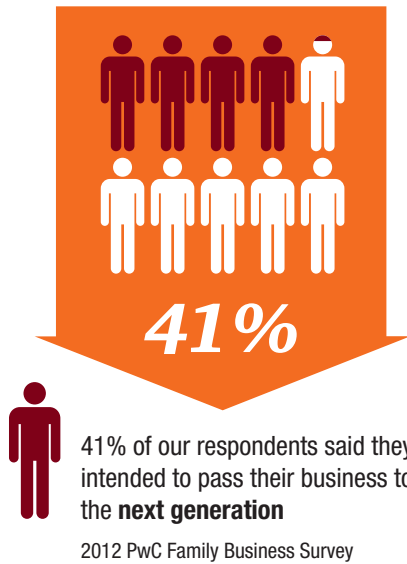


Bridging the gap:

Handing over the family business to the next generation

PwC's Private Clients team spoke to more than 200 next generation family business members in 21 countries who are likely to take over the family business. The survey looks at the issue of succession: how family firms are planning for the future, how the next generation views this and the challenges all family firms face in implementing it.



To achieve a successful succession, a family business needs to bridge three gaps:

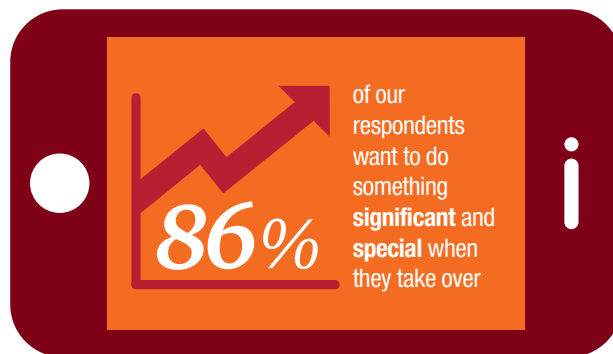
The generation gap

The next generation see opportunities for change in response to global megatrends including new technologies.

“The next generation can breathe new life into the family business.

The older generation needs to be careful not to curb this enthusiasm by underestimating the next gen’s capabilities or shutting down their ideas.”

David Wills, Managing Partner, Private Clients

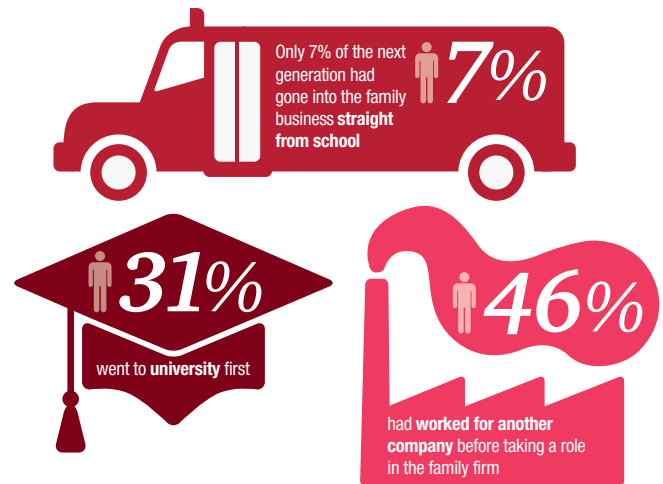


The credibility gap

Establishing the credibility and authority in the family business is one of the greatest challenges for the next generation:



"You have to work maybe even harder because of the family name"



"Gaining additional experience outside the family firm is one way the next gen can build up their credibility while also broadening their exposure to new ideas and ways of doing things."

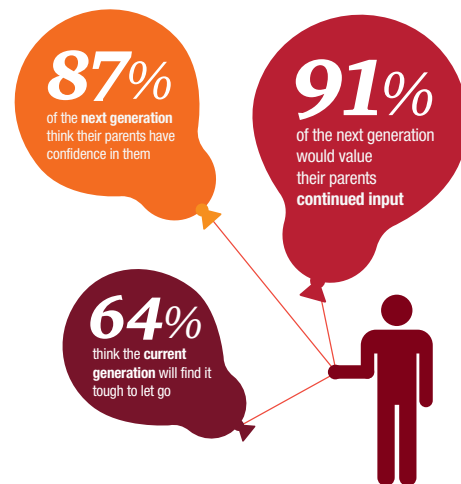
David Wills, Managing Partner, Private Clients

The communication gap

The differing mindset between the current and next generation can lead to 'sticky baton' syndrome where the current generation hands over the business in theory, but in reality retains control over everything that really matters.

"This may lead to ineffective decision making and poor communications that may ultimately impact the business's success and disrupt family harmony"

David Wills, Managing Partner, Private Clients



So where to next?

Family businesses need to:

- clearly define family members roles, responsibilities and entitlements in the business;
- provide the next generation with the experience to succeed;
- encourage communication between the current and next generation.

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