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The Four Biggest Concerns At Middle-Market Family Businesses

Family businesses represent about two-thirds of all businesses. More than 70 percent of global production is attributed to family firms. Additionally, a majority of private wealth creation is a function of successful family businesses.

“Based on a study of 336 middle-market family firms, four critical, often interrelated, concerns were identified. About three quarters of family member senior executive at their family businesses said that they were very or extremely concerned about growing profitably over the next few years,” explains **Daniel Geltrude, managing partner of Geltrude & Company and Director of the firm’s Family Office Practice**, “Most family firms are highly motivated and determined to build their companies. At the same time, being able to continue to grow the business and add to the bottom line can go a long way to alleviating any problems that might be affecting the family or the company.”

For about 65 percent of those surveyed, ensuring family harmony is a high ranking concern. Dealing with family discords can be financially and emotionally costly. From outright “warfare” to subtle sabotage, conflicts among family members can easily damage the operational effectiveness of their companies. This concern is more common among first generation family businesses, than family firms in the hands of the second generation. Many times the founder is interested in being attentive and responsive to all the potential heirs, where once the second generation is in control, the family dynamics have changed in meaningful ways.

About three in five of the family members surveyed are concerned about create more personal wealth. This objective was slightly more prevalent among the second generation family member senior executives. “This is often closely tied to growing the business,” says **Geltrude**. “At the same time, there are many steps family members can take to leverage and protect their wealth.”

Nearly half the family business executives are concerned about effective successions. According to Frank Seneco, President of Seneco & Associates, an advanced planning boutique and author of *Maximizing Personal Wealth: An Advanced Planning Primer for Successful Business Owners*, “Without a well thought through succession plan, family businesses can easily derail. It’s regularly necessary to make sure the appropriate people such as the next generation are ready and able to take over the reins of the family business. It’s also wise to ensure that the business is transferred to the next generation in the most cost effective way possible taking into account the structure of the family.”

As noted, these concerns are many times interrelated. “A holistic multi-dimensional approach to dealing with the needs and wants of affluent families and their family business is usually an effective way to address these critical concerns,” says **Geltrude**.