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Transitioning Billionaire Family Businesses

The success of family businesses is critical to the success of the worldwide financial ecosystem. A key challenge for many family businesses is succession and, if not succession, the sale of the company.

Over the next decade, across the world, the family businesses that have produced a sizable percentage of the super-rich (net worth of US\$500 million or more) are going to have to address how to transfer control – management control and/or ownership control. Their ability to do so efficaciously will potentially enable their families to continue to build these companies and amass greater wealth.

While there exists a considerable amount of validated “best practices” when it comes to transitioning the family business, the playbook is often significantly different where there is extreme wealth such as with the super-rich. Many of the conventional and tried-and-true approaches are ineffectual because of the magnitude and financial complexity of a billionaire’s family business.

According to **Daniel Geltrude, managing partner of Geltrude & Company and Director of the firm’s Family Office Practice**, “When working with extremely wealthy family businesses, there are a great many structuring and tax mitigation possibilities. Creating and implementing the best transition strategy that ensures the family maximizes its wealth, while taking into account the family dynamics, the needs and wants of the key decision makers, and ensuring the present and potential of the family business, is often a multifaceted and intricate endeavor. To achieve optimal results requires a highly calculated and systematic set of methodologies drawing on a tightly coordinated team of diverse state-of-the-art professionals.”

A global mind-set and intense attention to cultural considerations is sometimes essential because of the nature and geographic characteristics of the super-rich family business. “It’s a big mistake not to understand the psychologies and agendas of the family members. For example, many of these family businesses are culturally rooted in their home countries while the family members making the decisions have an internationalist orientation,” explains Geltrude. “Factors such as these must be interwoven with customized financial and tax strategies to produce a smooth and relatively inexpensive transition across the generations.”

In the near future, a growing number of billionaire family businesses are going to need to address the question of succession and/or sale. By leveraging their economic positions, adhering to high-caliber expertise, and adopting a holistic approach, they can ensure their heirs receive the maximum benefits from their business and wealth creation efforts.