

FORBES INSIGHTS | 01/06/2016 By: Russ Alan Prince

The Importance Of Family Values In The Family Businesses

The values of the family are often instrumental in creating a strong sense of identity for family businesses. These values are regularly foundational to running family firms.

In an international survey of 336 middle-market family firms, nearly three out of four senior level family member executives reported that there are clearly identifiable family values determining the way the business is managed. Moreover, nine out of ten of these family members say that these values were crucial to the economic success and other achievements (e.g., charitable efforts) of their family businesses.

According to **Daniel Geltrude, Managing Partner of Geltrude & Company and Director of the firm's Family Office Practice**, "In many of the family business we work with, including the extremely wealthy ones, values play a very important role in the strategies of the firms and how important decisions are made. They're the principals upon which these affluent, successful families run their lives and their companies."

Strong family values can prove extremely productive in business. They can stabilize the structure and dynamics in the family. As such they can substantially influence the way the family business is organized as well as the way both family members working in the firm and those who are not interact with each other around company decisions. With about 65 percent of those surveyed reporting family harmony is a major concern, clearly defined values can help achieve this objective.

Of the 197 senior level family members identifying the importance of the family's values in managing the company, nearly 90 percent of them reported that it is very important to transfer these seminal values to the next generation. Moreover, these 57 family members said that family members who do not embrace these values should not be in leadership roles in the family business. "While most parents are interested in their children adopting what they believe are positive values, we find that wealthy families in business are highly motivated to transfer their values and the way they should apply to managing the business," says Frank Seneco, president of the advanced planning boutique Seneco & Associates and author of *Maximizing Personal Wealth: An Advanced Planning Primer for Successful Business Owners*.

The decision-making at most family business is predicated on the values of the family. They are seen as critical to the success and future of these companies.