

# Cultural foundations for global family businesses

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8<sup>th</sup> Asian Invitational Conference on Family Business

February 4–5, 2023

Indian School of Business

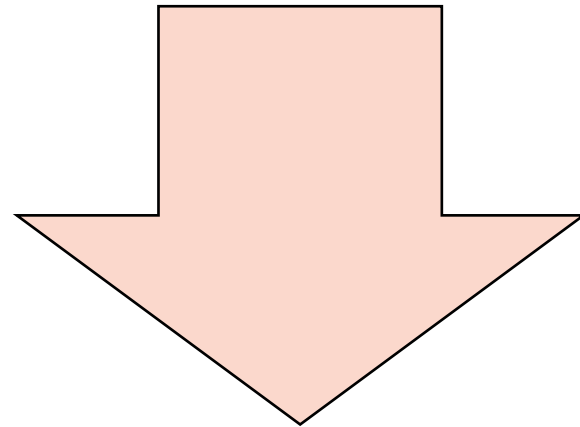
# This session



- **What is family culture?**
- **Can families make it better - and if so, how?**
- **How do families successfully globalize and maintain family culture and values?**



# Unlike business risks, shareholder risks in family businesses can be terminal



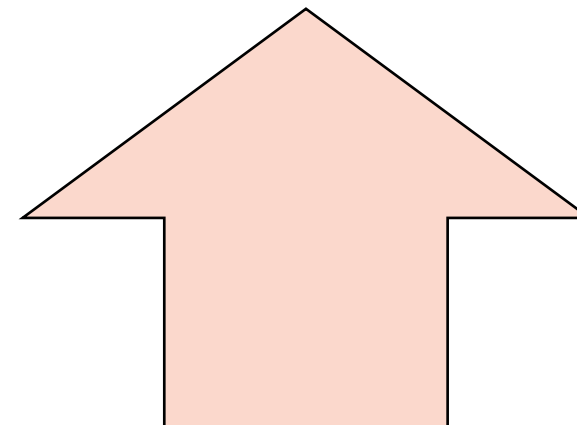
## Shareholder risks

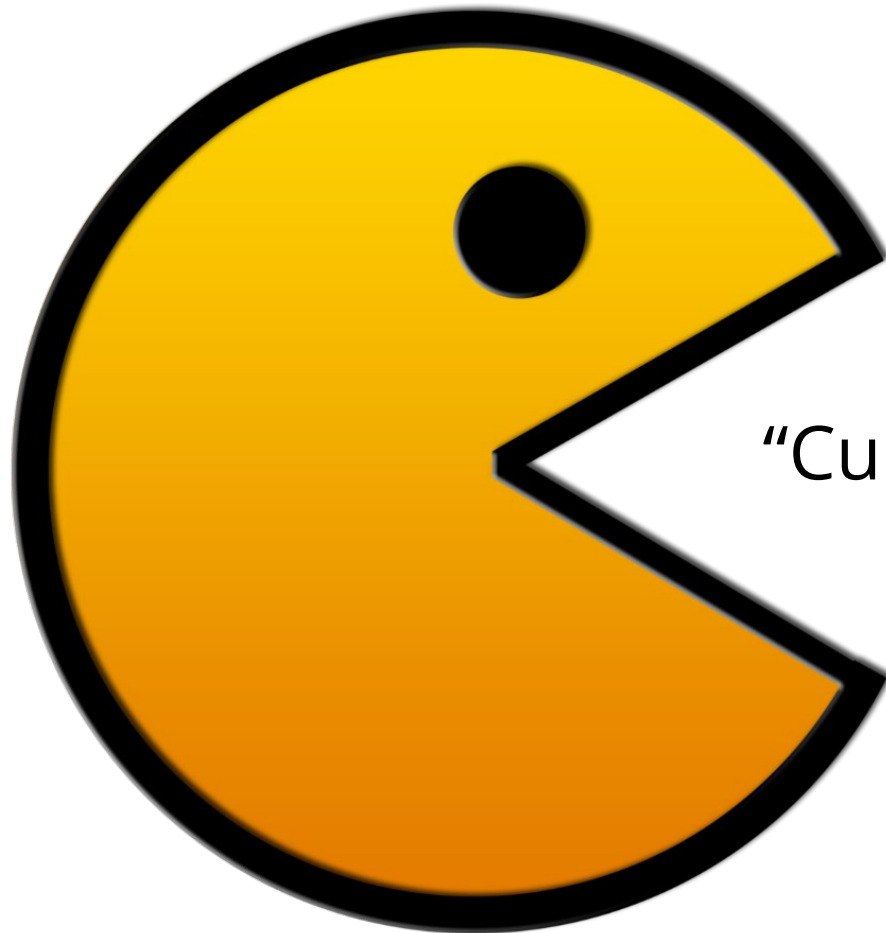
- Purpose and vision
- Values
- Family relationships
- Commitment to the enterprise



## Business risks

- Management risk
- Operational risk
- Economic risk
- Market risk





“Culture eats structure!”

# Family culture is complex and deep-rooted



## Above the surface

- How people behave
- What people say
- Roles, job titles, organizational structures
- Stories
- Rituals and routines

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## Below the surface

- What people believe and assume
- What people mean
- Power relationships
- Emotional baggage from the past
- Unwritten rules





# What is family culture?

## Formal definitions, e.g.

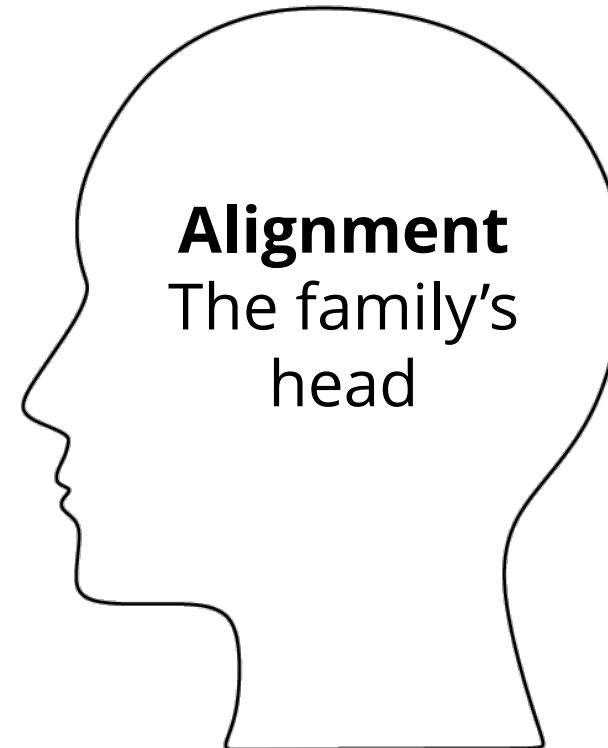
- “The shared attitudes, beliefs, customs, and written and unwritten rules that have been developed in the family and the business over time and are considered valid.”

## Informal definitions, e.g.

- “The way things are done around here.”

But do these definitions really help us think practically about how to **improve** family culture?

# Family culture = Affinity + Alignment



**Can we really improve  
our family culture?**







## Questions to prompt an initial family conversation

- Which of the four types does our family culture currently most closely resemble, and why?
- Does everyone agree – if not, what perspectives can people share?
- What potential risks, if any, does that pose for the future of our enterprise?
- Do we need to work more on improving **Affinity**, or on improving **Alignment** - and what outcomes are we seeking?
- What specific actions will we take?
- How will we ensure the family is on board in order to secure the desired effect?

# Start with mindset



Be clear about  
what you need to  
do and why you  
need to do it

Manage  
expectations

Persevere and be  
patient

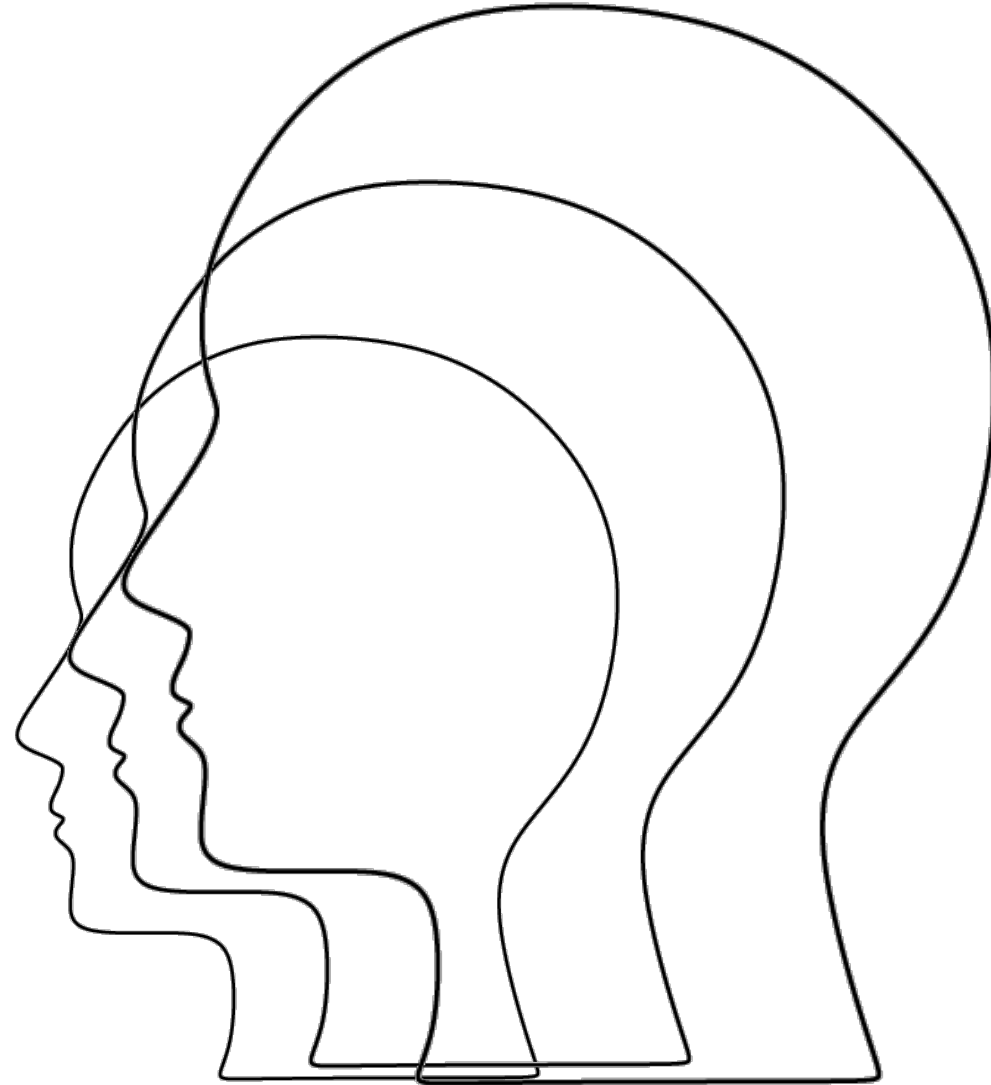
Remind yourself  
that you can't 'fix'  
everything at once

Start with a few  
key activities

Take everyone  
with you



# How families can improve Alignment



# Revisit family purpose in owning the business



## ***Ask yourselves:***

- Do we *still* want to be in business together?
- If we do, what is our business for?
- Is it there primarily to fund our lifestyle as a family - or does it serve some other purpose?
- If its sole function is financial, is this the best way to invest family capital - or could we do something better with the money?

purpose

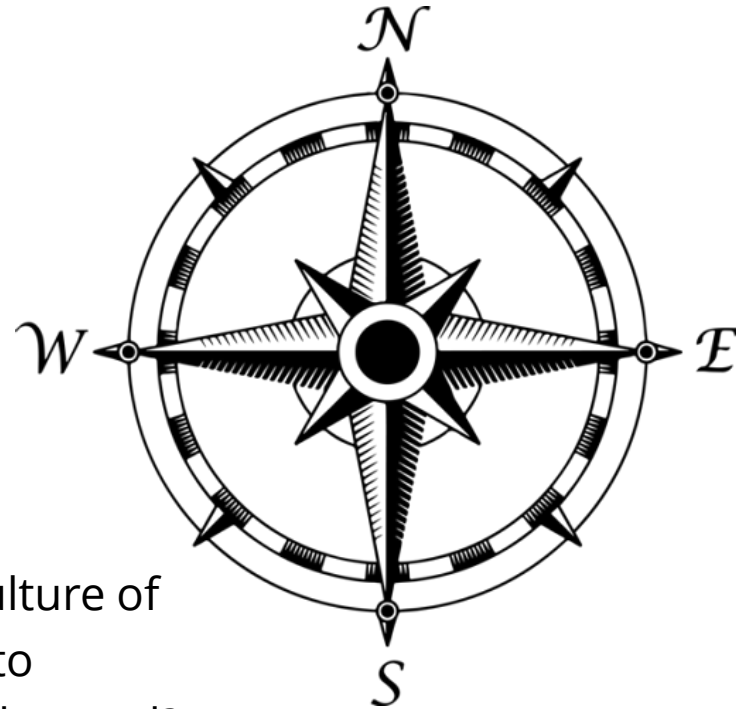


# Reflect together on family values

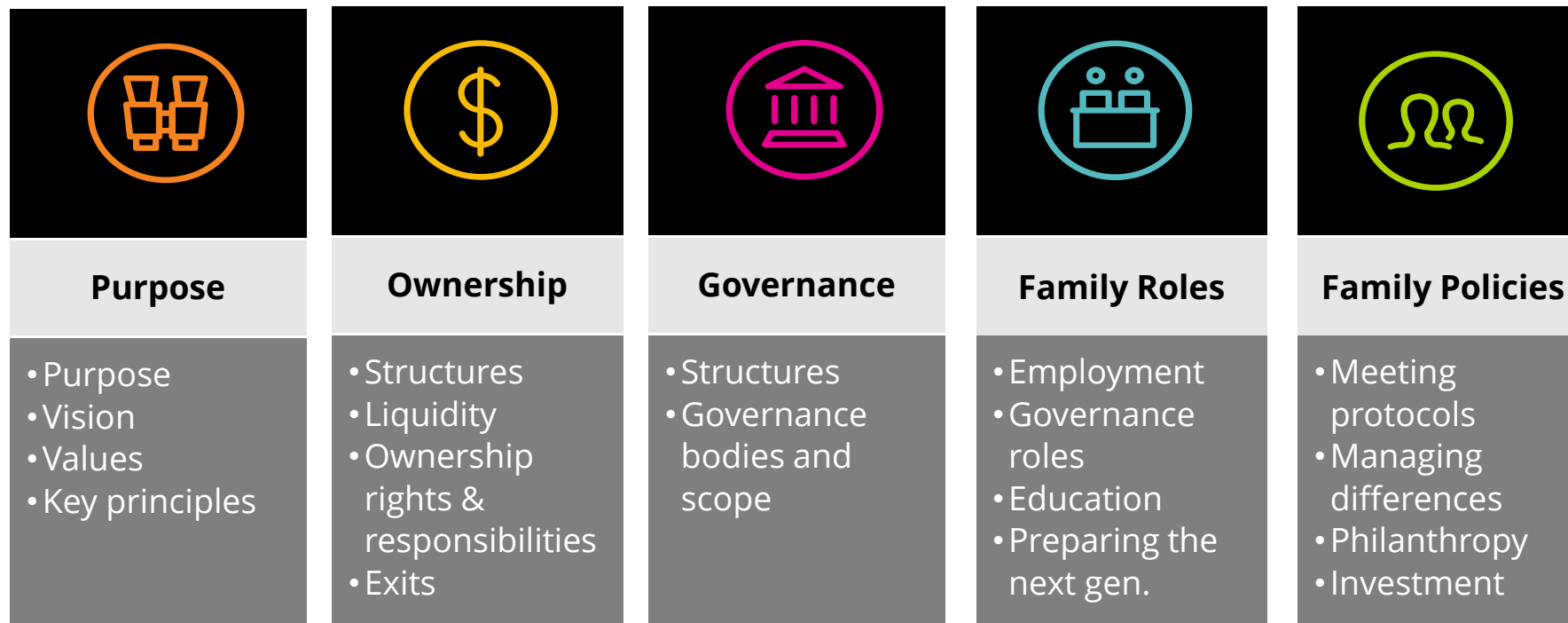
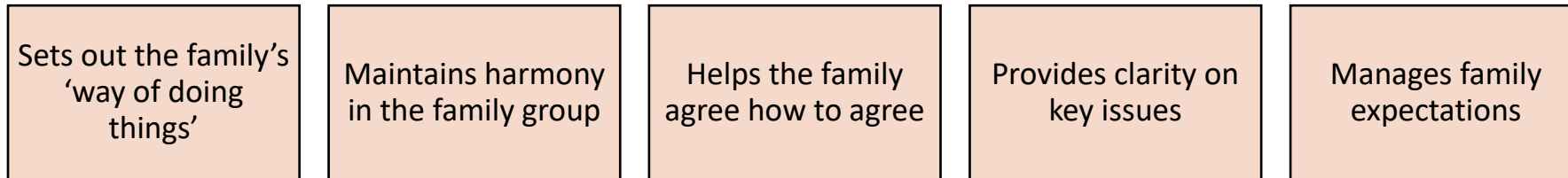
What values do we hold dear to our hearts?

Have our values come under pressure during the pandemic? To what extent have we stood by them throughout?

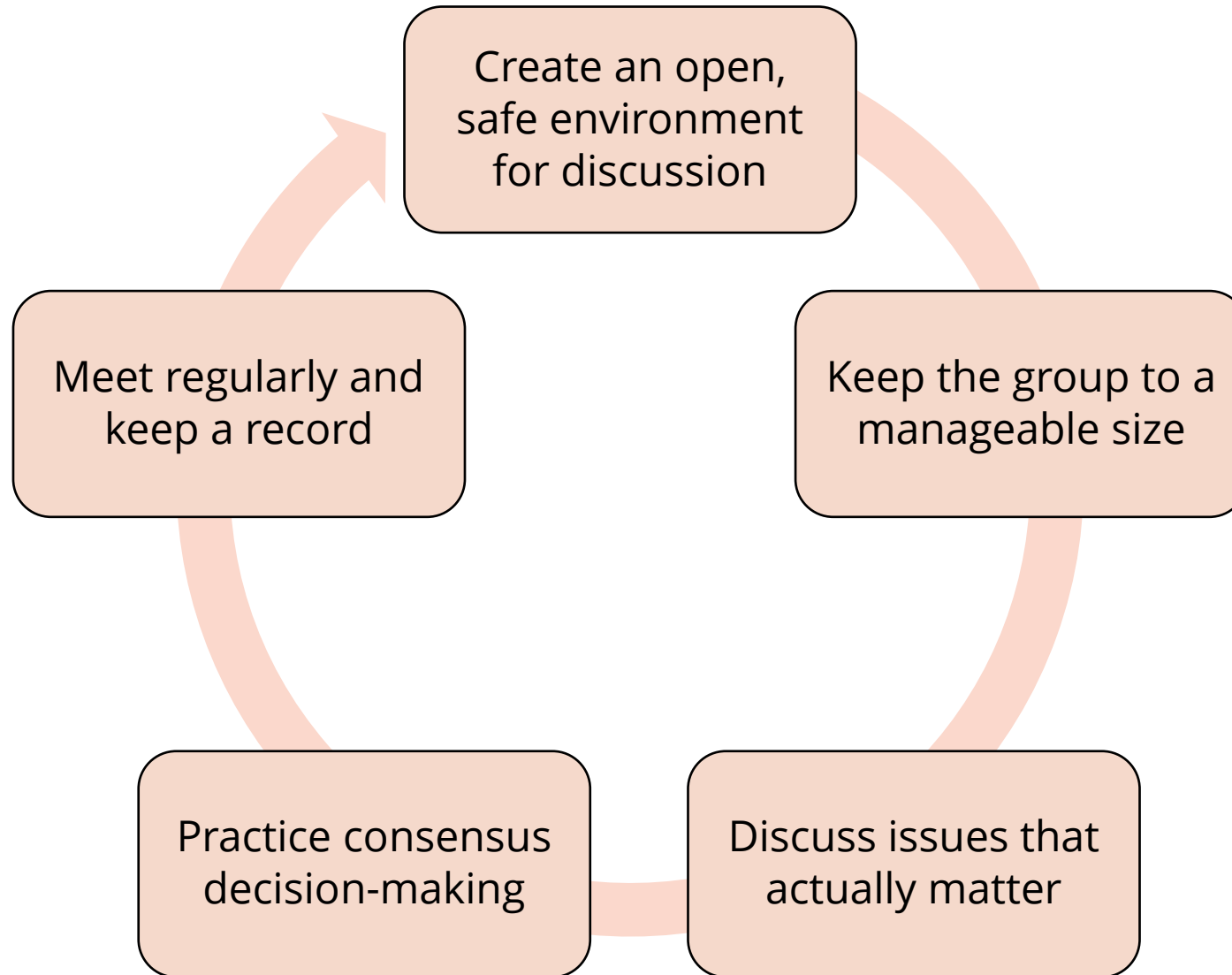
Do our values *truly* reflect the reality of the culture of our family and our business - or do we need to reconsider them in the light of what we have learned?



# Co-create a family constitution



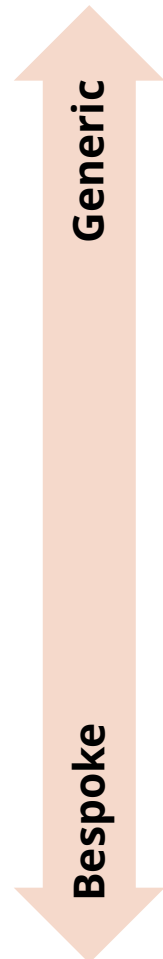
# Establish a family forum to discuss issues



# Create a shareholder engagement program



## *Range of activities*



- Statutory information
- Invitation to the AGM
- General news and social media updates
- Regular shareholder-only newsletter or 'Chairman's letter'
- Shareholder-only presentations and Q&A by Board (annually, bi-annually)
- Periodic briefing by Board to explain major new initiatives or during times of turbulence
- Shareholder education program – sessions on (eg) understanding the business, strategy, KPIs; shareholder value; dividend policy.
- Next gen education program - prepare them to be responsible owners.
- 1:1 discussions offered by Chairman for shareholders to air their views



**How  
families can  
improve  
Affinity**



# Increase social interaction



*Regular social gatherings*



*Annual family retreat*

*'Organizing committee'*

There is no substitute for spending quality time together

# Lead by example



- Offer a 1:1 with every family shareholder at least once a year (for the family leader)
- Practice empathy in dealings with fellow family members
- Reach out to vulnerable family members

# Create a family history project



# Engage the next generation early



Start early

Develop an age-appropriate curriculum for the NextGen

Make it relevant, practical and experiential

Use family retreats to transmit values and legacy

Encourage the next generation to learn from their peers

Provide a platform for the next generation to meet together

# What if?...



# The acid test



**How to  
improve  
affinity**

- Revisit family purpose
- Reflect together on family values
- Co-create a family constitution
- Establish a family forum
- Create a shareholder education program

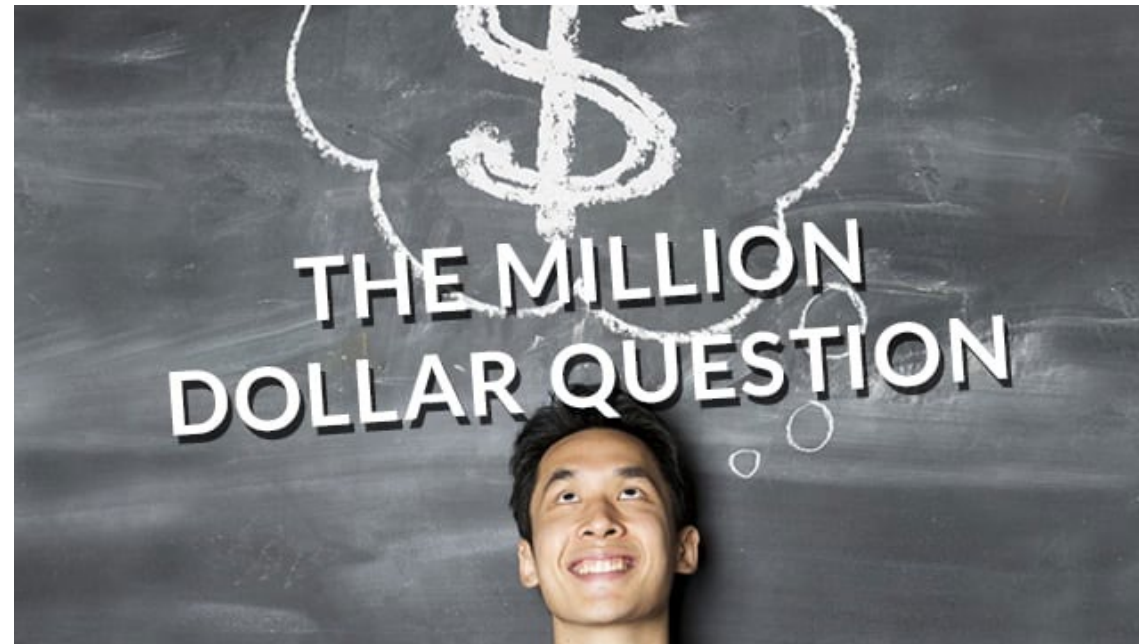


**How to  
improve  
Alignment**

- Increase social interaction
- Lead by example
- Create a family history project
- Engage the next generation early



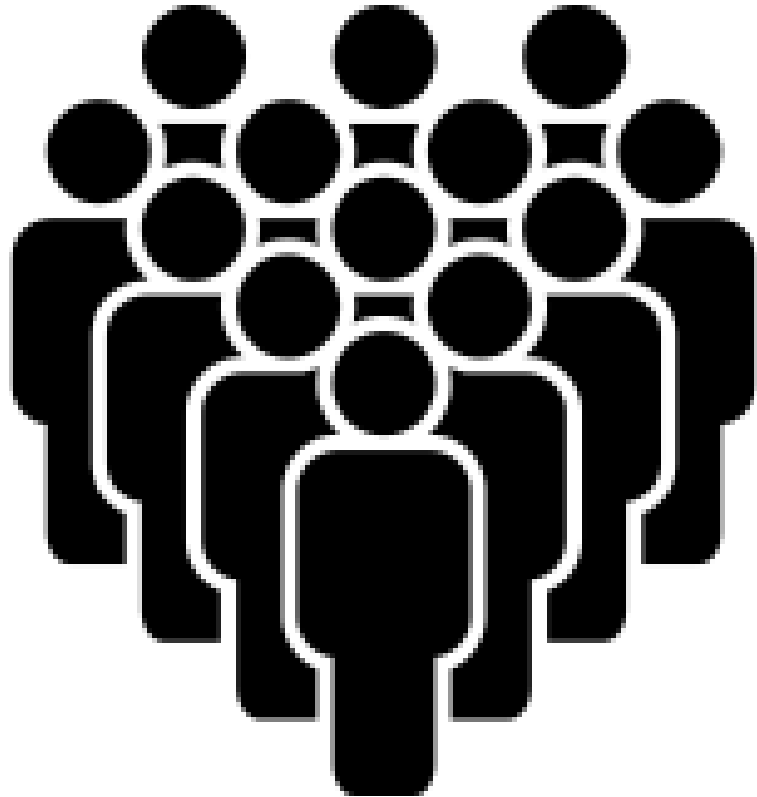
**NOW FOR ...**



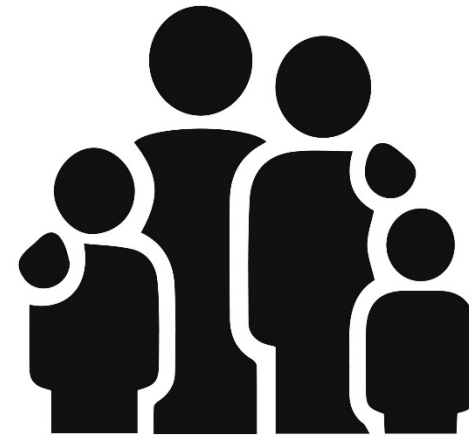
**How do families successfully globalize AND maintain strong family culture and values at the same time?**



# Two case studies



Large family



Small family

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