



The Resilient Family Enterprise series

## **Beyond business: Unique characteristics of family enterprises that could position them to thrive**

It has been widely stated that coronavirus does not recognize nationality, gender, religion, or wealth. Equally, it does not differentiate between the economies and markets it strikes. Every business has been impacted in some way irrespective of its size, sector, or ownership structure—from global powerhouses to the lone business owner. And in this respect, family businesses are not unique. Despite their reputation for resilience, optimism and agility, most family businesses have been under significant pressure to respond to the general health, safety, and welfare challenges introduced by the COVID-19 pandemic, along with the operational disruptions to their business.

Beyond these challenges, family businesses possess unique characteristics that may position them to thrive as we emerge from the pandemic and play a significant role in the recovery of the economy.

### **The next generation**

Take for example the next generation, a typically unique feature of a family business. While the threat of widespread business interruption may have brought fresh attention to succession planning, now could be an opportune time to engage with the next in line. It may be that they are a readily available “extra pair of hands” in a time when resources are either scarce or not available, as well as a valuable sounding board or source of fresh ideas. This could

be particularly important when operating virtually, since many of the younger generation are considered digital natives. Not only does this give the next generation a chance to prove themselves, but their active engagement in the business at this time could be the difference between success or failure.

### **Values and purpose**

Alongside the millions of healthcare professionals and volunteers, some family businesses are being branded as “heroes” by their local and national communities in the current crisis. This often comes down to the family values that have been instilled for generations across the business, in family members and employees, and then ultimately imparted to customers.

# The same traits that set family businesses apart are creating authentic opportunities for resilience, growth and recovery.

For example, there have been numerous reports of family businesses nimbly adapting their operations and production lines, and redeploying staff to support the relief efforts—from the mass production of personal protective equipment (PPE), to offering accommodations for healthcare and other key workers. It is these inherent values and solid organizational purpose that can secure loyalty far beyond the crisis.

## Legacy

Family value systems also often include a commitment to longevity and preserving generational legacy. For some, legacy includes the enduring or inherent value of the enterprise they've built, the people they've employed, and the impact they've made on their communities. For others, philanthropic efforts are also a measure of legacy, whether it be charitable donations or strategic investments. Private donors are making a crucial difference in redirecting their financial support to tackle the coronavirus—whether it's by

funding scientific research into a vaccine or preparing to rebuild the future. Donors are also stepping up to fund immediate relief for those hit hardest by the lockdown as well as those on the front line. Many privately funded charitable trusts and foundations are helping keep charities afloat with new strategies and larger contributions.

In some key respects, the same traits that set family businesses apart are creating authentic opportunities for resilience, growth and recovery.

## The family business advantage

Through a series of short articles in the upcoming weeks, Deloitte Private will share the insights of our family enterprise consultants from around the world, taking a deeper dive into the issues unique to family businesses, the challenges and opportunities these present amidst the COVID-19 crisis, and how you can address these in your journey to recover and thrive.

In our future articles, we'll explore several topics, including:

- Purpose and trust
- Power and performance:
  - The role of governance
- Beyond business:
  - Philanthropy and strategic investing
- The post-COVID workplace
- Your family business:
  - Planning with a 100-year horizon
- Well-being and health: The enterprise, the family and the individual
- What's next for family businesses?

Family businesses have long occupied a special place in the communities in which they operate. We believe many can emerge from this crisis with their inherent advantages intact if they can focus their energies in the right areas, share their collective wisdom, and push themselves to carve out a larger role beyond business as usual.

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