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Reinventing the Family Business

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Reinventing the Family Business

Challenges faced by Family Businesses



1 From closed/local to open/global markets

- Face fierce competition from multinational companies.

2 Continuous operational cost increases, primarily driven by energy costs.

- Direct impact on competitiveness.

3 Inability of the different governments to tackle the serious issues and show interest on the impact of local businesses as a way to support and grow Puerto Rico's economy.

4 Raising need to include professional management in the business structure.



Reinventing the Family Business



- **What is it family businesses need to do to survive in today's business environment?**

Transform the way they govern themselves to keep the family committed and capable of carrying on as the owner.

Reinventing the Family Business

Family Businesses need to transform the way they govern themselves.



1

Promote innovative thinking.

- Understand the past, look to the future.
 - Common backgrounds and history.
 - Close communication.
 - Ability to anticipate each other's thinking.
- Quick decision making.
- **View the company through the lens of current business environments ... and adapt to it!**

Reinventing the Family Business

Family Businesses need to transform the way they govern themselves.



2

It is okay to change the business model.

- Many family businesses are reluctant to change the business model.
 - The “we’ve always done it this way” approach will not move the business forward.
- Family members must recognize that it is possible to respond to the demands of today’s market, while at the same time respecting the shared business and family values.

Reinventing the Family Business

Family Businesses need to transform the way they govern themselves.



3

Continuous Family Succession Planning.



1. Succession plans **must come in full**.
2. Prepare for Family Leadership Succession.
 - Most succession plans are based on ownership succession and not necessarily in leadership succession.
3. It is the **Successor's responsibility** more than the prior generation.

Reinventing the Family Business



- To move forward Family Business Successors must:

**Look to past generations as an inspiration,
not necessarily as a model to be replicated.**



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