



Deloitte.
Private

2024 Family Enterprise Survey
Uncovering generational perspectives

Table of contents

Introduction	3
The source of experience.....	4
Perceptions and plans	7
Trust as the touchstone	10
The power and importance of technology	12
Varied views on risk	14
Making succession a success.....	17
Conclusion	20
Get in touch.....	22

Introduction



Wolfe Tone



Wendy Diamond

Finding common ground across generations can be an elusive goal. From tastes in music and fashion to distinct perspectives on social issues, it may seem rare when two different generations can come to agreement. Life experiences differ. Communication styles evolve. Priorities change. But when it comes to operating a multigenerational family business, the stakes tend to be much higher than whose music is best. In a family enterprise, personal feelings may complicate how business issues and opportunities are addressed. This can influence business success and family harmony. Before exploring the varied responses of the current and next generation of leadership in Deloitte Private's 2024 Family Enterprise Survey, it might be better to try to understand how and why perspectives might diverge. Is the current generation's perspective rooted in deep business experience—making the tough calls as they navigated the growing pains of the business to propel the organization forward? Is the next generation's perspective shaped by their experiences outside the family business, bringing an innovative approach but potentially limited by a lack of operational responsibilities? With open minds, the perspectives of each generation can come together to forge the common goal of ensuring an enduring, thriving enterprise.

To identify and explore continuity and potential gaps, our inaugural Family Enterprise Survey polled current and next-gen family members to better understand perceptions, plans, and attitudes across multiple dimensions including involvement in the business, ongoing ownership, risk, opportunities related to data and technology, trust, and the confidence to move forward. Perhaps not surprisingly, divergence was noted in many areas. Depending on the issue, we observed one generation often expressing more confidence than the other.

How might a company, or more accurately, its leaders from both generations, reconcile divergent views? As is often the case in business situations, a key is good communication—openness to others' perspectives, a recognition that organizations need to evolve, and a level of emotional intelligence that allows for sensitivity and understanding of each other's views for the long-term success of the enterprise.

Wolfe Tone

Vice Chair, US and Global
Deloitte Private Leader

Wendy Diamond

Deloitte Private US Family
Enterprise Leader

The source of experience

Perspectives are shaped by the sum of one's experiences. Generally, the broader the experience, the more value may be brought to the family enterprise, whether it be in operational areas, leadership roles, or even the boardroom. For example, board composition is often considered an important contributor to effective governance. Creating a board composed of individuals with varied competencies and experiences can eliminate the potential for groupthink and helps shape the constructive dialogue to move an organization forward. This concept also applies to management positions.

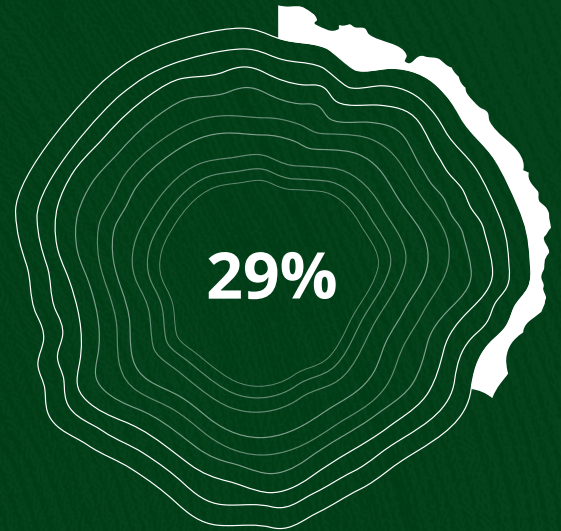
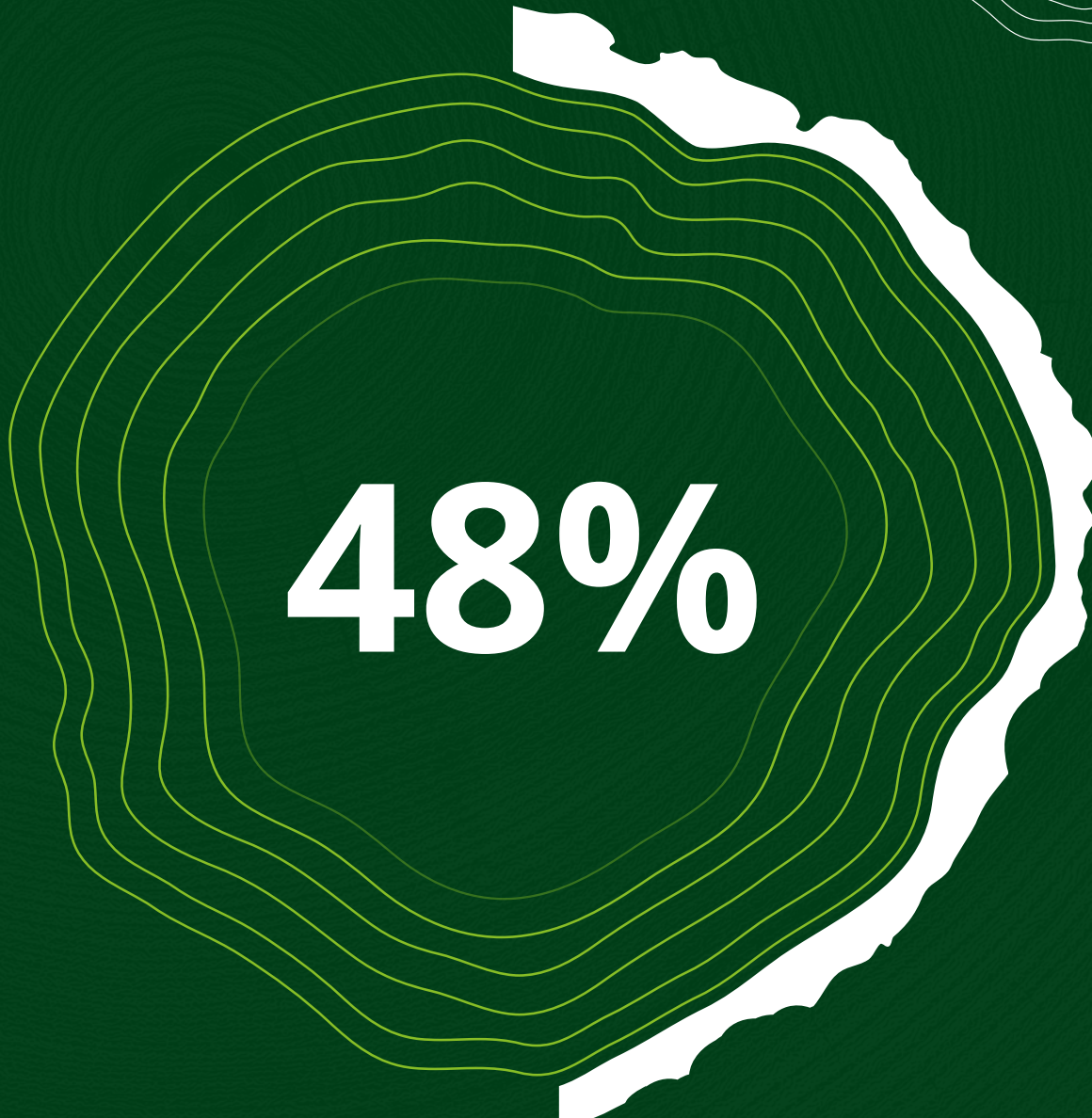
For example, someone who has only worked in the family business may become myopic and either be unaware of other processes, risks, and opportunities or suffer from "not invented here" syndrome, in which their way is the right way because "that's the way we've always done it."

Outside experience can provide the opportunity to introduce fresh perspectives to a family business. Observing different management styles may create a learning opportunity. New connections can open the door to potential partnerships, which could directly have an impact on the growth of the family enterprise. And, for a next-gen employee who's a prospective leader, these experiences may boost their credibility as a future executive or board member.



The next generation appears to be obtaining these experiences to a greater degree than the current generation.

While nearly half of current generation employees (**48%**) surveyed had worked only at their family business, just **29%** of next generation employees did.



Today, many family enterprises are viewing outside experience as a leading practice and incorporating it into their employment policies.¹ The skills learned outside the business may provide benefits no matter where and how the next generation becomes engaged in the family enterprise. Our survey revealed that while 51% of the next generation expect to be involved in senior management, 30% expect to play a role as owners of the business. Regardless of the next generation's role—whether as a senior leader, C-suite executive, board member, or owner (perhaps as part of the family council)—their contributions and value may be enhanced by the varied experiences they have to share.

The process of learning and skill acquisition doesn't cease once the next generation has been assigned their office. The availability of apprenticeships and other types of training is also reshaping how family enterprise employees stay current with their skills. In our survey, 37% of respondents reported pursuing an education or apprenticeship in an industry related to their family business. Given the complexities and challenges of today, it may be no surprise that there is such value being placed on learning. Advances in artificial intelligence (AI) may be a perfect example. The pace of change, the disruption, and the opportunities presented by AI have the potential to fundamentally shape virtually every aspect of the business landscape. Understanding the possibilities and pitfalls of this technology is important for any family business leader, current or future.



Perceptions and plans

Owners and leaders of family enterprises are generally a proud group; proud of how they've built a thriving enterprise from scratch or modernized, enhanced, and grown the business that a previous generation started. They may recall the sleepless nights when they worried whether their company could build enough market share to survive. Or they may recall their early days, observing the patriarch or matriarch make the decisions that steered the organization to success. In either case, they did not do it alone. They relied on others—other family members, outside professional managers, factory workers, technologists, and myriad other employees to build the business. And they likely learned the importance of open, transparent communications. They may have recognized that nowhere are communications more important than between generations involved in the family business. Why? The added complexity and emotions that come with having family members engaged in running the enterprise often have the potential to threaten not just the business's harmony, but also the harmony within the family.

At the most basic level—the participation in the overall direction of the business—our survey revealed differences in perception between generations.

Members of the current generation were almost twice as likely as the next generation to say the successive generation has a very high level of participation in decision-making (28% vs. 15%). For those involved in smaller enterprises (less than \$500 million in revenues) the difference is even more pronounced, with only 7% of the next generation believing they have a very high level of participation in the direction of the enterprise.



28% of the **current generation** believe the successive generation participates in decision-making at a high level.

vs

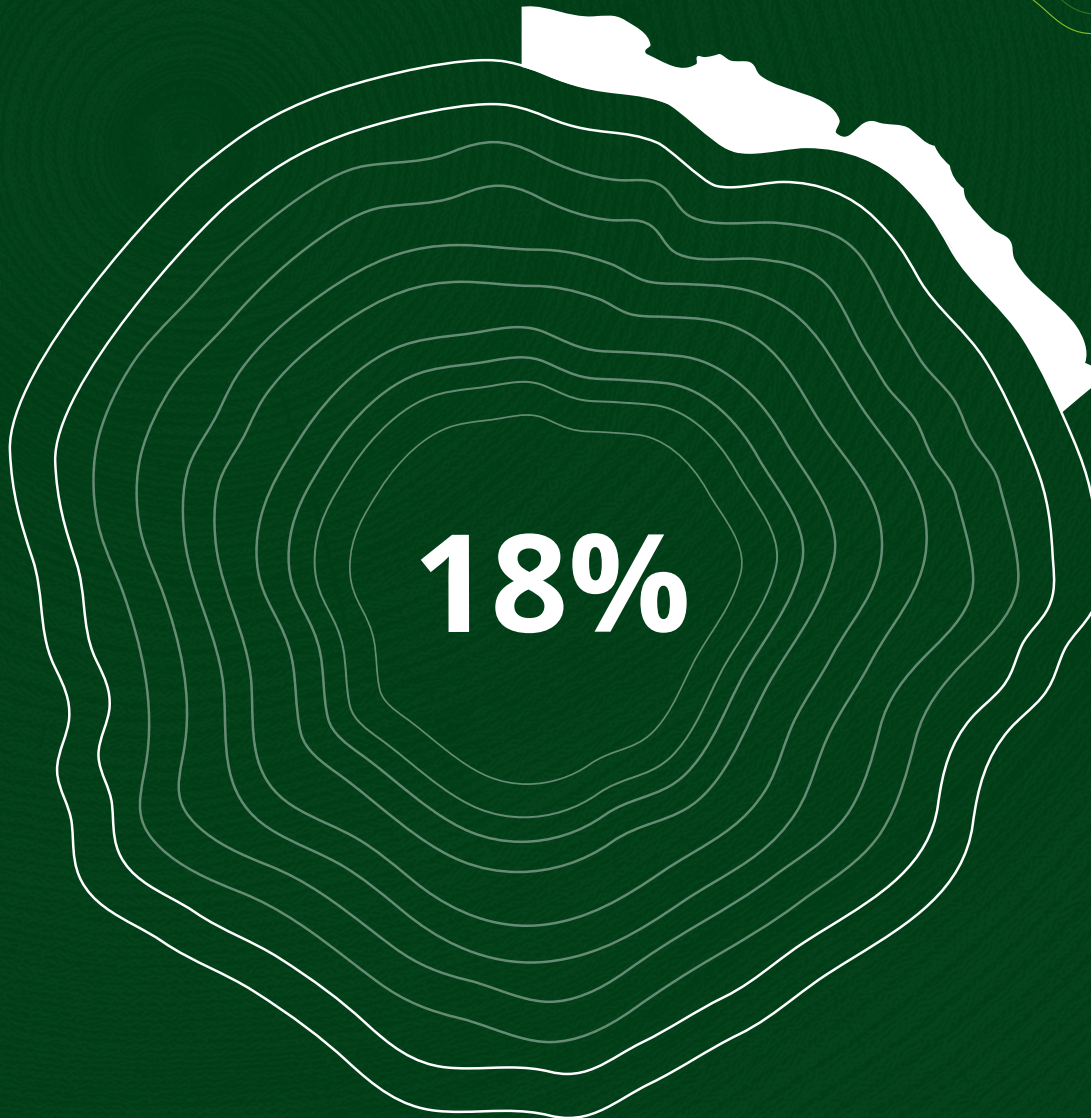
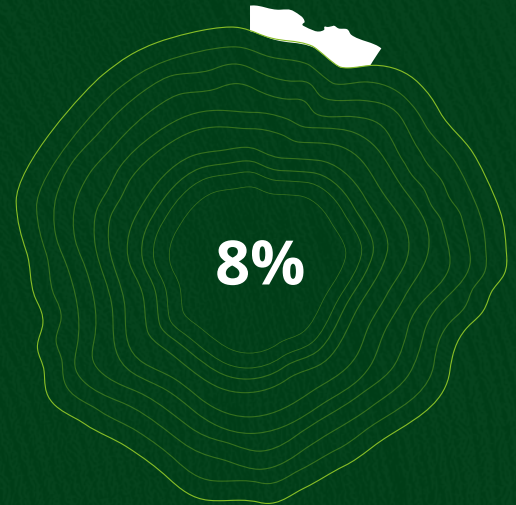


15% of the **next generation** believe the successive generation participates in decision-making at a high level.



The generational disconnect goes beyond just participation, with the difference becoming more pronounced when examining plans for selling the business.

Regarding succession plans, only **8%** of the current generation surveyed expects the next generation to sell part or all of their business interest. However, **18%** of the next generation surveyed plans to do just that.



Multiple motives may influence how next-gen family members approach the future of the business, including risks from the ability to secure financing, perceptions about market conditions, or perhaps the desire to pursue interests outside the family business.

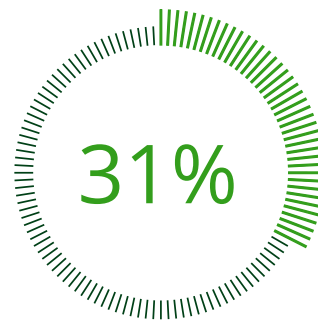
How can a family enterprise begin to reconcile these gaps in perceptions and subsequent plans? As noted in the introduction, open, transparent communication is paramount. For the next generation, it may be about sharing their desire to become more involved in decision-making. For the current generation, it might be taking the time to share more insights about how and why certain decisions are made. It may mean the next generation doesn't fully understand the capital structure; hence their interest in selling part of the business. Perhaps the current generation may not fully appreciate the potential power of strategic alliances in transforming their business. For example, 31% of the current-generation survey respondents strongly agree that they are confident with their business alliances and partnerships, but just 22% of next-gen respondents strongly agree with this sentiment.

Addressing these issues and improving communication can take many forms. One key is working to understand the motivations of the various individuals involved. Is Mom committed to keeping the business in the family and not straying from its core products because of a commitment she made to her father? Does the next generation hold the same passion to work in the business as previous generations did, or do they perceive

their role as a family obligation? Or are they more interested in philanthropic pursuits or getting involved in other businesses either through the family office or on their own? For some, there is nothing worse than a child being groomed to succeed in a sport they have no interest in.²

With an understanding of "the basics," further actions can be taken proactively to improve communications and understanding, which may ultimately facilitate a smooth succession. Perhaps the next generation can be invited to board meetings as an observer or given a seat on the family council. Perhaps they can be given the opportunity to lead a special project for presentation to senior leadership.

Despite this, family enterprises remain business concerns, and an overwhelming majority of respondents from both generations (90% of the next generation and 89% of the current generation) agree that next-gen family members working in the business are contributing to the furtherance of the business legacy and purpose.



31% of the **current generation** surveyed strongly agree they're confident in their business alliances & partnerships.

vs



22% of the **next generation** surveyed strongly agree they're confident in their business alliances & partnerships.



Trust as the touchstone

Along with communication, trust is another important ingredient for family enterprise success. Business transactions are rooted in trust, and trusted brands often command a premium and foster customer loyalty. A [Deloitte survey](#) found that 62% of respondents who report highly trusting a brand buy almost exclusively from that brand compared to competitors in the same category.³ Accompanied with building trust in the organization's brand, family enterprises should also establish trust not only within the business but within the family as well. Interests should be as aligned as possible, and there should

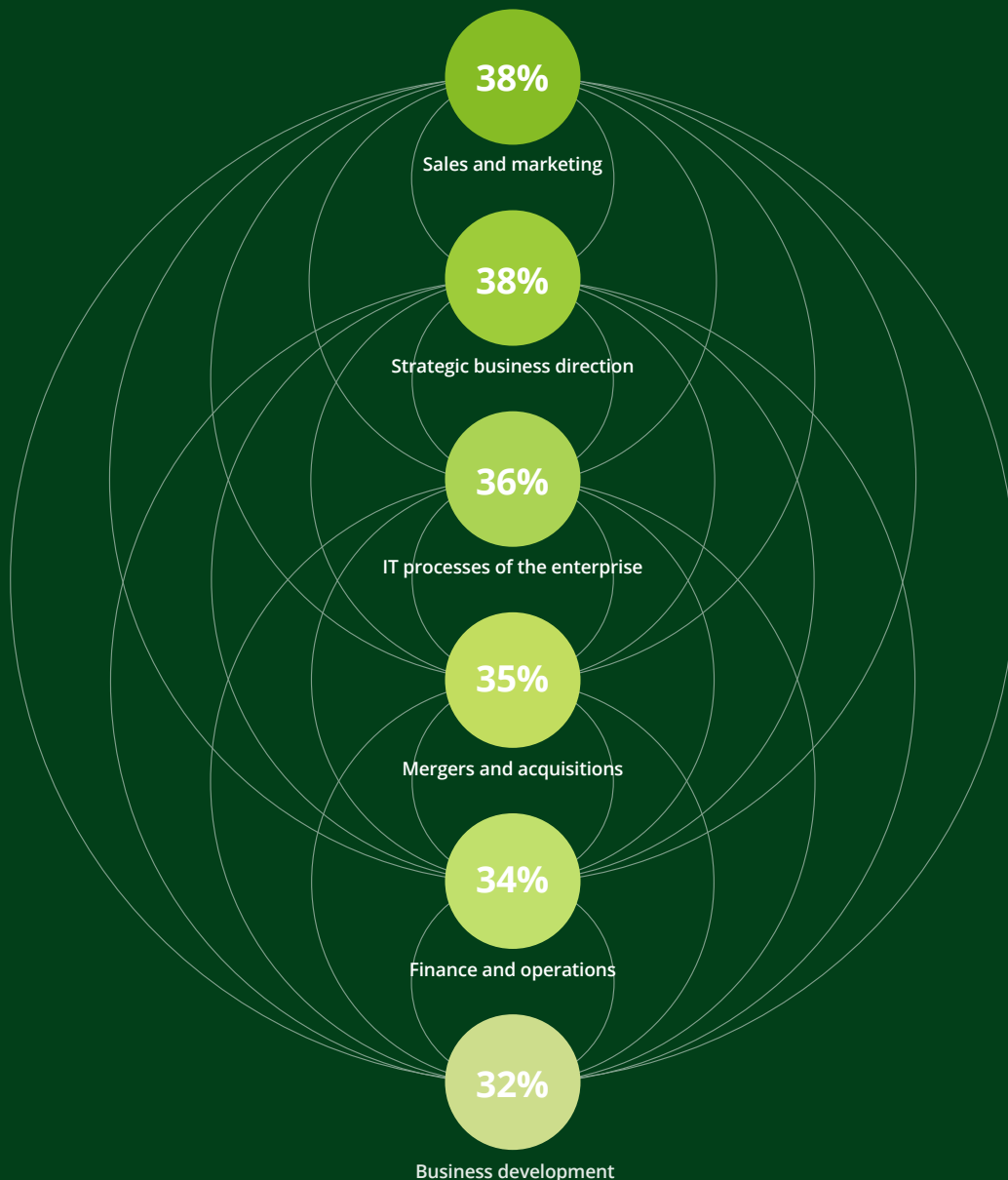
be a clear understanding of the short- and long-term goals and vision for the business, as well as transparent career trajectories for all employees. The corporate mission can serve as a barometer for this alignment between the current and next generations. Agility, often a hallmark of successful private enterprises, along with the ability to adapt to changing market conditions while staying true to the corporate mission, can provide a clear sense of direction and rationale for not just how, but why decisions are made.



For the next generation, it's also about building trust in their personal brand—demonstrating the competencies that will add value.

Respondents from the next generation expressed a sense of assurance that the current generation possesses a certain degree of trust in their expertise across diverse areas.

This includes sales and marketing (**38%**), strategic business direction (**38%**), the enterprise's IT processes (**36%**), mergers and acquisitions (**35%**), finance and operations (**34%**), and business development aspects like the introduction of new products, expansion of product lines, and customer acquisition (**32%**).



The power and importance of technology

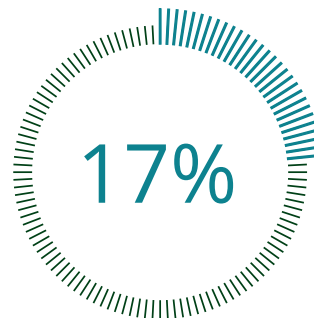
While trust may be the fuel that powers business transactions for virtually every company today, technology serves as the engine that drives them forward. When examining [technology priorities and applications](#), the current gen respondents were more likely than the next generation to strongly agree in several areas, including digital transformation, modernization of legacy systems, and improving cybersecurity.

The biggest divergence was around harnessing data to deliver insights and generate revenue, where 27% of the current generation and only 17% of the next generation strongly agreed that their family business excels in this area. There are other gaps around whether the company is working to improve cybersecurity (29% of the current generation vs. 22% of the next generation) and whether digital transformation continues to significantly accelerate and remain a top priority at the business (32% current vs. 26% next gen).



27% of the **current generation** surveyed strongly agree their family business excels at harnessing data to deliver insights & generate revenue.

vs

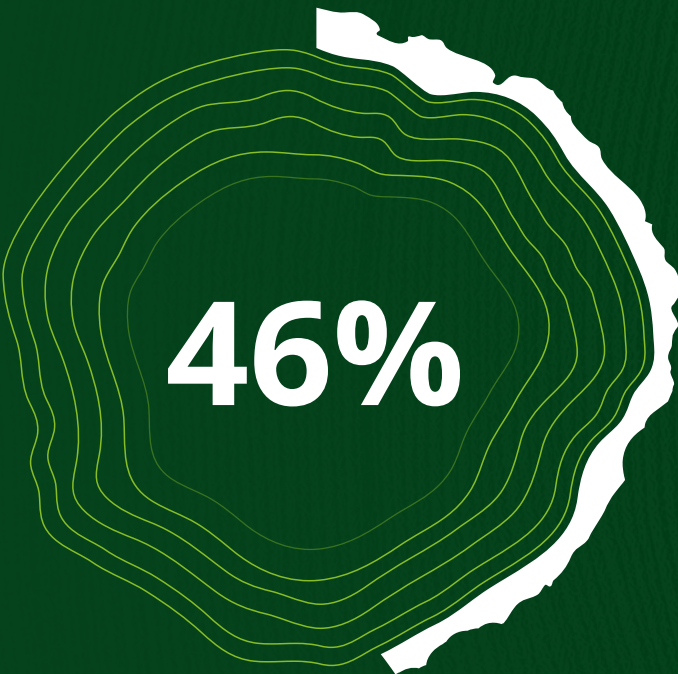


17% of the **next generation** surveyed strongly agree their family business excels at harnessing data to deliver insights & generate revenue.

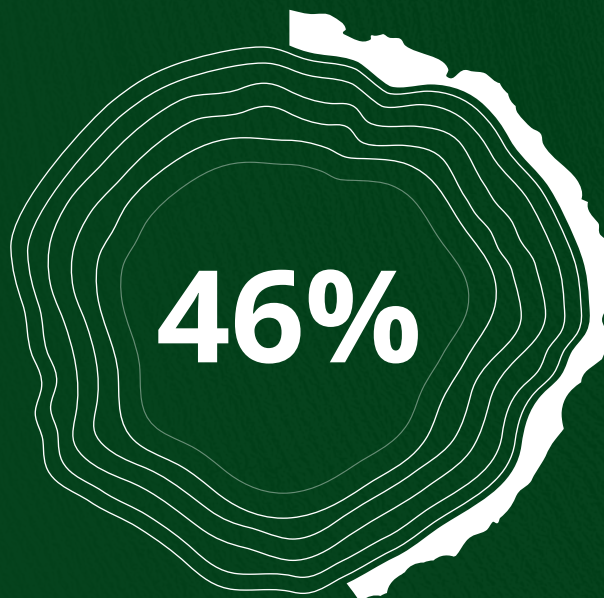
When asked about growth strategies over the next 12 months, smaller companies, defined as having revenues between \$100 million and \$500 million, placed higher emphasis on digital transformation—40% for smaller companies versus 21% for midsize (\$500 million to \$750 million in revenues) versus 29% for larger organizations (greater than \$750 million in revenues).

What's driving these divergent perspectives? It may be that the next generation is more comfortable with the opportunities (such as harnessing data) and potential pitfalls (cybersecurity) of technology than the current generation. The emphasis smaller companies place on digital transformation as a growth strategy could be because they are not as far along in their journey as larger organizations.

Despite these divergent views and potential reasons for them, both generations recognize the importance of [technology as a core competency](#) for potential successors.



46% of the current generation consider technology and digital transformation as the most essential competencies for the next generation.



Similarly, **46%** from the next generation also believe that the key skills they need to possess revolve around technology and digital transformation.

Varied views on risk

Understanding and managing the risk landscape is fundamental to the success of any enterprise. Too often, companies have the potential to overextend themselves or make investments based on projections that may be too optimistic. Conversely, organizations that might be a bit more conservative in the management of their respective balance sheets may be in a better position to take advantage of opportunities as they arise. This agility has long been a hallmark of many family enterprises.

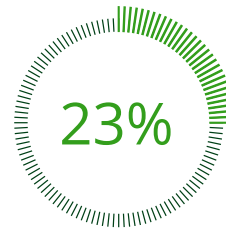
Today, it seems the list of potential risks is longer than ever. Along with competitive threats, economic uncertainty, hiring challenges, and the proliferation of technologies, organizations now also contend with issues such as cybersecurity, geopolitical tensions, and climate change, as well as the impact of Generative AI and industry convergence, which is creating a new set of competitors and disruptors.

When assessing risks, it may be useful to understand the order of magnitude and implications to the enterprise. Family enterprises could first consider the likelihood of a risk event and then assess the impact on the organization to help create focus and prioritization. In the survey, there were disparities between the current and next generation as to their perceptions of certain risks

Survey respondents from the current generation perceive higher risks to business growth than the next generation in the ability to hire and retain employees (23% vs. 11%), impact of climate change on business operations (20% vs. 12%), and the capital structure of the organization (24% vs. 16%).



Risks to business growth



23% of **current generation** perceive risk in the ability to hire and retain employees.

vs



11% of **next generation** perceive risk in the ability to hire and retain employees.

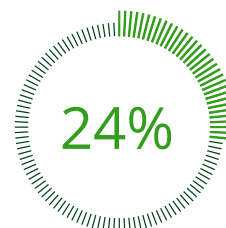


20% of the **current generation** perceive risk in the impact of climate change on business operations.

vs



12% of the **next generation** perceive risk in the impact of climate change on business operations.



24% of the **current generation** perceive risk to the capital structure of the organization.

vs



16% of the **next generation** perceive risk to the capital structure of the organization.

In light of these disparities, it may be instinctive to seek the “right” answer. However, it might be more helpful to explore the reasons behind these differences. Perceptions of risk are often subjective. In the above findings, the current generation might view these issues as greater risks than the next generation based on their hard-won experience running their respective organizations. By having to make decisions to address changing market conditions, evolving business cycles, and myriad disruptions, they may have a greater appreciation for the impact of potential risks and less tolerance for accepting too much risk. This thinking may also be influenced by a “stewardship mentality” whereby they view their roles as temporary, and their personal mission is to ensure continuity throughout the generations.

While these experiences and attitudes may influence the current generation’s thinking, it could be worth exploring what may be influencing the next generation’s perspectives. Recall that more of the next generation reports gaining experience outside the organization than the current generation. Regarding hiring, could it be that the current generation is more comfortable with remote/ hybrid work environments and therefore the ability to

recruit from a broader geography? Perhaps they have experience in skills-based work environments where it’s less about the job title and description and more about getting the right people with the right competencies together to address a business issue. Regarding climate change, perhaps they are not fully aware of all their organization’s impacts on climate change and potential regulatory requirements.

They may be more comfortable with the capital structure because they are more comfortable with a more leveraged balance sheet and its associated risk. Or maybe they have not focused on the macro issues that can damage an enterprise.

Clearly, this is speculation on the “why” that underlies the “what” (the respondents’ perceptions). To get beyond speculation, this examination may be more valuable as a conversation between generations to understand the varied perspectives and considerations that shape one’s thinking, and ultimately the direction of the business. Without these types of conversations, leadership succession may be much more difficult.



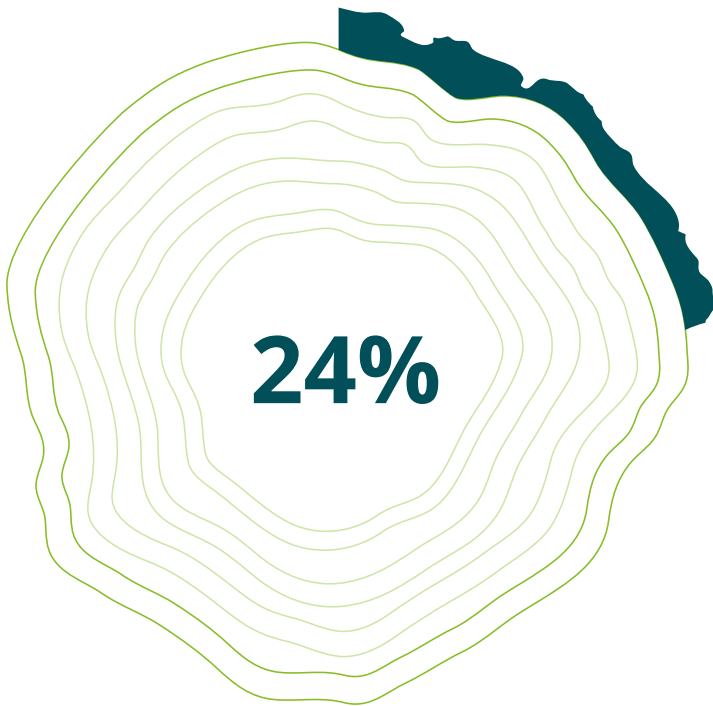


Family businesses contribute \$7.7 trillion annually to US GDP and employ 83.3 million jobs in 32 million family businesses.⁴

Making succession a success

Crafting a [succession plan](#) may be perhaps the most important responsibility for a family enterprise leader. A thoughtful leadership transition can set the stage for a smooth transfer of responsibility. It can alleviate pressure on family members and management in the event of an emergency transition. And it can lay the groundwork for future stability and success.

It is critical that family enterprise leadership not overlook the development and communication of a detailed plan while navigating the urgent business issues of the day. The survey revealed generational differences in how well prepared their respective organizations are in terms of succession.



24% of the respondents from the **current generation** believe that a family business with a formal succession plan would continue to operate without disruptions.

vs



13% of the respondents from the **next generation** believe that a family business with a formal succession plan would continue to operate without disruptions.

Not only is this difference of opinion interesting, but the relatively low percentages from both groups may imply there is more work to be done in this area.

Closing this gap may be a function of more communication between generations, with the current generation instilling confidence and sharing insights with the next generation to help them better understand the issues associated with succession.

When inquired about the steps being taken to prepare the next generation for leadership, the three most common responses were: introducing the next generation to the governance structure (33%), conducting regular formal discussions on the business's long-term strategic planning (32%), and engaging the next generation in external relationships, like those with suppliers, vendors, alliances, and partnerships (32%).

The importance of succession becomes magnified when, according to survey respondents, 28% expect that the next generation of family members will take charge within five years, and another 47% expect the transfer to occur within the next six to nine years. Responding to another question, 46% of next-gen survey participants expect to have leadership, C-suite, or executive-level roles within the business within five years. These timelines may reinforce the importance of devoting time to succession.

According to the survey, the lack of focus on succession isn't the only perceived risk to the process. The list of potential threats, which is both long and multidimensional, further emphasizes the complexities associated with succession.



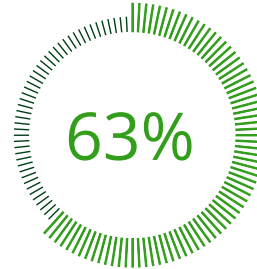
All the other topics in the survey—including succession preparedness, pool of qualified successors, cultural misalignment between generations, insufficient communications, inadequate evaluation, transfer of institutional knowledge, and legal and regulatory concerns—had high or very high risk responses above 54%.

According to the survey, the lack of focus on succession isn't the only perceived risk to the process. The list of potential threats, which is both long and multidimensional, further emphasizes the complexities associated with succession. For every other topic in the survey—succession preparedness, pool of qualified successors, cultural misalignment between generations, insufficient communications, inadequate evaluation, transfer of institutional knowledge, and legal and regulatory concerns—all had high or very high risk responses above 54%, with legal and regulatory (62%), cultural misalignment (60%) and insufficient communication and inadequate evaluation (both 59%) rounding out the list of top risks to a strong succession.

Where are the highest concerns related to succession planning?

The survey found the highest perception of high and very high risk was “interest in succession” at **63%**. For both generations, it appears that this significant topic is not rising to the top of the agenda. This is an area where a board of directors could add value. Organizations with strong, independent boards generally understand the value and importance of succession. This is an important topic, and the consequences of delaying the conversation can have far-reaching negative effects.

Top risks to strong succession



63% of those surveyed stated interest in succession.



62% of those surveyed stated legal and regulatory.



60% of those surveyed stated cultural misalignment.



59% of those surveyed stated insufficient communication.

Conclusion

The three-circle overlapping diagram of family, business, and ownership can help illustrate the complexity of the family enterprise. Given this complexity, it may not be surprising that there may be added complications to the succession process of these organizations. The legacy of the family, its impact on its respective communities, the hopes and aspirations of each generation, potential family disagreements, and the stewardship mentality can all reinforce the need for creating the strongest alignment across generations.

Will they agree on everything? Of course not. But there are opportunities to understand and to be understood, and practices to help strengthen the succession process:



Communication is key

It's hard to overstate the importance of ongoing, open, transparent communications. Operating from a foundation of trust, business leaders may benefit by working hard to understand varied perspectives of family members/owners (perhaps through a family council), potential successors, and non-family management and employees. There should be no surprises within the family as to the plans and priorities of the organization. It's not just about communicating to understand what others think. The real value may come in understanding why they think the way they do.



Succession with a sense of urgency

It can be easy to push succession down the to-do list. There may always seem to be more pressing issues to attend to. But just like when the fuel light flashes during a long car drive, the prudent move is to get off the highway and refuel rather than to ignore it and continue to speed along. By understanding the risks and implications of not having a strong succession process in place, leaders may be willing to keep this as a priority agenda item, and with the help of their board of directors ensure there is a plan and progress toward it.



There's no monopoly on good ideas and innovations.

Businesses that endure are often successful because they evolve and demonstrate agility to respond to changing market conditions. The survey findings identify some key focus areas for these organizations, including strong succession planning, ensuring a solid governance structure, and attention and investment in technology and digital transformation. Embracing a culture of innovation, in which all ideas are welcome and properly vetted, may contribute to the goal of building an enduring enterprise.



As family enterprises look to strengthen, grow, and evolve, consider these survey findings as a resource to help current and next generations prepare for what's next.

Get in touch



Wolfe Tone

Vice Chair
US and Global Deloitte
Private Leader

wtone@deloitte.com

+1 312 486 1909



Wendy Diamond

Deloitte Private US Family
Enterprise Leader

wdiamond@deloitte.com

+1 312 486 2576

Endnotes

1. Wendy Diamond, "Pivotal moments for family enterprises: Long-term incentive planning," Deloitte, 2022.
2. Asia Mape, "Are we pushing our kids too hard in youth sports?," llovetowatchyouplay.com, February 11, 2023.
3. Michael Bondar, Roxana Corduneanu, and Natasha Buckley, "Can you measure trust within your organization?," Deloitte Insights, February 9, 2022.
4. Family Enterprise USA, "2024 growth predicted for 74% of family businesses, national debt concerns revealed in FEUSA's latest survey," April 16, 2024.



About the survey

From January 16 to January 26, 2024, an independent research company conducted an online survey of 500 US respondents comprising leaders and next-generation members of family enterprises to understand their perceptions, plans, and attitudes across a number of dimensions, including influence and involvement in the business; ongoing ownership; risk; opportunities related to data and technology, trust, and their confidence to move forward. Respondents included leaders and employees from the consumer goods; consumer services; energy, resources, and industrials; financial services; life sciences and health care; and technology, media, and telecommunications industries. Responses were evenly split between the current generation of business leadership and the next generation. All responses came from family-owned, private companies with revenues of \$250 million to more than \$1 billion.

This article contains general information only and Deloitte is not, by means of this article, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This article is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional adviser.

Deloitte shall not be responsible for any loss sustained by any person who relies on this article.

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. In the United States, Deloitte refers to one or more of the US member firms of DTTL, their related entities that operate using the "Deloitte" name in the United States and their respective affiliates. Certain services may not be available to attest clients under the rules and regulations of public accounting. Please see www.deloitte.com/about to learn more about our global network of member firms.