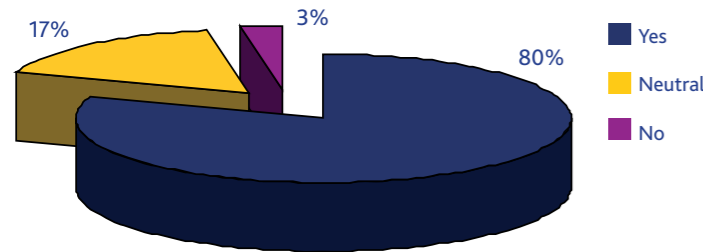


Is the Family Business stronger for having family members involved?

Do you believe the business is stronger for having family members involved in its activities?



Clearly the respondents to this survey do believe that having the family involved in the business strengthens the business. Respondents were asked to give their three most positive associations and their three most negative associations with being a family business. The results are as follows.

The top three Positive Associations with a Family Business

- Members of the family share a commitment to the business
- There is a greater willingness to reinvest profits back into the business
- A family shares the same values and can develop a strong culture within its business

The top three Negative Associations with a Family Business

- Family members can never get away from work
- Business disagreements can put strain on family relationships
- Emotional aspects can get in the way of important business decisions

Conclusion

Overall we were pleased to see that family owned businesses in our region are generally in good health and positive about the future. The vast majority are proud to promote themselves as family businesses and many are keen to pass the business on to future generations. They do see that there is an additional strength in being a family business and that together shared values and commitment enhance the performance of the business.

As you will have seen from the results there are clear issues to be addressed. These are regarding the organisation, management and succession in order to reduce the potential for difficulties arising in family relationships. As one respondent commented the need to, "Avoid financial conflict between children who hold different positions, shareholdings and salaries, as a consequence of joining the business at different times, of having different domestic situations or of having different abilities". These are crucial areas for families to be properly advised upon and supported by individuals with an understanding of family dynamics. In this manner we can support your family business in its journey through the generations.



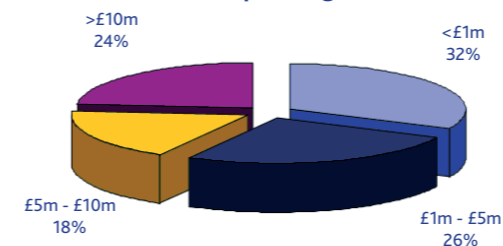
The Family Business Survey 2008

Garbutt & Elliott
Family Businesses

Introduction

In Spring 2008 Garbutt & Elliott conducted a large-scale survey of Family Businesses in the Yorkshire region. The survey was carried out in conjunction with The International Centre for Families in Business and investigated key issues facing family businesses in the region.

Turnover of Family Businesses responding



Garbutt & Elliott would like to thank all those Family Businesses who took part in the survey.

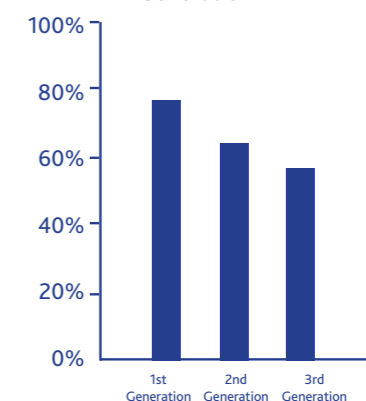
It is widely accepted that only 15% of family businesses survive into the third generation. In the Yorkshire region the sample responding to the survey consisted of 18% of family businesses who were third generation or older.

The survey broadly provides confirmation of the analysis that relatively few family businesses reach a third generation. There was a considerable range in turnover of those businesses responding as can be seen in the above pie chart.

The Purpose of the Family Business

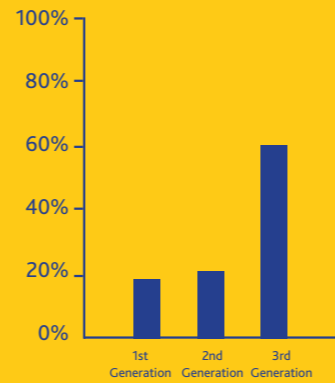
For all generations involved in a family business the servicing of current needs of family members is clearly a very important factor as shown by the chart. However, as the business passes from one generation to the next, other factors identified become more important, in particular the desire for the family business to be a legacy that is to be passed from one generation to the next.

Importance of Current Needs by Generation



Whilst some respondents to the survey in both the first and second generation considered it to be very important that the family business be a legacy for the future generations, there is a significant jump in the importance placed by the time it reaches the third generation, perhaps reflecting the gap in time between creation and the current business and later generations seeing themselves as custodians of the family business.

Generations identifying the Legacy as very important



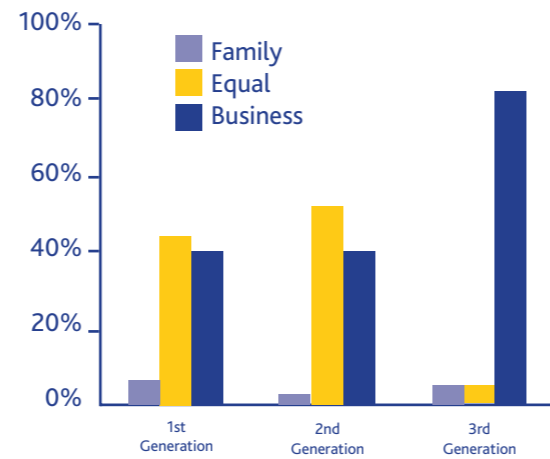
Those in Control of the Family Business

The majority of the respondents of the survey indicated that they were the controlling owner of the family business. This group made up 76% of respondents.

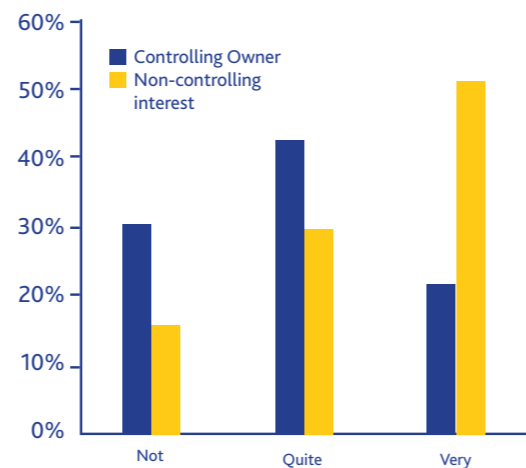
Those that do not control their family business will include to a large extent the individuals who would potentially expect to be in control of the business in the future through shares being passed down a generation. As might be expected therefore this group attributed a much greater importance to the family business being a legacy.

Both groups, whether controlling interest or not, were broadly in agreement of the importance of the family business to support the present owners in their retirement plans.

Priorities by Generation



Importance of Legacy to current owners vs future owners



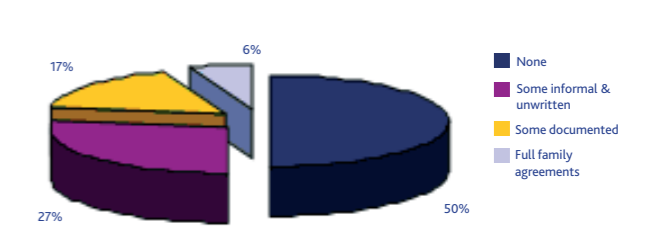
Documentation Supporting Family Businesses

A way in which family business members can feel more integrated into the family business decision-making process is through proper planning and documentation.

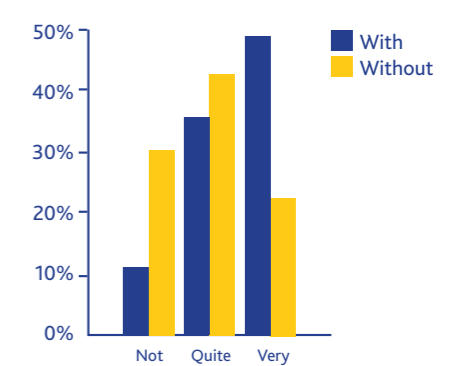
As can be seen from the pie chart relatively few family businesses have put in place appropriate governance procedures.

Those that have put documentation in place do place greater importance on the legacy that the family business will be.

Do you have governance procedures and agreements in place to support the family business?



What is the Importance of Legacy for those with documentation



Promotion as a Family Business

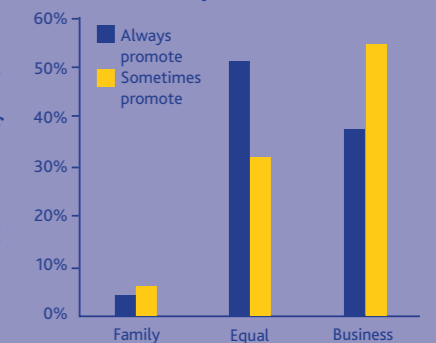
A significant majority of our respondents used the fact that the family owned the business in their promotional activities (93%). Almost half of these family businesses indicated that they always promoted the business as being family owned. Analysis of the result showed some interesting characteristics of this group:

A greater belief that the business is stronger for having family members, with none believing that it is weaker.

Decision making is more family orientated and whilst business was more likely to come first some 55% placed the family on an equal footing

A greater importance is placed on a legacy when the business is promoted as a family business.

Priorities in Decision making by those promoting as a Family Business



Importance of legacy for those actively promoting as a Family Business

