

A Successful Succession Plan

You may not realize it, but family-owned businesses are all around you. At least half of the companies in the U.S. — even those listed on stock exchanges — are family businesses, according to Harvard Business School.

Why then, is the narrative around family business ownership primarily focused on the difficulties of keeping the doors open long-term? Why is it that such a high percentage (70%) of family businesses don't make it past the first generation?

The answers to these questions lie in the planning and long-term goals of these critical companies. Read on for three tips to building a successful succession plan to make sure your family business lasts for many years to come.

BE FLEXIBLE

A big point of contention when a business is being passed down to a new generation is family members not meeting eye to eye on how the company should be run. Generational gaps in business practices and techniques may differ so greatly that they end up halting any kind of momentum.

If you're the one passing down your business — or beginning to think about putting together a succession plan — experts recommend that you stay flexible when it comes to listening to new ideas or strategies. Your family members may have more knowledge



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of social media or digital advertising, for example, that you may be able to tap into to grow the business.

BE RESPECTFUL

If you're part of the younger generation taking over the family business, it's important to respect and appreciate what has been built. Coming in with multiple ideas to completely change the vision and strategy of the company may be viewed negatively by your older family members.

No matter what side you're on, find the time to talk through any plans that may impact the company. Open communication is key to a successful collaboration.

CELEBRATE WINS

One of the most important things businesses can do — family-owned or not — is taking time to celebrate wins as a company. As a business owner, your day can go by quickly thanks to the multiple hats you're wearing.

Sometimes, it's difficult to reflect on big business achievements versus simply moving on to the next project.

You should consider doing this in a group setting, but also be sure to take the time to sit down with each individual employee, if possible, and go over some of the most important wins of the month.

This will help build synergy and communication with your team, as you work together to accomplish your company's most important goals.



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Top Family-Owned Businesses

According to a recent report from Business Insider, here are the 20 most successful family-owned businesses in the world, along with each company's market share:

- Novartis (\$279 billion)
- Roche (\$254 billion)
- Walmart (\$241 billion)
- Facebook (\$225 billion)
- Anheuser-Busch (\$197 billion)
- Oracle (\$192 billion)
- Samsung Electronics (\$174 billion)
- Volkswagen (\$120 billion)
- Kinder Morgan (\$90 billion)
- Nike (\$88 billion)
- Tata Consultancy Services (\$80 billion)
- SoftBank (\$72 billion)
- McKesson (\$55 billion)
- Sun Hung Kai Properties (\$49 billion)
- Foxconn (\$49 billion)
- Richemont (\$46 billion)
- Reliance Industries (\$45 billion)
- Phillips 66 (\$43 billion)
- Carnival Corporation (\$37 billion)
- CK Hutchinson Holdings (\$36 billion)

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