Unlocking legacy — The path to superior growth in family businesses

Balancing tradition and change for enduring success

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KPMG Private Enterprise

STEP PROJECT GLOBAL CONSORTIUM FOR FAMILY ENTERPRISING

Foreword

Finding ways for tradition and innovation to co-exist is one of the most common challenges in building a lasting legacy in family businesses. By exploring the essence of legacy and its impact on business performance, the detailed data analysis, academic insights and the firsthand experiences of family business CEOs in this report contribute to a deeper understanding of the importance of balancing tradition and innovation for long-term success in family businesses.

Not only does legacy connect generations and help ensure the continuity and heritage of entrepreneurial success, but it also shapes the long-term vision of the family's business and guides their strategic choices. Should they expand into new markets? Invest in cutting-edge technology? Diversify or stay true to their traditional business operations?

Legacy may sometimes weigh heavily on those choices and we believe it's necessary for family businesses to recognize when it's right to lean on tradition or when they should dare to leap into the unknown — without the fear of losing what defines the family and the family enterprise.

And so, while legacy has often had a historical perspective, a more contemporary view expands that definition by recognizing that legacy is an important building block for the future because of the positive contribution it makes to business performance and the environmental, social, employee and supplier sustainability impact of family businesses.

This future-oriented view of the "essence" of legacy is an important perspective — not only because of the impact it may have on your business today, but how you can leverage it for the success of future generations.

Forty-three percent of the 2,683 respondents to our most recent survey reported a combination of high business, environmental and social performance, and strong legacies — which reinforces the important link between the strength of family business legacies and their business performance.

This report takes a deep look at the true essence of legacy in today's world, and how you and your family business can use your legacy for sustained competitive growth well into the future, with the introduction of a "legacy matrix" that will help to guide you through transitions in four legacy types in your family and your business.

The essence of legacy is future-centric

To begin the exploration of the essence of family business legacies — the opportunities and the challenges in today's world — the STEP Project Global Consortium (SPGC) and KPMG Private Enterprise conducted a survey of 2,683 family business CEOs from 80 countries, territories and regions in the latter part of 2023. At an average age of 42 years, these family businesses represent a significant level of maturity, stability and experience in navigating many different business cycles, including the oldest family business among the respondents — a family business in Europe that is celebrating a remarkable 154 years in business.

After completing a detailed analysis of the survey data, we led four regional roundtable discussions with 21 family leaders and next-generation family members to discuss the meaning and impact of legacy on their families and businesses.

Among the findings, we heard about the "legacy paradox" — how legacy is an asset to a family business when it serves as a source of identity, inspiration and innovation, but it can also be a liability if it is too entrenched in tradition and stands in the way of innovation, change and agility in future generations.

We examined four legacy components (material, biological, social, identity) from the survey results and added entrepreneurial legacies as an important fifth component, which emerged from the roundtable discussions. All five components have an impact on family business results. Those family businesses that reported strong legacy scores, for example, also reported high business performance and sustainability results, which were enabled by high levels of entrepreneurialism across several generations.

As you'll see from these findings, the highest-performing businesses also tend to have the strongest legacy scores, which suggests there is a compelling link between the depth of the legacy of a family business, its financial performance and the strength of its sustainability practices.

This has reinforced our view that legacies cannot be viewed through a lens of the past, but as essential ingredients for future-oriented, sustainable growth. And we're pleased to have this opportunity to share new insights into the power of building a legacy family business that delivers sustained business and family performance for generations to come.

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All of the charts throughout this report contain data derived from the 2024 STEP Project Global Consortium and KPMG Private Enterprise Global Family Business Survey.

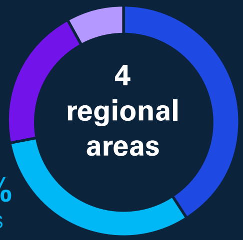
Global survey highlights

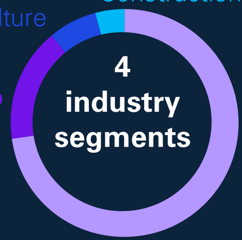
The survey explored the "essence" of family business legacies: how they contribute to long-term business and sustainability performance, and carry what is important to families into the future. By assessing the elements and impact of their legacies, families can continue to build a business that grows, prospers and is meaningful for every generation.

We surveyed

2,683

Family business leaders from 80 countries, territories and regions





Family business size (# employees)

Under 50	50–250	Over 250
45%	28%	27%

We asked about

Average level of family ownership

88%

Governance

Firms with formal boards

61%

5 Average # of board seats

2 Average # of board seats held by women

We examined four legacy components

Material
including artifacts such as family heirlooms, land, money and sentimental objects[1]

Biological
the family's bloodline, name and genes[2]

Identity
values, attitudes and beliefs that are shared through family stories and rituals[3]

Social
maintaining a positive standing in the community[4]

We looked at regional differences

	Legacy score	Business performance score	Sustainability score	Transgenerational entrepreneurship score
Highest	Middle East & Africa	The Americas	Europe	Asia & Oceania
Lowest	Asia & Oceania	Asia & Oceania	The Americas	Middle East & Africa

Read on for detailed information and insights on the impact of the findings from the survey data.

[1] Hunter, 2007; Zacher et al.; Zellweger et al., 2012
[2] Zacher, Rosing, & Frese, 2011
[3] Hunter & Rowles, 2005
[4] Blumentritt, Keyt & Astrachan, 2007

Contents

Bringing the
essence of legacy to the surface

The concept of legacy runs deep in family businesses. Its impact is often profound because it reflects what it means to be both a business and a family — representing the values of the family itself and the evolution of the family business.

Legacy is born out of the entrepreneurial vision of the first-generation founder, and it builds as a once-fledgling business grows into a multi-generational family enterprise. It honors the origins of the business, preserves its traditions and respects the entrepreneurial spirit, achievements and values of all the generations that have come before.

But not all legacies are created equal.

Confronting the legacy paradox

Legacy is an asset to a family business when it serves as a source of identity, inspiration and innovation.

But legacy can have both positive and negative outcomes that make it a potential liability as well. In firms that have become so entrenched in tradition and a mindset that "this is the way it has always been done", the legacy that is being passed down may actually stand in the way of innovation, change and agility in future generations.

In some cases, it may even lead to family disagreements that disrupt family relationships and unity when younger generations who are focused on innovation and adaptability may challenge older generations who are committed to preserving tradition and maintaining a hands-on approach.

This is the legacy paradox.

The choices that one generation makes affect the choices of every generation that follows. And as is the case with anything that's worth keeping, legacy requires attention and careful management to help ensure it continues to generate value for the family, the business and all its stakeholders.

Creating room for next-generation goals and strategies

In today's environment, legacy is presenting new challenges to family business leaders who find it necessary to learn how to manage the legacy paradox by blending traditional values with modern business strategies to build a legacy with future generations in mind. Often this is accomplished by:

- Defining what legacy means to them and the impact it has on the family business.
- Openly discussing the most common legacy components (material, biological, identity, social and entrepreneurial legacies) and how they apply to them.
- Identifying potential opportunities, challenges and the long-term viability of their legacies.
- Openly addressing the legacy paradox in their family businesses.
- Developing strategies and practices to help strengthen and sustain their legacy and continue to build it with an eye on the future.

Key takeaways

Legacy is an important aspect of family businesses, connecting generations and shaping the long-term vision of the business.

But legacy can be both an asset and a liability, serving as a source of identity and inspiration but potentially hindering innovation and change.

"As a strong advocate for multi-generation conversations in business families regarding their values, heritage and expectations, I find it encouraging to hear family business leaders describe how important it is for senior generations to 'make space' for the next generation to make their own decisions about how they will take the family and the business legacy forward."

Andrea Calabrò
STEP Project Global Consortium
Academic Director
Director, IPAG Chair for Sustainable Family Business & Entrepreneurship
IPAG Business School

Digging into **legacy's roots**

To gain deeper insights into how different legacies have an impact on family businesses, we asked family business leaders to identify the legacy that best represents their family business. Their descriptions were based on the key characteristics of the four key legacy components included in the survey — material, biological, social and identity.

In addition to these four legacy components, one of the important learnings from our follow-up discussions with family business leaders was the important contributions of entrepreneurial legacies, which represent how families reconstruct their past entrepreneurial achievements. We have included entrepreneurial legacies as the fifth legacy component in this report.

In exploring the insights from survey and roundtable discussions with family business leaders, we examined the key characteristics of each legacy component and the factors that contribute to a strong legacy or potentially weaken it.

Defining the components of legacy

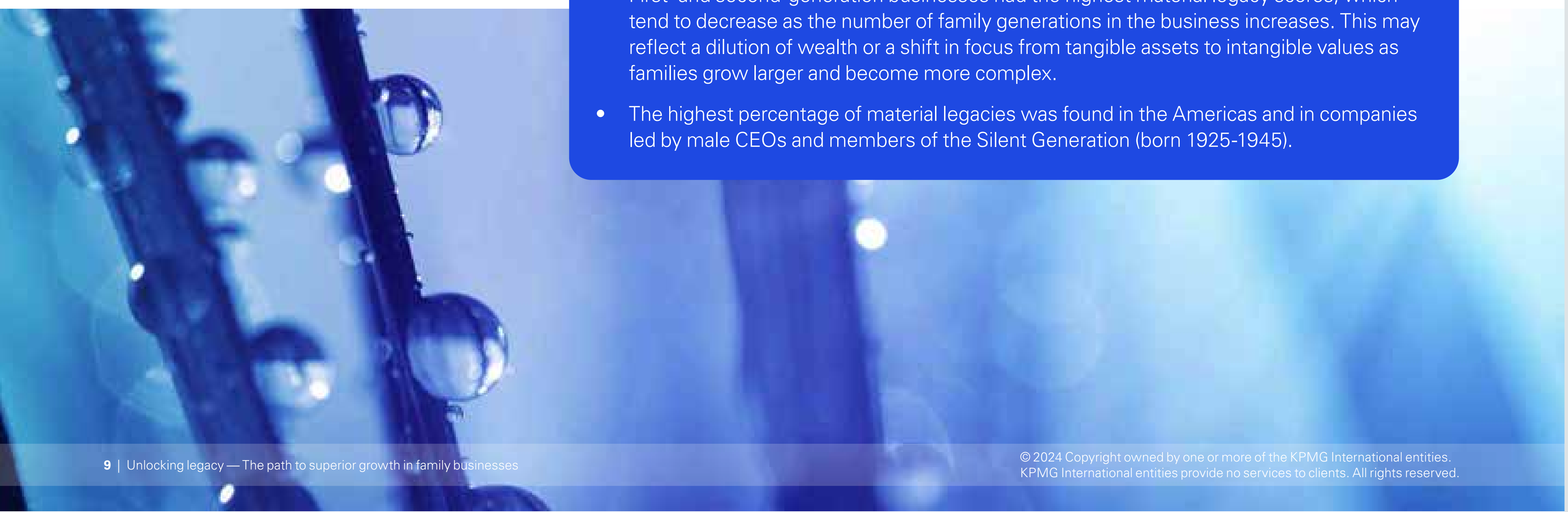
Material legacy

Material legacies include tangible assets that underly families' financial value and wealth. They may include physical items such as heirlooms that have sentimental value to the family, as well as land, property or family wealth that is passed from one generation to the next.

Several family business leaders from multi-generational family businesses noted the potential for competing interests in the different legacy elements that may be important to different generations who are active in the business.

> “Material legacy is the tangible memory of our ancestors' immortality. For several years, it has been at the center of formalized succession processes. Now something is changing, and intangible aspects are becoming increasingly relevant.”

Dr. Rosalia Santulli
Assistant Professor in Corporate Finance
University of Genoa



Survey insights

- First- and second-generation businesses had the highest material legacy scores, which tend to decrease as the number of family generations in the business increases. This may reflect a dilution of wealth or a shift in focus from tangible assets to intangible values as families grow larger and become more complex.
- The highest percentage of material legacies was found in the Americas and in companies led by male CEOs and members of the Silent Generation (born 1925-1945).

Biological legacy

A biological legacy — such as the family name and bloodline — reflects a commitment to sustaining the family's cohesiveness and the continuity of the business. Often, younger family members are actively engaged in the business as potential successors. When both biological and material legacies are important to the business, it helps to ensure that the family's material wealth continues to be handed down in the family from generation to generation.[5]

Interestingly, a CEO's tenure is a significant contributing factor in the focus on biological legacies. Those with extended leadership terms tend to cultivate a richer biological legacy, which suggests a potential link between longevity in leadership and nurturing family continuity.

Survey insights

- Biological legacy scores are particularly low for female family business CEOs compared to their male counterparts, which suggests they may be prioritizing other elements of legacy. There are several theories that may help to explain why this is the case. One, for example, suggests that female CEOs may feel compelled to compensate for what may be perceived as deficiencies in fulfilling traditional biological legacy roles by excelling in other areas, such as corporate social responsibility or innovation. Or some female leaders may value communal success over their individual or biological legacy, leading them to focus on the well-being of employees, community engagement and environmental sustainability as part of their legacy.
- Biological legacy scores are highest among CEOs representing the Silent and Baby Boomer generations and in third-generation businesses and higher.

[5] The Quagmire of Legacy in Family Firms. Nathan L Hammond, Alison W. Pearson, Daniel T. Holt; 2016

“Ours is a fourth-generation business, and our family legacy is extremely important. The business was started by our incredibly inspiring great grandfather and his brother, and it's an enduring source of family pride. However, we recognize that we don't want to become a prisoner of our founders' pioneering spirit. We now have the ability to recreate that spirit in our own chapter by focusing on building a social legacy that reflects what we stand for and the role we play as a fundamental contributor to the well-being of the communities where we operate.”

George Vestey, CEO
Vestey Holdings Ltd, UK

Social legacy

Social legacies are built on the family's shared values, attitudes and beliefs, and the focus tends to be on building strong community relationships and making the world a better place. Intergenerational discussions of how legacy is understood and perpetuated are vital in all elements of governance and succession. Values are a critical element of this.

In the 2022 KPMG International article, "Good for business, good for the world", we described how social responsibility is not new to family businesses, as issues related to sustainability, climate risk and uncertainty in many parts of the world have been important to them for multiple generations. These family business leaders are continuing to turn their attention to 'people, planet and profit' goals to help generate value for the environment, create jobs, contribute to community prosperity and reinforce a legacy of delivering long-term value to their families, customers, employees and communities.

"Money is important to live, but it isn't a legacy driver for our business. I want to be able to look back and be proud of what we've achieved in a way that has helped and not harmed anyone. That's how I have been raised by my parents, and I will measure my legacy in terms of what my business and I have contributed to society and the greater good."

Josie Morris
Managing Director
Woolcool

"In my experience, Gen X leaders have been successful financially, and they have moved beyond financial rewards to their responsibility to 'give back'. They have grown up during a time of increased social awareness and may be more willing to invest in social initiatives that may not yield immediate financial returns but contribute to the long-term sustainability of the business and society.

Many also prioritize work-life balance and personal fulfilment more than previous generations, which may lead to a greater emphasis on social responsibility and a desire to use their business as a force for good."

Creagh Sudding
Director, Family Business,
KPMG Private Enterprise
KPMG in South Africa

Survey insights

- The highest percentage of family businesses with a high social legacy score were found in the Middle East and Africa, which also had the highest legacy score overall. In those countries, the cultural aspect of collectivism is much stronger than individualism and higher than what is typically found in the US, the UK and other European countries.
- In Africa, specifically, the economic status of the jurisdictions in which family businesses operate is also a factor, along with the fact that, culturally, Africans take a community view to most business decisions. Family businesses are influenced by these values and often prioritize giving back to their communities and contributing to social development. There is a sense of responsibility and obligation to use the business's resources and influence for the benefit of society.
- Family businesses led by CEOs from Gen X (born 1965-1980) also had the highest social legacy scores.

Identity legacy

When the family's identity is embedded in the business, storytelling is often a central pillar of the family business. Shared family stories and rituals are woven into the business through the family's identity, values and history, and the family's identity often functions as an informal governance mechanism for resolving family conflicts.

Survey insights

- The Middle East and Africa had the highest identity legacy score, which suggests there is a strong emphasis on family history and values in that region.
- Identity legacy scores were also high among Silent Generation CEOs and older fifth-generation and higher family businesses.

Sustaining the legacy of a family business is valuable as it accomplishes two things: first, it represents the achievements and long-term success of the business. Second, it is a window into the character of the entire family. Building the business is the easy part. Sustaining the business through economic ups and downs, changes in customer demands, the globalization of products and unexpected events is a true testament to the family.

Educating family members at an early age — even if they don't work in the business — about the virtues and values of the family is key to their understanding of why the family business is central to demonstrating their values.

Brad Sprong
Head of KPMG Private Enterprise, Tax Partner
KPMG in the US

Entrepreneurial legacy

The importance and impact of entrepreneurial legacies was highlighted in the roundtable discussions with family business leaders, with insights such as these from **a founder in Hong Kong (SAR), China**, "I'm an entrepreneur because I come from a family of entrepreneurs, so when I think about legacy, the spirit of entrepreneurialism and resilience within our family is what comes to mind. It's why I wanted to establish a venture capital arm within our family office, and now I'm starting a new business within the family business by taking the values and lessons that my father has learned over the years and applying them in entirely new ventures."

Key takeaway

The interdependency of legacies

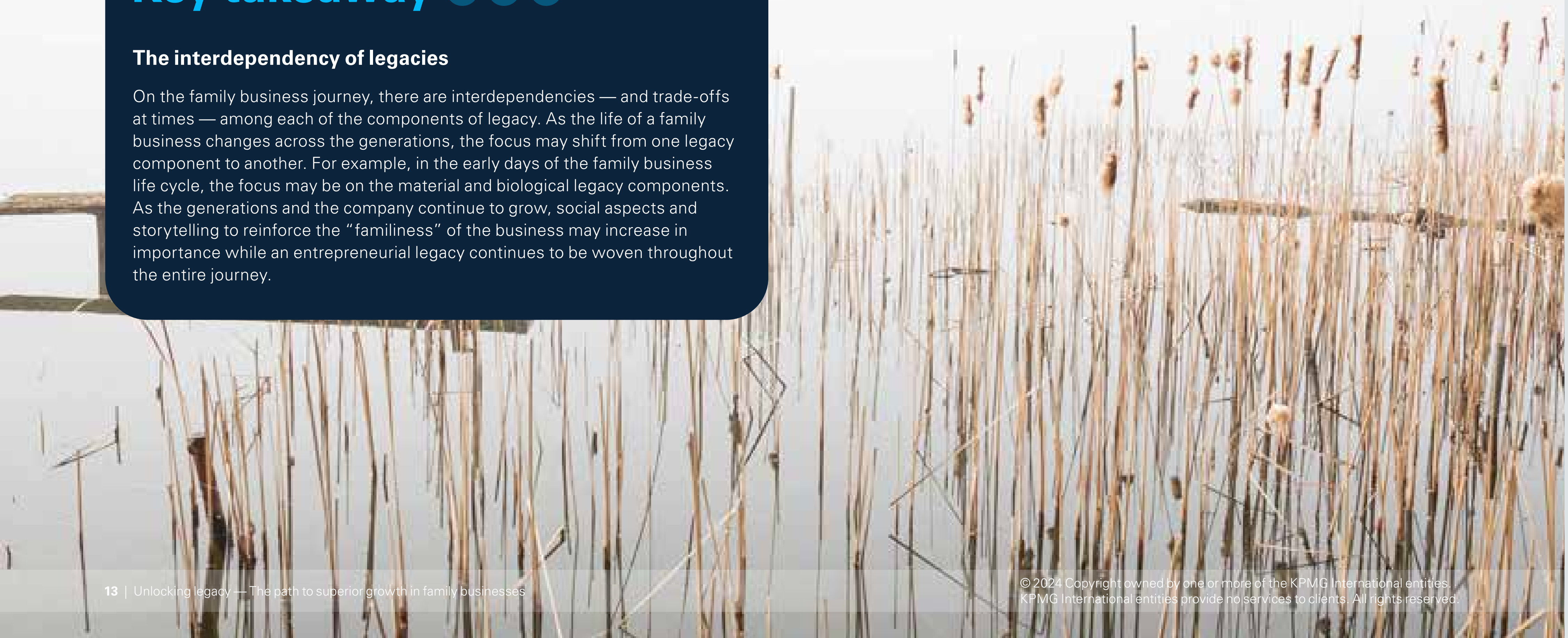
On the family business journey, there are interdependencies — and trade-offs at times — among each of the components of legacy. As the life of a family business changes across the generations, the focus may shift from one legacy component to another. For example, in the early days of the family business life cycle, the focus may be on the material and biological legacy components. As the generations and the company continue to grow, social aspects and storytelling to reinforce the "familiness" of the business may increase in importance while an entrepreneurial legacy continues to be woven throughout the entire journey.

Which legacy component should you focus on?

Based on our survey data, it appears the strongest legacy components that contribute to good business performance and sustainability may be ranked in the following order:

1. Social
2. Identity
3. Biological
4. Material

While the "entrepreneurial legacy" component was not included in the survey, it proved to be an important outcome from our roundtable discussions with family business leaders. The impact of entrepreneurial legacies is referenced throughout the report as an important addition to the legacy discussion.



Key takeaways

- Family business change and grow over time and traditional legacy types continue to evolve as well.
- New territorial legacies are emerging; for example, where business families are focused on preserving and revitalizing their cultural heritage.
- It's important for each generation to adapt the foundation of their legacy to changing market dynamics and to the evolving social and cultural landscape.

A new perspective on legacy — breathing life into tradition

In the world of business, family enterprises are often recognized for their long-term vision, resilience and strong people-centered cultural foundations. These attributes have their roots in a much deeper concept: legacy. For family businesses, legacy is a driving force behind their ability to transcend industry norms and technological disruptions and to thrive across generations.

At the heart of every successful family business lies a legacy — a rich mosaic of tangible and intangible assets that shape its identity and impact future generations. But not all legacies are created, developed and accumulated equally. Family businesses often exhibit a variety of legacy types, including biological, social and material legacies. These legacies are the foundation upon which competitive advantages are built, driving profitability and longevity beyond industry averages.

In the Gulf Cooperation Council (GCC), we observe the beginning of a new type of legacy — *territorial legacy* — which is particularly pronounced. Territorial legacy refers to the lasting impact a family leaves on a particular geographical area — as a testament to their influence and stewardship of the land, which is deeply intertwined with the family's traditions and entrepreneurial journeys.

They breathe new life into a centuries-old traditions, underscoring the importance of preserving and revitalizing a cultural heritage in the modern business landscape.

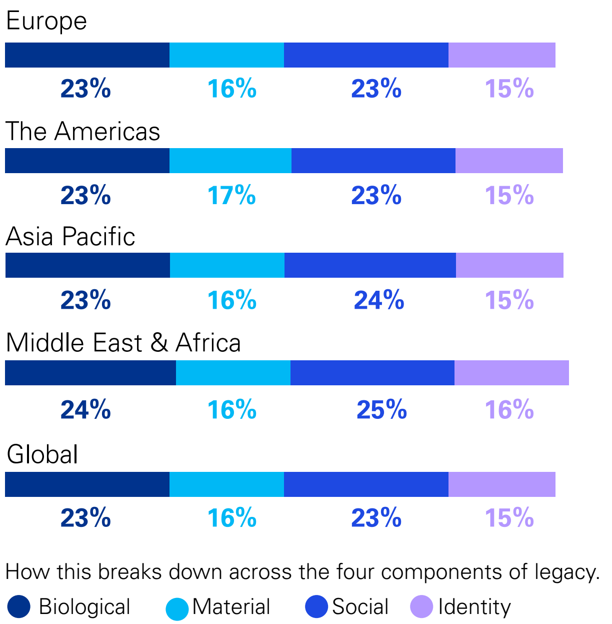
In a world where change is inevitable, family businesses serve as guides of tradition and innovation — a reminder that the past can be a source of inspiration for the future.

Rodrigo Basco
STEP Project Global Consortium Board Member
Professor & Sheikh Saoud bin Khalid bin Khalid Al-Qassimi, Chair in Family Business
American University of Sharjah

Regional perspectives on legacy

Various factors, such as geographic locations, cultural backgrounds, local traditions and values may hold significant sway and influence families' perspectives on legacy. To cultivate legacies that not only resonate within local communities but on a broader national — or even global — scale, it's important for family businesses to recognize some of these diverse perspectives if they are looking for larger growth opportunities.

The following chart shows a regional snapshot of differing legacy scores.



Middle East & Africa

There is a strong emphasis on maintaining and promoting family legacies in the Middle East and Africa, and that region had the highest legacy score overall with a primary focus on identity legacies and stories of families' history, values, traditions and culture.

- Highest overall legacy score compared to all regions
- Second-highest sustainability score
- Dominant legacy component: Social

Asia & Oceania

In Asia, where there are many emerging economies, wealth is traditionally considered to be the family legacy. Compared to other regions, Asia and Oceania has a relatively younger company age profile, which aligns with the rapid economic development and entrepreneurial growth that has been seen in many parts of the region, and where the philosophy of "keeping ownership and management within the family" is commonly adopted.

- Lowest overall legacy score compared to all regions
- Highest transgenerational entrepreneurship score
- Dominant legacy components: Social and material

Europe

Europe is home to some of the world's oldest family businesses, which are rooted in its unique historical, cultural and economic background, and where heritage and the preservation of legacy have high value. With strong environmental sustainability regulations and consumer awareness, Europe leads with the highest sustainability score in the survey and surpasses the global average.

- Highest sustainability score
- Second-highest transgenerational leadership score, with a focus on family relationships
- Second-highest business performance score
- Dominant legacy component: Material

The Americas

While material legacies are dominant in the US and common in Brazil, social and biological legacies are gaining relevance, particularly with the emergence of the ESG (environmental, social and governance) agenda.

- Highest business performance score
- Dominant legacy component: Material

Measuring the **impact of legacy**

Because family business legacies represent such a unique combination of tangible and intangible assets, each legacy generally reflects what enterprising families care about. Other than the transfer of material wealth, it can be challenging to measure the value of assets such as family business legacies.

But it isn't impossible.

> Some Mexican family businesses use regular family meetings and stakeholder surveys to gauge the impact of their legacy. This can include assessing the business's reputation in the community, employee satisfaction and family members' engagement and satisfaction with the business.
>
> An example is a family-owned tequila company that regularly surveys its local community and employees to understand the impact of its cultural and environmental practices. The feedback has led to more sustainable farming practices and community engagement programs, enhancing both its legacy and business success.

Jesus Luna
National KPMG Private Enterprise Leader
Partner, KPMG in Mexico

In part, this is because the importance and impact of family business legacies don't stop at the family's door. Their legacies are often the basis of important contributions that business families make to the well-being of the communities where they operate, for example. In some cases, these families are contributing directly to the economic and cultural sustainability of an entire nation.

Similarly, in the Middle East and Africa — where those family businesses recorded the highest social legacy scores in the survey — the commitment to their nations' cultural heritage is profound. With a strong sense of cultural identity and pride, the legacy of many of these family businesses encompasses more than their own successes to include the preservation of important cultural traditions, artifacts and knowledge as well.

> According to a study by the German Economic Institute, family businesses account for around 90 percent of all companies in Germany and employ around 60 percent of the workforce[6]. These businesses are often known for their long-term focus, commitment to quality and strong relationships with employees, customers, and suppliers. Many of these businesses have been passed down through generations and have a strong sense of tradition and continuity.
>
> Overall, the legacy of family businesses in Germany is important because it contributes to the country's economic success, fosters stability and reliability in the market and helps to build trust and loyalty among stakeholders.

Dr. Knut Tonne
Partner,
KPMG Private Enterprise
KPMG in Germany

[6] Family Business Foundation, The economic importance of family businesses, 6th edition, prepared by the ZEW Leibniz Center for European Economic Research Mannheim and from the Institute for SME Research Mannheim, Munich 2023

The impact of legacy on business performance

Overall, our survey data suggests that successful family businesses nurture comprehensive legacies that include their financial assets, family identity, social responsibilities and succession plans.

Legacy score	Business performance score: Low	Business performance score: Medium	Business performance score: High
Low	43%	33%	23%
Medium	33%	35%	32%
High	24%	32%	45%

Forty-five percent of family businesses with *high legacy scores* also reported strong business performance compared to their competitors. By comparison, only **23 percent** of companies with *low legacy scores* reported strong business results.

How legacy can help drive sustainable business practices

There also appears to be a symbiotic relationship between legacy and the impact of family businesses' sustainability actions related to their humanitarian activities, impact of their business activities on the environment, efficient use of natural resources, policies related to equal opportunities for employees and their well-being and relationships with suppliers and customers.

Fifty-three percent of the survey respondents with high legacy scores also reported high community, environmental, employee and supplier sustainability results.

As described in the 2023 SPGC/KPMG International report "A road well-traveled", the benefits of operating a sustainable business and doing what's right for people and the planet are clear identifiers of family businesses. In particular, family businesses that prioritize an identity legacy and weave the family's values and history into the business appear to excel in their sustainability performance. This is an interesting pattern, suggesting that the stories family businesses tell are not merely reminders of their own heritage — they also serve as an important foundation for continuing to progress their sustainability actions.

- However, **identity legacies** *do not* seem to affect employee sustainability.
- **Biological legacies** *do not* appear to have an impact on environmental and supplier sustainability, but they *do* tend to have a positive influence on employee sustainability.
- Interestingly, **material legacies** primarily have a positive effect on employee sustainability and a negative impact on social sustainability.

Sustainability score

Legacy score	Low	Medium	High
Low	53%	28%	17%
Medium	31%	40%	30%
High	16%	32%	53%

- **Biological legacies** are focused on family members and community connections.
- **Material legacies** move families' attention towards material, economic and financial aspects.
- Combined **biological and material legacies** help contribute to strong business results.
- **Social legacies** are primarily oriented to the external environment and helping to make the world a better place.
- **Identity legacies** are focused on family members and the image and reputation of their businesses and families.

Key takeaway

By focusing on a material legacy, it appears there may be an unexpected trade-off with the positive effect of social legacies, especially among younger generations who are increasingly focused on their social and environmental sustainability impact.

Notably, our survey data indicates that the positive impact of legacy on sustainability is stronger in family businesses led by female versus male CEOs.

The story of the Leonardi family and their third-generation IGOR Gorgonzola business is a firsthand example of the impact that identity legacies can have on long-term business performance as well as firms' sustainability priorities.

Case study

From artisan to Industry 4.0

The legacy journey of IGOR Gorgonzola

For four generations, the Leonardi family has brought the finest Gorgonzola PDO cheese to kitchen tables across the world. Handed down from father to son, IGOR's recipe has been unchanged since the company's founding in 1935 in Mezzomerico — a small village in the hills of the Novara area of Italy.

Today, with a focus on sustainability, the company continues to follow its traditional cheese-making processes while also addressing its environmental impact, carefully monitoring its selection of milk and using advanced digitized production methods.

The family's values and identity are central to IGOR's legacy. As Giulia Leonardi, a fourth-generation family member in the business, remarks, "I think my father has lived our family's legacy through his values and his dedication to our family, the business and our company's products. When he took over the family business, we were still an artisan company. Then, as our first entrepreneur, he began the transition to the industrial phase of the business. He started from the very beginning and his skills and values have evolved over time."

Looking forward by first looking back

Emotional connections are powerful motivators in family businesses, and Giulia describes how the history of her family's business is not something that has to be taught. "I was there when I was a child and it's part of me," she says. "It's impossible to think of me and the company as separate entities."

In this way, the history of IGOR's evolution is a look forward as well as a look back. It serves as an example for future generations to build on. And it's also a source of pride and motivation, inspiring others to strive for greatness.

Giulia describes how growing up beside her father has given her a clear understanding of the complete business history on the path to becoming a large industrial operator within the food industry. The entrepreneurial spirit and hard work of her father and his siblings has built emotional connections throughout the family and the company, making them part of that history and motivating them to pass on the same values, passion, ambition and dedication to the next generation.

Drawing a new roadmap for the future

It's for this reason that IGOR'S legacy weaves a narrative of continuity, values and purpose throughout the family and the business. It also provides a roadmap for navigating challenges and building a lasting presence in the business landscape.

An important component of this roadmap has been the creation of a next-generation development plan, undertaken with the support of Silvia Rimoldi, Partner and Head of the Center of Excellence for Family Business, KPMG in Italy.

The development plan is helping to preserve IGOR's legacy well before the next leadership transition by defining the requirements for family members who want to assume roles in the business. It focuses on company and personal values and highlights the importance of family members gaining experience and training outside the company before joining the business, with the goal of achieving their own autonomy and opening their minds to new opportunities that will continue to enrich the legacy of the family enterprise.

Giulia emphasizes the importance of having the ability to make your own choices and decisions within a family business environment. As a female leader, she has been able to provide a different outlook on many aspects of the business, particularly rapidly changing issues of the times, such as sustainability and gender equality, where women in business often have different experiences and perspectives compared to their male counterparts. The most important factor, she emphasizes, is being able to express those ideas and voice dissent when it's needed.

Giulia Leonardi
Export Sales Manager, Sustainability Manager
IGOR Gorgonzola, Italy

Next-generation development plans — A meeting of the minds

Next-generation development plans, such as the one that IGOR Gorgonzola has recently undertaken, are not yet commonplace in Italy, though there is growing interest. This is because many family business leaders have recognized how these plans can be helpful in avoiding some of the risks and surprises in succession planning and potentially difficult discussions down the road with family members who may have expected to assume a significant role in the business.

Keeping everyone on the same page

Most next-generation development plans detail the requirements for securing a future role in the family business and making sure they are well understood by every generation of the family. The intent is to plan ahead and make sure everyone is on the same page.

The criteria outlined in the plan usually includes several different requirements, such as obtaining an advanced academic degree, gaining relevant experience outside of the family business or developing an aptitude for conducting business in multiple languages.

Even if future generations aren't interested in the business or don't have the necessary skills or capabilities, these plans can help to preserve the family business with the addition of external managers well in advance of major transitions versus choosing among family members alone.

A major contributor to the success of these next-generation development plans is the transparency of the process itself. Every generation is given the opportunity to express their views openly and agree on a common future-oriented view and vision of how the family and the family enterprise will evolve.

Silvia Rimoldi
Partner and Head of the Center of Excellence for Family Business
KPMG in Italy

What does it take to build a legacy that can stand the test of time?

To help build, nurture, and sustain a family business legacy, we believe a strategic and holistic approach is essential. The following is a selection of practical recommendations for family businesses that are aiming to achieve this goal.

Define and communicate core values and vision

Articulate the core values and vision that underpin your family business through a family constitution or charter. Help ensure they are communicated clearly and consistently to all family members and stakeholders to foster a shared understanding and commitment to your guiding principles.

Innovate and adapt to change

While honoring the legacy and traditions of the family business, be open to innovation and adaptation. Embrace new technologies, business models and strategies to help stay competitive and relevant in a rapidly changing business environment.

Foster family unity and harmony

Promote regular communication and bonding among family members to help strengthen relationships and unity. Organizing retreats, workshops, and family meetings can facilitate open discussions about the business, its challenges and its future direction.

Promote responsible stewardship

Instill a culture of stewardship where family members are encouraged to think of themselves as custodians of the family business for future generations. This includes responsible financial management, ethical business practices and a commitment to sustainability.

Preserve and share the family history

Document and celebrate your family and business history through archives, storytelling, memorabilia and museums. This helps to instill a sense of pride and belonging among current and future generations.

Cultivate a philanthropic environment

Engage in philanthropic activities that reflect the family's values and contribute to the community. This not only enhances the family's legacy but also reinforces the business's social responsibility.

“Within family businesses, a unique culture is created with values such as quality, customer service and social responsibility. In this sense, building personal relationships of trust, both within the family and with customers, suppliers and employees can contribute to a strong and loyal network, which is valuable in business relationships. Maintaining and transmitting these values helps to preserve the identity and success of family enterprises.”

SPGC Affiliates in Spain
José M. Fernández-Yañez, Montserrat Boronat-Navarro, Beatriz Forés Julián, Alba Puig-Denia and Alexandra García-Joerger

“In Brazil, for example, we have observed the need to structure philanthropic activities in a more professional and transparent manner in order to connect them with typical governance, assessment methodologies and reporting practices, and to help ensure that infuses purpose into traditional businesses.

In our view, this is essential for aligning the financial needs and growth of the business with family values, an imperative for innovation and positively impacting society, which is often a priority for younger generations.”

Jubran Coelho
KPMG Private Enterprise Leader for the South Americas Region and Brazil
KPMG in Brazil

Legacy's role in building thriving businesses for **future generations**

Beyond the independence of owning and managing a family business — and the financial benefits and prominence it can bestow — the emotional value that families derive from the connections they have with their business and other family members is unmistakable.

Perpetuating a strong legacy through transgenerational entrepreneurship helps contribute to high business and sustainability performance, generational continuity and preserving the family's bonds.

Strong family relationships themselves can be catalysts that amplify the attributes of each legacy component. But equally, they have the power to diminish the family business legacy if conscious efforts aren't made to honor the traditions of senior generations while also embracing the changes and innovations that younger generations are seeking.

"Unless you're deliberate about legacy and reflect on it … unless you look at the essence of it and define it … and unless you're conscious about it … you might actually lose the essence of the business. My sons don't currently show an interest in the business. They want to explore and do their own things, but they continue to contribute to and support our family meetings. I believe we need to be open and include them in deeper conversations because they may decide to join the business someday. There is no legacy conflict … they just want to spread their wings. And the business needs to enable them to take the opportunity to explore and do that."

Sean Robinson
Joint CEO
Ultra Liquors Group, South Africa

Taking stock — Respecting tradition and embracing change

With younger generations entering family businesses, we can see some family businesses shifting some of their focus away from the past and turning it more toward the future. It's important to recognize that change can be embraced without losing sight of the foundations that the business has been built upon.

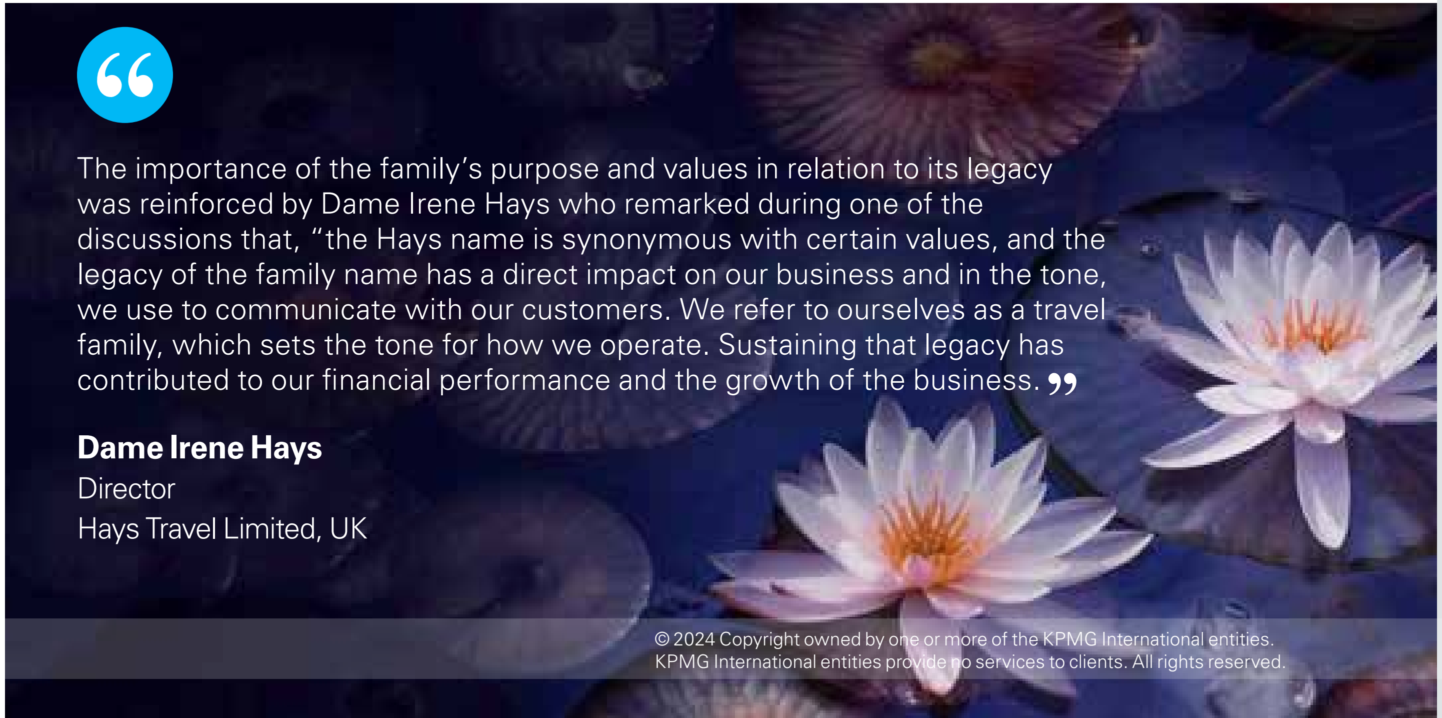
As highlighted in the 2022 STEP Project Global Consortium and KPMG Private Enterprise report "The Regenerative Power of Family Businesses", maintaining a culture of transgenerational entrepreneurship is a key contributing factor to the regenerative capability of family businesses. It takes the best of what each generation contributes to the business — past and future — and inspires each succeeding generation to build on it and reshape it in a way that contemporizes the business while retaining the founder's inspiration and vision.

"Despite cultural differences, family businesses across the world tend to have a distinct approach to their international expansion as it is linked to their legacy and the family's influence on the business.

However, the impact of legacy and traditional values may be twofold: they can be distinctive assets that are the driving force for internationalization as well as the main constraint to international expansion due to the need to preserve family values and tradition. This is where next-generation family members can make a real difference as the bond between the family's legacy at home and the new challenges abroad."

Alfredo Valentino
Associate Professor in International Business
ESCE International Business School

This means that each generation should act as a good steward to impart the purpose and values of the business and help each succeeding generation in adopting an entrepreneurial mindset that keeps the business revitalized.



The importance of the family's purpose and values in relation to its legacy was reinforced by Dame Irene Hays who remarked during one of the discussions that, "the Hays name is synonymous with certain values, and the legacy of the family name has a direct impact on our business and in the tone, we use to communicate with our customers. We refer to ourselves as a travel family, which sets the tone for how we operate. Sustaining that legacy has contributed to our financial performance and the growth of the business."

Dame Irene Hays
Director
Hays Travel Limited, UK

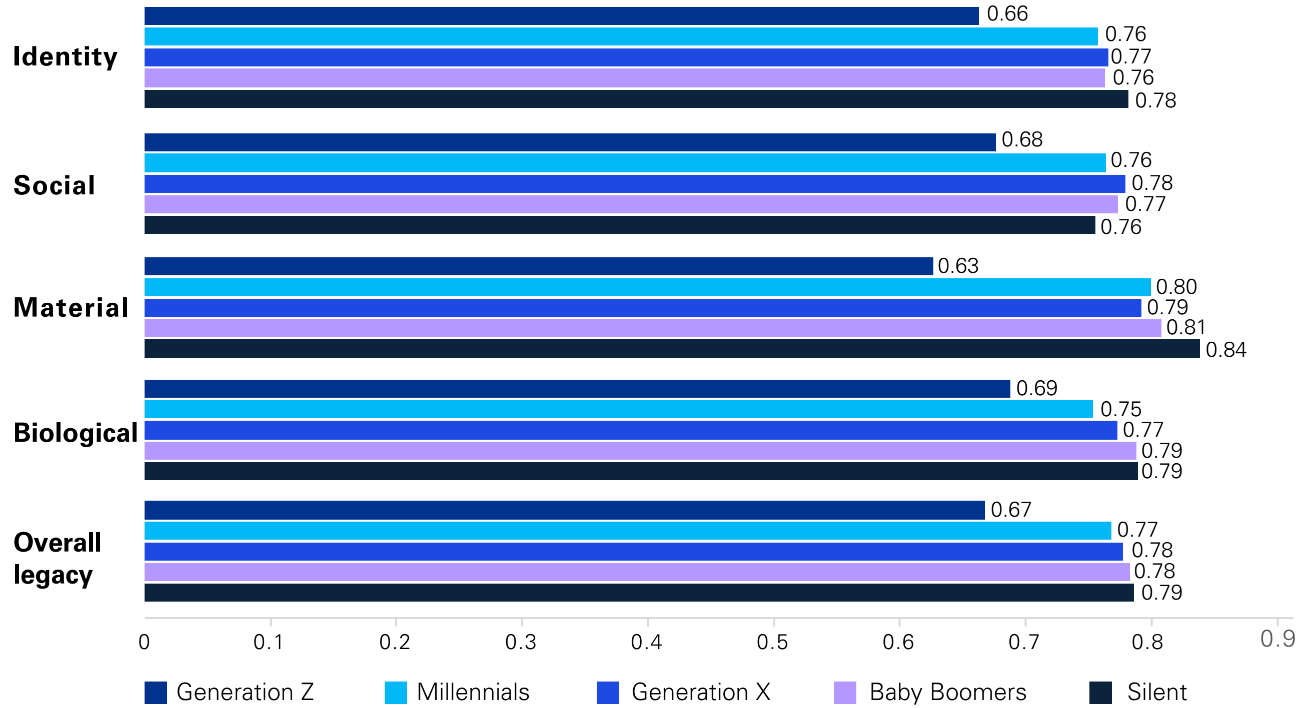
The influence of different generations on legacy

Our survey data shows that family businesses across the regions recognize the value of their legacy. However, the type of legacy that is valued appears to change depending on the CEO's generational cohort.

For example, older generation CEOs — such as those representing the Silent Generation (born between 1925-1945) — focus more on material and biological legacies compared to younger family members who tend to emphasize the family's story and identity. However, the positive effect that legacy has on business and sustainability performance seems to disappear in firms that are led by CEOs belonging to this Silent Generation. While they believe in the importance of their legacy and are focused on building it, these CEOs may not see their legacy as an opportunity for translating it into better business performance. For them, it may be more important to keep the family united around the leadership of the business. Also, from a succession perspective, they may have had fewer (if any) opportunities for mentorship and the transfer of knowledge from previous generations.

Notably, Baby Boomer (1946–1964) and Gen X (1965–1980) CEOs focus more on their material and biological legacies, which may be related to their stage in life when preserving and transferring the family's wealth may becoming a higher priority. Notably, CEOs from the Baby Boomer Generation tend to have a positive effect on sustainability but not on business performance, while Gen X CEOs appear to have a positive impact across both business and sustainability performance.

Legacy and CEO generational cohort



> It's natural for people to want to leave their mark on the world and leave something behind that will outlive them. The ability for families to weave their legacy through the generations is powerful, as they pass down their experiences, values and knowledge. Then, it's up to the next generation to leave their own mark on the world by exploring new ideas, technologies and processes that will take their family's legacy to yet another level.

Robyn Langsford
Global Leader, KPMG Private Enterprise Family Business, KPMG International, and Partner in Charge, Family Business and Private Clients
KPMG Australia

On the other hand, Millennial (1981–1996) and Gen Z (1997–present) CEOs, who are following in the footsteps of their Millennial leaders, are attaching higher importance to the family's identity and storytelling, which may reflect the importance and value of returning to the family's narrative and principles as younger generations begin to enter the business.

As well, business founders often wear multiple hats, and they have authority in the hierarchy of the family and the business. But families grow up in different time periods and in an ever-changing world that affects the way people view wealth, relationships and what is important to them. For older generations, it may be uncomfortable to hand the reins of their business to some of their younger family members. How different generations value and manage their family legacy may even cause potential family conflicts, create differences in how they lead the family business going forward — not to mention, how they manage the family wealth.

Consequently, it's important for the family as a whole to understand different generations' points of view on the legacy of their family business and its importance — and how they can both respect tradition and embrace change.

I believe that the nature of legacy changes from generation to generation. It's part of the journey ahead and a strong foundation to build on with several generations working together. When it's time to hand over what has become a more complex business, the next generation will likely have a different outlook and the legacy may mean very different things to them. It's important to hear their voice. And if the legacy needs to change, we senior generations shouldn't allow ourselves to be stuck in the past by simply respecting history and not focusing on what the business and the family need today.

Steve Rigby
Co-CEO
Rigby Group plc, UK

[7] Erikson EH. *Childhood and society*. New York: Norton; 1950

How legacy can act as a generational bridge

Differing perspectives and priorities can shape how different generations perceive the importance of their legacy and the strategies they employ to build and sustain it. These generational differences can also enrich the family business's legacy by incorporating diverse perspectives and approaches that reflect the evolving dynamics of the business and of broader society.

With the increased focus on ESG priorities across the world, it's our observation that younger generations are more concerned with the social and entrepreneurial legacies of their family businesses, whereas older generations may continue to place more value on material legacies and the family bloodline.

These differences can manifest themselves in potential generational conflicts regarding how the business should be conducted. They also highlight the need to facilitate a dialogue that can help build a bridge between both generations so that the various aspects of their legacy can be fulfilled.

Legacy matters in preparing for these transitions. And the importance of building generational bridges is why the concept of "generativity" is so important for sustaining entrepreneurial momentum (and entrepreneurial legacies) across generations.

The generativity term was coined by psychoanalyst Erik Erikson in 1950[7] to reflect a "concern for guiding the next generation". In the family business context, it represents how younger family members who have an interest in contributing to the next generation of the business are nurtured and guided in order to achieve transgenerational entrepreneurship.

"It is anticipated that more than half of France's family businesses will be managing succession events over the next 10 years. Throughout this time, the speed of technological change will continue to accelerate along with rising environmental and social concerns. In such an environment, successful generational transitions will be critical for the future prosperity of family businesses. There are so many reasons to focus our attention on the next generation of transformational leaders who will need to be resilient, drive innovation and implement ESG transition."

Georges Maregiano
Partner, National Director of the Mid-market
KPMG in France

Key takeaway

It is helpful for families to realize there is a natural evolution between the generations and the importance of developing a plan to pass down the legacy as part of an organized effort. This may include displaying artifacts and material resources to display the company's heritage, sharing legacy stories with younger family members or circulating the family tree. All such initiatives can help to reinforce that the legacy is a family asset that needs to be monitored to motivate the next generation to continue to invest in its growth.

The role of transgenerational entrepreneurship as a legacy enabler

Transgenerational entrepreneurship (TE) is broadly defined as "the process through which a family uses and develops entrepreneurial mindsets, resources and capabilities to create new streams of entrepreneurial, financial and social value across generations".[8]

There are three dimensions that are seen as the primary contributors to the strength of families' transgenerational capabilities:

- **Family relationships:** The quality of relationships and interactions within the family, which is crucial for facilitating or hindering the family business's growth and adaptability.
- **Family entrepreneurship orientation:** The family's collective entrepreneurial mindset and willingness to engage in entrepreneurial activities, innovate and take calculated risks for growth.
- **Focus on future generations:** The extent to which planning, decisions and actions are taken with the long-term sustainability of the business for future generations in mind.

Generally, family businesses with high levels of TE also have strong legacies. Similarly, those with strong legacies also appear to sustain a robust entrepreneurial focus that results in high business and social, environmental, employee and supplier sustainability performance.

And so, it appears that transgenerational entrepreneurship is both an amplifier and an enabler of every component of legacy, with stories of the entrepreneurial activities and achievements of past generations helping to sustain the entrepreneurial heritage and momentum of enterprising families.[9]

But can it be even more than that?

As **Christian Harders, Executive Chairman, Henning Harders, Australia**, described, "I believe that a lot of family companies have the right technical expertise and training to do a good job and keep running their businesses. But future generations haven't always understood — or necessarily bought into — the values that are the foundation of their legacy. These legacies have taken decades to build. And to me, making sure that every generation understands this is critically important to keep entrepreneurship alive."

[8] Cheng, J.C.Y., Au, K., Jen, M. (2021). Nurturing and Financing Transgenerational Entrepreneurship.

[9] Entrepreneurial legacy: Toward a theory of how some family firms nurture transgenerational entrepreneurship"; Peter Jaskiewicz et al; 2014

The link between transgenerational entrepreneurship (TE) and strong performance

One of the survey objectives was to identify potential links between the level of TE among business families and the performance of their businesses. As the data shows in the charts below, TE appears to play an important role in strong business performance and environmental, social, employee and supplier sustainability.

Business performance score

TE score	Low	Medium	High
Low	48%	32%	20%
Medium	31%	38%	31%
High	21%	30%	49%

Sustainability performance score

TE score	Low	Medium	High
Low	58%	27%	13%
Medium	31%	43%	27%
High	11%	30%	60%

Among family businesses with the highest TE scores, 49 percent have the highest business performance scores and 60 percent have the highest sustainability scores.

Key takeaways

Harnessing different perspectives and priorities

- Different generations perceive the importance of their legacy based on their unique perspectives and priorities.
- Strategies for building and sustaining legacy vary across generations due to these differences.
- Incorporating diverse viewpoints enriches the family business's legacy, reflecting evolving dynamics within the business as well as society.

Building generational bridges

- Facilitating dialogue between generations is crucial for bridging gaps.
- Maintaining an enduring legacy requires understanding and collaboration across all generations.

Generativity and entrepreneurial momentum

- "Generativity" is a mechanism for guiding the next generation.
- In family businesses, generativity involves nurturing younger members for transgenerational entrepreneurship.
- Perpetuating the legacy story helps rising generations envision their role in sustaining it.

Impact of biological legacies on employee sustainability

- It is important to be aware of the potential negative impact that a family's biological legacy may have on employee sustainability if the family becomes too focused internally.
- In family businesses that have strong biological legacies, it is important to create a culture that openly supports, values and engages employees in the family business to help top employees.

How legacy **can help deliver value**

As we've highlighted throughout this report, legacy is both a tangible and an intangible asset that can lead to positive business and sustainability performance, *and* create an emotional bond that is at the heart of the family's identity.

There are several compelling outcomes that make family business legacies such valuable assets, including:

1. **Maintaining the strategic focus of the family and its business:** With a long-term view and strategic approach to the growth and performance of the business, legacy acts as a sturdy foundation that reflects the family's values and sense of purpose, concentrates their efforts on strategic priorities, continues to build trust among its stakeholders and demonstrates what success looks like.
2. **Preserving family values:** Family businesses often have a set of values and principles that have been passed down for generations. These values contribute to the unique identity of the business and guide decision making. By preserving these values, it helps to maintain a sense of continuity and cohesion in the business and within the family.
3. **Building a resilient culture:** Legacy also contributes to the development of a strong organizational culture — one that fosters a sense of belonging, loyalty and commitment among employees in a positive working environment that is aligned with the family's values.
4. **Establishing a highly regarded reputation:** Over time, family businesses build a reputation based on their history, achievements and commitments to certain values and principles. A positive reputation enhances customer trust, attracts talent and helps create a competitive advantage in the market.
5. **Passing on expertise and knowledge:** Family businesses often possess industry-specific knowledge, expertise and skills that are passed down from one generation to the next. This accumulated wisdom can be a priceless asset that helps give the business a competitive edge in navigating challenges successfully.
6. **Ensuring continuity:** Legacy is often a key contributor to the continuity of the family business and diligent succession planning is a crucial element in preserving that legacy.
7. **Strengthening emotional connections:** Family businesses often have a deep emotional connection to their family's history. As a key ingredient in their socioemotional wealth, it can foster a sense of pride and dedication to the business among family members and employees alike.
8. **Adapting to change:** While preserving traditions, family businesses should also adapt to changing market dynamics and business environments. A strong legacy can help provide a solid foundation for transgenerational innovation and entrepreneurship that enables the business to remain relevant and competitive.
9. **Guiding decision making:** Family business legacies reflect the shared purpose and values that are central to the family and the business. They also act as a compass in guiding consequential decisions that have the potential to affect the family, the business and its customers, suppliers, employees and local communities now and in the future.

“

With all this potential value, it's time to look at legacy in a new light.

In addition to its traditional strengths in linking generations, preserving values and building culture, the connection between legacy and the core of the business is becoming clearer. It's like an invisible thread that weaves its way through the generations and becomes the enduring narrative of the family as well as the business.

When legacy is viewed in a strategic light and used effectively, it also helps drive performance, allowing families to adapt to changing environments and unexpected external factors that future generations will likely be facing. ”

Daniel Trimarchi
Director, Global Centre of Excellence for Family Business
KPMG Private Enterprise
KPMG International

Do you understand **your legacy and where it could lead you?**

In our view, legacy is a dynamic force for the future that reinforces the importance of transgenerational entrepreneurship (TE) in propelling family businesses toward sustained prosperity by amplifying their legacies.

Legacy is a process, not a final outcome, and the source of your legacy may originate from many different factors. For example, our data show that legacies are often amplified by TE among younger generations who compel their predecessors to communicate openly about what matters to them and reinforce their business legacies.

In the legacy matrix presented at right, we have identified four different legacy types[10] based on the combined strength of their legacy and level of TE. The legacy matrix is an outcome of extensive STEP Project Global Consortium research, and it has been brought to life through the 2024 Global Family Business survey data, which measures business families' levels of TE and legacy scores. When these two factors were combined, we found four groups of family businesses that share similar characteristics and features. Thirty-four percent of the survey respondents, for example, recorded *low* legacy and TE scores, while another 34 percent had *high* scores for both.

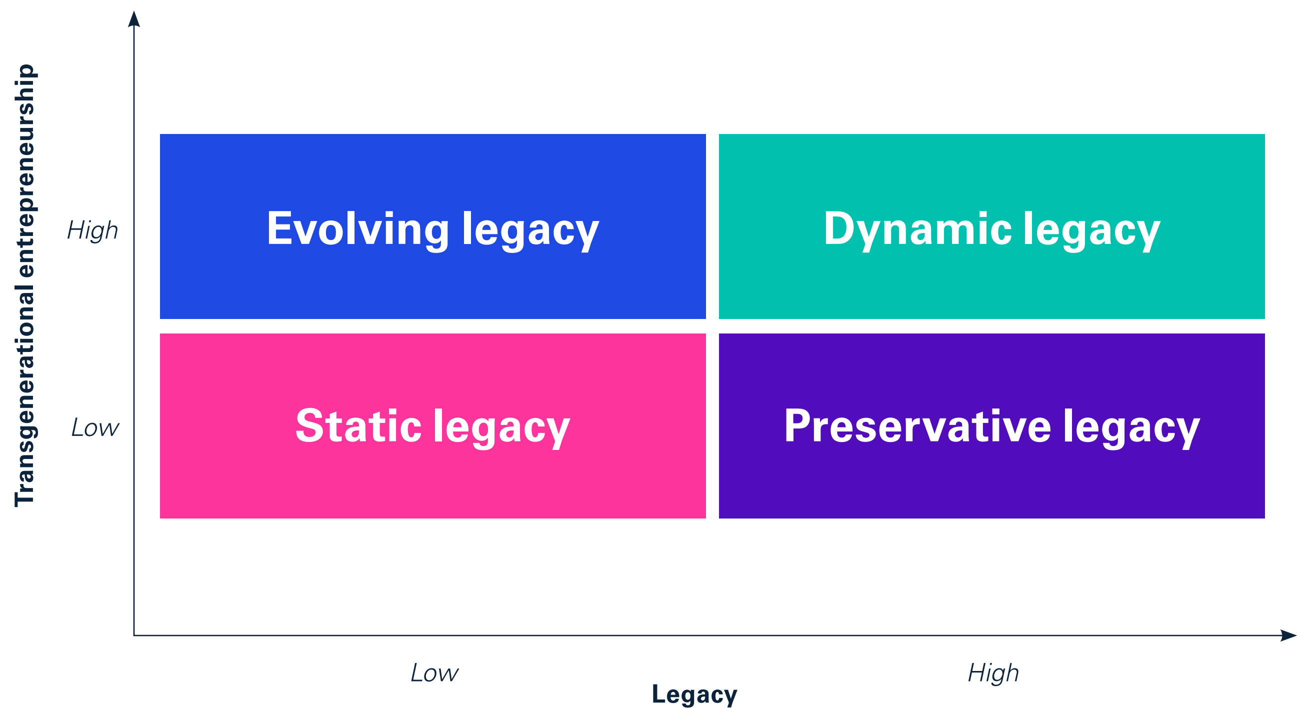
Interestingly, those companies in the survey that reported the highest legacy and TE scores also reported significantly higher financial and sustainability results, which reinforces the important relationship between the strength of legacy and TE on the performance of family businesses.

A first step toward building and sustaining a dynamic legacy

By exploring the legacy matrix, family businesses are able to identify themselves in one of four legacy types: static, preservative, evolving and dynamic. Each of these legacy types differs in terms of the level of TE and legacy score of the family business, and the matrix is designed to help family businesses reflect on their current legacy and understand where it may lead them in the future.

Applying the legacy matrix to your family business may be an important first step in assessing the strength of your legacy and how it may be impacting the performance of your business. Visit kpmg.com/globalfamilybusinessreport to learn more and complete your legacy matrix assessment.

Legacy matrix



[10] Calabrò, A. (2023). Building and sustaining the family business legacy. Keynote presentation at the KPMG MESAC Global Family Business Summit, Bahrain.

Characteristics of each legacy type

From our survey analysis, we were able to identify the following common characteristics of family businesses in each legacy type.

Static legacy

Low legacy/Low TE

34 percent of survey respondents

- Highest percentage of small family businesses represented in the overall survey results
- Located primarily in Europe, followed by the Americas and Asia and Oceania
- Highest percentage of family businesses with a single generation in management
- Highest percentage of family businesses having CEOs that are fourth in birth order
- Lowest number of female board members
- Lowest business and sustainability performance

Preservative legacy

High legacy/Low TE

16 percent of survey respondents

- The oldest businesses represented in the survey results
- Located primarily in the Americas
- The highest number of family businesses led by members of the Baby Boomer generation
- The highest percentage of family-owned shares
- The highest number of board seats
- The highest percentage of family members on the board

Evolving legacy

Low legacy/High TE

16 percent of survey respondents

- Led by a CEO with a short tenure
- Located primarily in Europe, followed by Asia and Oceania and the Americas
- The youngest family businesses
- The lowest number of board seats
- The lowest percentage of family members on the board

Dynamic legacy

High legacy/High TE

34 percent of survey respondents

- Located primarily in Europe
- Led by CEOs with long tenures
- Mainly led by a primogeniture* CEO
- Highest percentage of family businesses with a board of directors
- Highest number of board seats held by females and female family members
- Highest business and sustainability performance

*The right of succession belonging to the firstborn child

Traveling through the legacy matrix

The level of transgenerational entrepreneurship in a family business is combined with the strength of its legacy to identify various legacy types — such as Static and Preservative legacies that have low transgenerational entrepreneurship scores but the potential to transition into Evolving and Dynamic legacies.

Each of the four legacy types differ in terms of the strength of a family business's legacy and its approach to transgenerational entrepreneurship, with scores ranging from low to high. Here are some potential landmarks on the journey toward a successful transition in becoming a family business that is able to sustain a Dynamic legacy.

Moving a family business from a "preservative legacy" to a "dynamic legacy"

This transition involves cultivating a culture that embraces both the heritage of the family and the progression of its business.

Here's how this may be achieved:

Strategic innovation:
Integrate innovative thinking into the business strategy while respecting the company's core values, by cultivating a company culture that values both tradition and change and encourages the adoption of new technologies, processes and business models that can bring about transformation.

Next-generation leadership:
Engage younger generations in leadership roles, bringing in fresh ideas and perspectives. Their modern outlook and education can help in steering the company towards a more dynamic future.

Entrepreneurial encouragement:
Foster an entrepreneurial spirit within the family and the business. Encourage family members to propose and lead new ventures that operate under the umbrella of the family business, with a distinct and innovative approach.

Flexible governance:
Revise governance structures to allow for quicker decision-making and adaptability. Establish clear, but flexible policies that can evolve with the business's changing needs.

Legacy communication:
Communicate the evolving legacy internally and externally, showcasing how the business's history is a springboard for future innovation.

Succession planning:
Develop a forward-looking succession plan that not only identifies future leaders but also prepares them to lead the business in a rapidly changing environment. Invest in education and professional development for family members. Understand current marketing trends, business tools and innovative strategies to help prepare the company for a dynamic shift.

"At some point, we have to find the right people to run our companies and whether the family will continue to have the capacity to run the business. We have an obligation to take a deep look at the family's capacity and education and how well prepared they will be to run the business in 20 years. What will entrepreneurialism look like for children who are only 4-years-old today.

Education has high value in our family, and it's linked to our family's identity and we are looking for ways to educate our family through osmosis and entrepreneurship opportunities as well as formal education."

Naim Ali, CEO
SM2 Capital Partners, Canada

"One of the key moments in the history of a family business is the handover between generations. In fact, the company's continuity depends on the success of this process. We must avoid immediate responses and prepare the succession in advance, familiarizing the new generations with the management of the business and strengthening their bond with the firm. This involves defining what the evolution of the project will be in the medium and long term and what role each member of the family will play in the future."

Miguel Angel Faura Borruey
National KPMG Private Enterprise Leader
Partner
KPMG in Spain

New horizons, old roots: Moving from an "evolving" to a "dynamic" legacy

To shift from an "evolving legacy" to a "dynamic legacy", a family business with a high degree of TE spirit may need to enhance its focus on defining and strengthening its legacy. The aim is to balance entrepreneurial vigor with a deepened sense of identity and continuity.

Here's how this may be achieved:

Articulate family values:
Clearly define and articulate the family values that underpin the business. This process often involves creating a family charter or set of guiding principles that encapsulate the family's beliefs and vision.

Institutionalize traditions:
Formalize traditions that celebrate the family's history and culture. This could involve annual events, rituals or ceremonies that reinforce the family's legacy within the business. Establish a physical or digital museum or archive to preserve and showcase the family business's history. This serves as a tangible expression of the company's journey and achievements.

Develop a legacy plan:
Create a strategic plan that specifically addresses how the family's legacy is to be maintained and enhanced. This might include philanthropic activities, educational initiatives or other efforts that align with the family's values. Educate family members and employees about the history and heritage of the business to foster a sense of pride and continuity. Establish roles or titles within the company that are symbolic of the family's legacy, such as a "Heritage Officer" or "Custodian of Traditions."

Engage in storytelling:
Encourage storytelling within the organization to pass on the founder's and family's stories, creating a narrative thread that connects past, present and future generations.

Foster community engagement:
Deepen ties with the local community to reinforce the family's legacy as a community pillar. This could involve supporting community projects or local causes.

Celebrate milestones:
Make the most of anniversaries and significant milestones to celebrate the family business's legacy and history.

Encourage legacy leadership:
Cultivate a leadership style that balances entrepreneurial action with stewardship, helping to ensure that leaders are ambassadors of both the family's legacy and its entrepreneurial future.

By focusing on these areas, a family business can deepen the transmission of its legacy while maintaining its entrepreneurial edge, solidifying its position in the "dynamic legacy" quadrant where both legacy and entrepreneurship are enhanced for strong business performance.

From our perspective, family businesses with "**Static**" legacies will need to find a careful balance between efforts to raise their level of entrepreneurialism and the need to enhance their focus on defining and strengthening their legacy with a deepened sense of family identity and continuity.

Embracing the **essence of legacy**

Learning from the past — Building for the future

The legacy of family businesses is deeply intertwined with the past and the future. While they're widely recognized for the rich history, values and heritage that are passed from each generation to the next, family business legacies reach well beyond their historical foundations.

In reality, legacy is a building block for future generations to build upon and expand the hard work of their founders. We believe that legacy is not only central to the identity of family businesses, it's also crucial for maintaining the authenticity and endurance of entrepreneurial businesses through every succeeding generation.

It is our point of view that the essence of legacy is, in fact, "future-centric".

The past helps shape the future

The past isn't the future, but it does help to shape it.

Most family businesses are committed to continuity and longevity, and this commitment to endurance inherently ties the past to the future, as each generation takes on the responsibility of preserving and advancing the family legacy.

But, while honoring tradition, successful family businesses also embrace innovation to remain relevant in a fast-changing economic and social environment. They leverage their historical knowledge and experiences to inform forward-thinking strategies, helping to ensure the business remains competitive and resilient in the face of new challenges.

Family businesses also play a vital role in creating and preserving wealth by managing their resources responsibly and reinvesting in their business, as well as transferring not only their financial assets to future generations, but their values, knowledge and expertise as well. And their legacies extend beyond the family itself to influence and have an impact on the well-being of the communities they serve, shaping their actions and decisions with the future in mind.

From our perspective, it requires a continuous commitment to innovation and growth — anchored in the business's core values, heritage and traditions — to generate a lasting, positive impact on the business, the family and society at large.

In our definition, legacy is about preserving tradition while embracing change, honoring heritage while fostering innovation, and ensuring continuity while charting new paths forward. By recognizing and embracing the essence of this multifaceted future-centric legacy, it enables family businesses to sustain their relevance and impact for generations to come.

Looking further down the road

It is our hope that the insights and practical experiences of the family business leaders represented in this report will help to contribute to the continued strength of your family business legacy, what it means to your family, your drive for innovation and your long-term business performance.

We welcome your comments on the report and your experiences and insights. We're particularly interested in hearing your views on what has contributed to the strength of your legacy and the impact it may have for generations to come.

Please contact us at familybusiness@kpmg.com or andrea@thestepproject.org to share your insights and experiences.

"We need to be intentional about our legacy. And that requires us to be in touch with the world to appeal to the next generation who will sustain our legacy and keep the business running. For us, it's about keeping the family close and informed with a strong commitment to champion the business and help future generations understand what it means to them and the entire family."

Javier Carlos Overa Silveira
President
Vivo Grupo Inmobiliario
Mexico

About the lead authors

Robyn Langsford
Global Leader, KPMG Private Enterprise Family Business, KPMG International,
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Family Business and Private Clients
KPMG Australia

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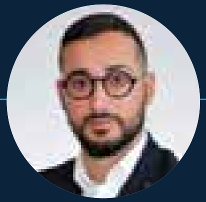
Robyn particularly enjoys working with family businesses and has assisted many family and private groups working through a number of issues, including asset protection, succession planning, tax-effective structuring and helping to meet their philanthropic objectives.



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About the STEP Project Global Consortium

The STEP Project Global Consortium is a global applied research initiative that explores family and business practices within business families and generates solutions that have immediate application for family business leaders. The STEP Project Global Consortium aims to be a leading global family business research project with an international reputation. The research insights are specifically drawn to be of relevance to developing new theoretical insights that can offer novel and valuable best practices recommendations to the business stakeholders and the practice community at large. Having a global worldwide orientation, the STEP Project Global Consortium offers networking opportunities for researchers, family business owners and consultants coming from five continents.

Visit: www.spgcfb.org

About the KPMG Private Enterprise Global Family Business Network

As with your family, your business doesn't stand still — it evolves. Family businesses are unique and KPMG Private Enterprise family business advisers understand the dynamics of a successful family business and work with you to provide tailored advice and experienced guidance to help you succeed. To support the unique needs of family businesses, KPMG Private Enterprise coordinates with KPMG firms from around the world that are dedicated to offering relevant information and advice to family-owned companies. KPMG Private Enterprise understands that the nature of a family business is inherently different from a non-family business and requires an approach that considers the family component.

Visit: kpmg.com/familybusiness

About KPMG Private Enterprise

Passion, it's what drives entrepreneurs; it's also what inspires KPMG Private Enterprise advisers to help you maximize success. You know KPMG, but you might not know KPMG Private Enterprise. KPMG Private Enterprise advisers in KPMG firms around the world are dedicated to working with you and your business, no matter where you are in your growth journey — whether you're looking to reach new heights, embrace technology, plan for an exit, or manage the transition of wealth or your business to the next generation. Working with KPMG Private Enterprise, you'll gain access to a trusted adviser — a single point of contact who shares your entrepreneurial mindset. Access to KPMG's global resources and alliance network can help you drive your business forward and meet your goals. Your success is KPMG Private Enterprise's legacy.

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