr>
<tr>
<td>Don’t know</td>
<td>1%</td>
<td>15%</td>
</tr>
</tbody>
</table>

Figure 6. Efficiency, growth, and innovation drive business combinations

Which factors drove your decision to undertake an acquisition, merger, strategic alliance, or joint venture in the past three years?

<table>
<thead>
<tr>
<th>Factor</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Efficiencies of scale</td>
<td>40%</td>
</tr>
<tr>
<td>Opportunity to enter new geographical markets</td>
<td>35%</td>
</tr>
<tr>
<td>Access to innovations in products and/or services or technology</td>
<td>30%</td>
</tr>
<tr>
<td>Expanding/diversifying client base in the same geography</td>
<td>27%</td>
</tr>
<tr>
<td>Expanding/diversifying products and/or services</td>
<td>27%</td>
</tr>
<tr>
<td>Reducing the number of competitors</td>
<td>12%</td>
</tr>
<tr>
<td>Capitalizing on political/regulatory changes</td>
<td>3%</td>
</tr>
<tr>
<td>Obtaining licenses</td>
<td>3%</td>
</tr>
<tr>
<td>Other</td>
<td>5%</td>
</tr>
<tr>
<td>Don’t know</td>
<td>1%</td>
</tr>
</tbody>
</table>

N = 385
Source: Deloitte analysis.

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Innovation
A collaborative effort

In the past, family businesses have sometimes been viewed as risk averse and “traditional,” not as innovators. But the real picture is very different. Recent studies show that family businesses are among the most innovative organizations in their markets, and that they may even innovate at a faster pace than other types of businesses.1

Most family businesses’ innovation processes were traditionally organized primarily around internal research and development activities, with the occasional “open innovation” initiative to pull in ideas from outside. The current rate of technological change, however, is making it harder for a single organization to have all the required resources, capabilities, and technologies to keep up with the pace of innovation. This is driving organizations to work collaboratively to develop new products or services, contributing to the further evolution of business ecosystems.

Ecosystems present opportunities for innovation, but qualms remain

The opportunity to form relationships for innovation with other organizations in business ecosystems is not lost on the next generation of family business leaders. Half of our respondents fully agreed that their business ecosystems present an opportunity to enhance their company’s innovation capabilities, while another 38 percent partially agreed (figure 7).

In the broader global economy, “cocreation” has become common through open innovation, alliances, and similar arrangements. Many family businesses appear to be following this trend, but not all. When asked to describe their attitude toward collaborating with other organizations on innovation, almost half of our respondents (49 percent) said that they would work with any organization that has a good idea, but around one-third (32 percent) said that they would work only with organizations with which

Figure 7. Business ecosystems are seen as an opportunity to innovate

To what extent do you agree with the statement “Business ecosystems enable my family business to innovate beyond its individual capabilities”?

Full agree  Partial agree  Disagree  Don’t know

N = 575
Source: Deloitte analysis.
they have a long-standing relationship. Almost one-fifth (19 percent) said that they prefer to innovate independently as much as possible (figure 8).

A review of their innovation-focused partnerships over the past three years confirms the reluctance of at least some family businesses to form relationships with others to innovate. Fifty-three percent of respondents said that they had rarely or never partnered with other organizations on innovation projects (figure 9).

It is perhaps curious that, although nearly all our respondents viewed business ecosystems as an opportunity for innovation, so many seem to act in a way that is contrary to this view. In our experience, many family business leaders tend to have a conservative or cautious approach to partnering. The idea of ceding control of data and intellectual property can be a daunting prospect.

Such attitudes may need to change. The relationship orientation of many family businesses can be important for realizing innovations within their business ecosystems—but only if they are willing to form those relationships in the first place. In doing so, family business leaders should recognize that collaborating with “outsiders” could be the best way of adapting swiftly to meet current challenges.

Family businesses tend to be possessive about intellectual property

Earlier, we commented that family businesses may feel that they need to own innovations to benefit from them. The attitude of our respondents toward...
intellectual property reinforces that supposition. Sixty-three percent said that it was “very important” or “fairly important” for the family business to own intellectual property (figure 10).

These findings suggest that there is an opportunity to reconsider ways of making the most of the innovation opportunities that business ecosystems can offer. Businesses do not necessarily need to own intellectual property to benefit from it. And given the highly technical digital nature of IP, creating and owning it may be beyond the capabilities of many businesses.

Businesses do not necessarily need to own intellectual property to benefit from it.

Figure 10. Family businesses value ownership of intellectual property

How important is it for your family business to own intellectual property?

- Very important: 33%
- Fairly important: 25%
- Of some but limited importance: 2%
- Not important: 11%
- Don't know: 2%

N = 575
Source: Deloitte analysis.
DIGITAL technologies have underpinned and accelerated the development of business ecosystems in recent years. They underpin the creation of new business models by integrating people, businesses, and things. They also drive a rapid pace of change, which seems inconsistent with a very specific characteristic of many family businesses: long-term stewardship of the company over a span of generations. However, many family businesses are adapting to the digital world in a very short time. Continuing this adaptation is an important responsibility of the next generation of family business leaders.

Many family businesses lack a fully developed digital strategy

A misconception about digital transformation is that it simply means digitizing the current way the business is run and how it interacts with others. But the opportunity for innovation is much greater. Take, for instance, the opportunities for digital customer engagement: It is not simply a matter of digitizing the existing touchpoints, but about reimagining new levels and methods of engagement to get closer to the customer. In the same way, digital transformation is about moving from being a traditional organization that initiates digital projects to being a digital organization with an integrated strategy that puts digital at its core.

We found that roughly a quarter of our next-generation family business leaders had a strategy for the use of digital technologies in place, while another 35 percent said that they had one but that it was relatively recent. Almost 40 percent did not have a digital strategy or said that they were still working on it (figure 11).

The ways in which our respondents are using digital technology, with a high focus on process
improvement (figure 12), suggest that many business leaders see digitization mainly as an operational improvement play without fully considering its other potential applications. If they are to see benefits from participating in broader ecosystems, family businesses would be well-advised to explore extending their use of digital technologies to other areas, such as innovation, the development of new business models and talent—for example, using digital platforms.

Leaders should spread digital awareness to the rest of the family

The next generation of leaders believe that they are more aware of the impact of digitization than the other family members active in their business, and these, in turn, are perceived as being more aware than family members who are not active. It would appear that family business leaders have some work to do in educating other family members about the value of digital technology (figure 13). Indeed, since a majority of respondents said that they were only “somewhat aware” of digital technology, they may also wish to invest more time and effort in exploring the uses and implications of digital technologies themselves.

A conclusion that may be drawn from these responses is that family business leaders would be well-advised to think carefully about how to integrate diverse technologies and information systems
into their business. What should be the purpose and role of the family business in a digital age? What changes could digitization mean for the company’s business model, and how should current strategies and operations shift to effect those changes? Family businesses can leverage their traditional focus on long-term planning to “future-proof” the business for digital transformation, and to align the entire organization—not just the business, but the family members, as well—toward a digital future.

What should be the purpose and role of the family business in a digital age?
Going forward

One-third of respondents do think that business ecosystems pose at least some threat to family control of the business. To fully exploit the opportunities presented by modern business ecosystems, family business leaders should adopt a flexible, outward-facing mindset that allows for variation in the types of relationships they pursue. Recognizing this, more than half of our respondents said that they need to change the approach of their business to collaboration, mergers, acquisitions and alliances, either to some extent or substantially (figure 15).

Figure 14. Business ecosystems: A threat to family control?

To what extent do you agree with the statement “Business ecosystems are a threat to the control that my family has over the business”?

- Fully agree: 7%
- Partially agree: 28%
- Disagree: 61%
- Don’t know: 4%

$N = 575$

Source: Deloitte analysis.

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Figure 15. Attitudes to business combinations need to change

To what extent do you think the approach of your family business toward business combinations needs to change over the next three years?

- Substantially: 17%
- To some extent, but not substantially: 53%
- Very little: 18%
- Not at all: 6%
- Don't know: 6%

N = 575
Source: Deloitte analysis.

Around a quarter of respondents believe that their current approach to business combinations is the right one. Some of them may be denying or underestimating the “new reality.” However, family businesses are known to be flexible under changing circumstances, because of their long-term view and their desire to pass on the business to the next generation. They are capable of reacting quickly and decisively to changing market forces, which should stand them in good stead when adapting to an ecosystem environment.

Along the same lines, most next-generation family business leaders are convinced that their businesses are well-equipped to adapt to their changing ecosystems. Seventy-six percent said that their family businesses are well-financed and not particularly dependent on external financing. And some 74 percent said that nothing has to change in terms of their family’s values and culture (figure 16).

Importantly, risk management procedures were the area where the greatest proportion of respondents felt that their business was not well-prepared for future changes. This is perhaps consistent with the reputation of family businesses for being risk averse: Respondents may have based their answers on their own (possibly inflated) perceptions of the extent of the risks to be dealt with, rather than on perceived or real weaknesses in their risk management systems.

Family businesses are making a prudent but steady transition

The overall picture emerging from our survey is one of a slow transition to fuller participation in broader business ecosystems—typical of the “prudent and steady” approach of many family businesses. But while a cautious approach may fit in well with their culture, family businesses need to balance caution and conservatism with the need not to be left behind.

For success in the future, businesses need to have a digital agenda: Ownership of digital assets may not be necessary, but the ability to exploit opportunities that arise from digital assets owned by others will be. Businesses will also have to develop new ways of forming relationships and interacting with others.

New entrants and startups, as well as established competitors, are capitalizing on a wave of opportunities that the evolving environment offers them. Family businesses that can evolve their culture and business practices to take advantage of the same opportunities can gain a competitive edge.
Next-generation family businesses

Figure 16. Confidence in the readiness to make changes is generally high

If you consider that your business needs to change its approach toward business combinations, do you think that it is well equipped to make the necessary changes in the following areas?

<table>
<thead>
<tr>
<th>Area</th>
<th>Yes</th>
<th>No</th>
<th>Don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital/financing</td>
<td>76%</td>
<td>18%</td>
<td>6%</td>
</tr>
<tr>
<td>Strategy</td>
<td>75%</td>
<td>20%</td>
<td>5%</td>
</tr>
<tr>
<td>Family culture/values</td>
<td>74%</td>
<td>22%</td>
<td>4%</td>
</tr>
<tr>
<td>Operational structures</td>
<td>71%</td>
<td>23%</td>
<td>6%</td>
</tr>
<tr>
<td>Talent/knowledge</td>
<td>68%</td>
<td>26%</td>
<td>7%</td>
</tr>
<tr>
<td>Family governance</td>
<td>65%</td>
<td>28%</td>
<td>7%</td>
</tr>
<tr>
<td>Technology</td>
<td>63%</td>
<td>28%</td>
<td>9%</td>
</tr>
<tr>
<td>Risk management</td>
<td>59%</td>
<td>32%</td>
<td>9%</td>
</tr>
</tbody>
</table>

*N = 504*

Source: Deloitte analysis.
The changes in business ecosystems are altering the key factors for success in business, forcing organizations to think and act very differently regarding their strategies, business and organizational models, leadership, core capabilities, and value creation and value capture systems. Next-generation family business leaders generally feel confident that these changes do not pose a threat to the sustainability of their businesses or their control over it, and many see opportunities for growth.

That said, it is clear that many may not recognize the full benefits of participating more actively in their business ecosystems—at least to the extent that they should. In some areas, such as their attitudes to innovation and ownership of intellectual property, many family business leaders may need to consider becoming comfortable with a lesser degree of control. They may also need to place less emphasis on asset ownership generally: In today’s business ecosystems, businesses can reap the benefits of assets without actually owning them.

Perhaps most important of all, family members (and their leaders, in particular) would do well to consider how their business model can work effectively in evolving business ecosystems—without neglecting the history, culture, and traditions embedded within the family.

Next-generation family business leaders are aware of the need for change, even though some may not yet realize the extent to which changes might be needed. Working in their favor is the fact that they tend to be resilient and have a long-term planning horizon. These strengths, along with astute leadership and an understanding of the current environment, will help family businesses navigate their way to success and continuity through turbulent times.

**Conclusion**

It is clear that many may not recognize the full benefits of participating more actively in their business ecosystems—at least to the extent that they should.


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