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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!**



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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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**THANK YOU!**

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