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WITTEN INSTITUTE FOR
FAMILY BUSINESS

WITTEN / HERDECKE
UNIVERSITY

20 YEARS OF WIFU

20 YEARS OF RESEARCH INTO FAMILY BUSINESSES IN GERMANY

Study: What really matters to family entrepreneurs?

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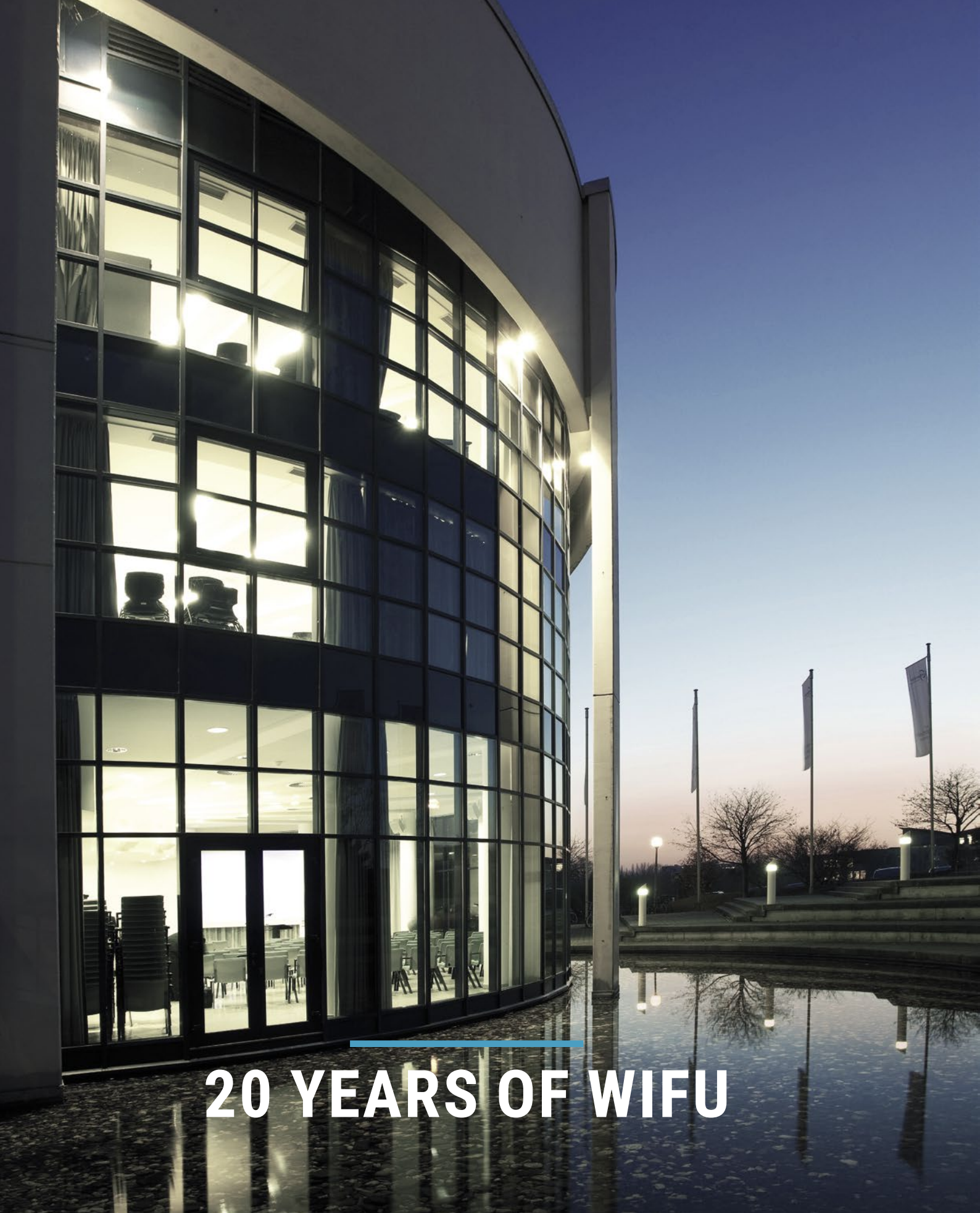
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20 YEARS OF WIFU

FOREWORD

Dear family business owners,
members of business families,
friends and supporters of WIFU,

20 years of Witten Institute for Family Business (WIFU) – time to celebrate success. A time in which WIFU not only established itself as a pioneer of academic research and teaching on the theory and practice of family business, but also repeatedly proved its value as a guide to new and essential topics. WIFU follows unconventional paths when it comes to family businesses and the complex issues they face. The Institute is a beacon and a source of inspiration for the German research community in the field of family business, with the unique approach of taking practical problems into account when developing theories.

WIFU also offers a platform for mutual transfers between theory and practice. Over more than 20 years, WIFU has developed an extensive body of experience and a keen understanding of the concerns facing both family businesses and business families that are so closely associated with them. This makes it possible to identify research topics at an early stage and consistently focus them on the needs and challenges faced by practitioners. During the course of the Institute's development, many new and innovative event formats have been created that serve not only to draw family businesses and business families closer to academic research, but also to provide new ways of thinking about how to reflect on, tackle and ultimately resolve individual issues, problems and challenges. For many business owners, WIFU has been and remains a key point of

contact for obtaining assistance and suggestions to help safeguard the future viability of their businesses. It has also developed into a leading force in research into family business and positioned itself as an important source of advice for business families.

I would like to express my thanks and congratulations to WIFU for their outstanding work over the last 20 years, and I wish them all the best for the decades to come.



Yours sincerely,

Prof. Dr. Frank Stangenberg-Haverkamp
Chairman of the Board of Trustees of WIFU Foundation



20 YEARS OF RESEARCH INTO FAMILY BUSINESSES

FOREWORD

Dear readers,

Family businesses are different. 20 years ago, Witten/Herdecke University set up an Institute dedicated to that difference. The foundation of the Institute represents one of the many outstanding, pioneering achievements in the University's short history. At that time, it was the first university in the German-speaking world to establish an independent academic foundation for research into this type of business. Although family businesses have always been the backbone of German economy, for many decades they occupied a blind spot in economics and management research. In the history of academic research, however, there are good reasons to explain this remarkable fact – many of which are closely bound to the fundamental assumptions of mainstream economic thought. The special kind of economic activity that constitutes the essence of family businesses does not fit with that thought and its basic premises about the meaning and purpose of commercial activity.

Over the last two decades, the Witten Institute for Family Business (WIFU) has made a significant contribution to ensuring that a special focus on this type of business has become “acceptable” within the economic sciences. In the process, it has thrown the narrow disciplinary boundaries of economic research wide open. It is now recognised in related research circles that family businesses are highly complex economic and social phenomena with multifaceted structures, and that researching them necessitates an interdisciplinary perspective involving the development of relevant the-

ories. One particular feature of this means to generate academic knowledge is that it draws its key research questions from the typical issues encountered in practice, rather than from discussions held exclusively within academic circles. This exceptional proximity to the core questions on the survival of family businesses is only made possible by the fact that the Institute and its work are deeply rooted in a wide-ranging business network – one that is unparalleled across the world in terms of its richness and vitality.

This self-created “ecosystem” enables an exceptionally empirical approach to the relevant field of practice and its specific challenges – and it is this approach that makes the Institute's research findings so valuable, both within academia and to the continued development of the businesses under investigation.

Without doubt, WIFU has put its pioneering phase behind it. Family businesses have developed into a highly attractive and widely recognised field of economics and management research – not only in the German-speaking world, but across a strong and globally networked academic community. This success story should not allow us to rest on our laurels, however. It represents both a resource and a call to action. The last two decades have laid a strong foundation, and our job now is to ascend to new heights in researching family businesses, on behalf of family businesses. With that in mind, I would like to warmly wish the WIFU all the very best in its work.

Yours sincerely,

Prof. Dr. Rudolf Wimmer
Founding Professor of WIFU



**WHAT WAS?
WHAT IS?
WHAT WILL
BE?**

1 | INTRODUCTION

After 20 years of research, teaching and practice transfer regarding family businesses and business families, time has come for the Witten Institute for Family Business (WIFU) to take stock. This anniversary publication is therefore designed to answer the three questions “What was?”, “What is?” and “What will be?” – thus describing the course of the last 20 years; the current state of the Institute; the issues and topics we are now engaged with; and the paths we would like to travel down in the future.

Before that, however, we would like to use the first part of this anniversary publication to cast a brief look back at the last 20 years of research and show how WIFU grew into its current form.

**What happened during the founding phase?
How did the Institute subsequently develop?
What is happening now?
And above all, what does WIFU present as
output after 20 years?**

In the main part of this anniversary publication, we would like to present the results of a new WIFU study on the current situation of family businesses in Germany. Last autumn, we asked members of more than 200 family businesses and business families to tell us what issues currently mattered to them, and what questions they were hoping to have answered by research – including WIFU. We also asked them in what format they would like research findings to be communicated to them, and which information media they would like to use to use those findings.

Last, but not least, it is important to us, to offer you an insight into the future of our research. What topics will WIFU researchers be working on in future? What projects are we planning to launch? What trends can we see? And above all: How will these reflect the issues and questions raised by the family entrepreneurs who responded to our survey?

We hope that you enjoy reading this anniversary publication as much as we have enjoyed writing it. But above all, we hope that you find ideas to support your own business activities, research or consultancy practice, and that in the future we will continue to intensively discuss and share insights about family businesses and their unique characteristics, needs and challenges.

To the next 20 years!

The WIFU team



20 YEARS OF RESEARCH INTO FAMILY BUSINESSES

The Witten Institute for Family Business (WIFU) was founded in 1998 as part of the Faculty of Management and Economics at Witten/Herdecke University. What may not be as widely known, however, is that the Institute was initially founded as DIFU (Deutsche Bank Institute for Family Business) – as the name suggests, with the extensive support of Deutsche Bank AG, who funded this new Institute (which was the first at that time in Germany)

for seven years.

Nonetheless, since the Institute was founded, significant efforts were made to ensure that it was designed with the object of its study – namely, family businesses and business families – at the very heart of its organisation. From the outset, it was clear that the Institute would have not just offered traditional business studies, but would have looked at all issues that are relevant to family businesses. For that reason, the basic structure of WIFU was configured from the very beginning to reflect the three structural pillars of family businesses: business, family and ownership. As such, the three teaching and research areas of business studies, psychology/sociology and law continue to provide an academic reflection of the form taken by family businesses to this day.

THE FIRST GENERATION: FOUNDING PHASE (1998–2004)

Just like the launch of any business, the initial months and years of the development of the Institute involved facing plenty of diverse challenges on the establishment of a suitable infrastructure, the development of a shared (research) strategy, and the management of constantly scarce resources. There was a lack of established routines, clear roles and responsibilities. The situation called for improvisation, organisational talent and the courage to experiment. All these problems thus shaped the Institute's initial development phase, which was very similar to the pioneer phase encountered by all family businesses.

The Institute gained its first professor with the arrival of Prof. Dr. Rudolf Wimmer, who had already gained a reputation as a management researcher. He shared his chair with Prof. Dr. Fritz B. Simon – a family psychologist who initially conducted research into business families from a systemic perspective. The Institute then obtained the legal expertise of Prof. Dr. Knut Werner Lange, who was one of the first people to conduct interdisciplinary legal research into this type of business. Prof. Dr. Bernd Wirtz

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completed the team as a representative of business administration – entirely in accordance with WIFU's triadic approach. Others who were heavily involved in the pioneer phase of the Institute's founding and development were Torsten Groth – who started out as a research assistant to the Chair of Leadership and Dynamics in Family Businesses – and the former U/WH students and subsequent doctoral candidates David Klett and Ralph Wiechers.

From its very earliest years, WIFU made a significant contribution to research, teaching and practice transfer on behalf of family businesses and business families.

In terms of research, for example, Prof. Wimmer and Prof. Simon launched the research project "Success factors for multi-generational family businesses", one of the first academic projects ever to be carried out in partnership and close mutual dialogue between researchers and family entrepreneurs. This study focused on businesses that managed to survive for more than three generations with ownership retained in the hands of the founding family. The goal of the project was to identify the crucial success factors behind the longevity of family businesses of this kind. The book with the same name that emerged from the project remains a bestseller to this day, as does the edited volume "The family behind the family business" ("Die Familie des Familienunternehmens") by Prof. Simon that was also published during this period.

Last, but not least, WIFU carried out pioneering work in planning events for members of family businesses and business families in order to facilitate the open discussion of issues and specificities. One very special event – which was actually first launched at the initiative of students at Witten/Herdecke University before the Institute was initially founded – is the annual Congress for Family Businesses. This Congress, organised by a team of students and supported conceptually and content-wise by WIFU employees, is with over 300 attendees the most important conference of its kind in Europe – and is particularly noteworthy for the fact that attendance is reserved exclusively for members of family businesses and business families. The resulting highly personal atmosphere has been appreciated and praised by all guests since the beginning. The Congress

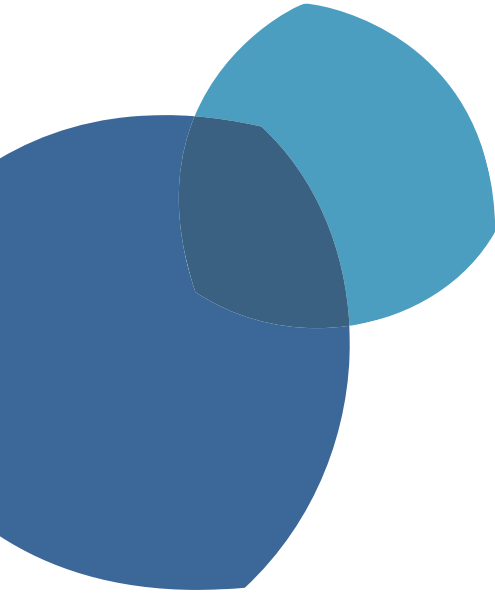
celebrated its 20th anniversary in 2018, and will remain an inherent part in WIFU's event calendar in the future.

THE SECOND GENERATION: EXPANSION UND INTERNATIONALISATION (2005–2016)

In 2005, after seven years under the patronage of Deutsche Bank, a circle of sponsors made up of over 30 family businesses took responsibility for the Institute – with the primary task of securing its funding for the future. Nonetheless, it was not just the financial backing delivered by the so-called "Circle of Institute Sponsors", but even more the information and personal support they provide, facilitating and definitely shaping our work, as it does also today. Our commitment to researching the economic unit of family businesses is also a commitment to the principle of the living social market economy in Germany, given that family businesses are the biggest contributors to the economic development of our country. During this phase of WIFU's development, Managing Director Prof. Dr. Tom A. Rösen developed the Institute's circle of sponsors into a unique, protected platform for sharing opinions and experiences among the businesses and researchers involved. The logical next step in this process was the creation of the WIFU Foundation in 2009, which is currently supported by 75 sponsors. This gave an institutional structure to the friends and sponsors of WIFU, making it possible to provide even more comprehensive funding for research, teaching and practice transfer.

After the founding phase, the Institute's efforts were mainly focused on continuing to expand its thematic priorities, increasing its already strong reputation, and promoting the Institute outside Germany – especially in Europe and the USA. The work of Prof. Dr. Arist von Schlippe made a substantial contribution to this second phase of expansion and internationalisation. He was appointed to the Chair of Leadership and Dynamics in Family Businesses and simultaneously became the Institute's first Academic Director. His competencies and research priorities resulted in countless research projects focusing on the continued viability of family businesses. Equally essential were the studies conducted on "crisis and conflict". The key focus of this research

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was on the power of the business family to shape or to destroy a family business. Alongside a consistent theory of conflict, other outputs of this research » included the development of approaches to crisis management specifically for family businesses, as well as theories of succession dynamics. This phase of WIFU's development was also characterised by the development of a theoretical and research focus on the areas of family strategy and shareholder competence. WIFU was able to develop into a centre of expertise of European importance in this area by conducting numerous investigations, studies and discussions involving representatives from professional practice.

At this time, WIFU's internationalisation efforts mainly involved developing a programme for international guest professors, as well as intensifying research that was relevant to international audiences. To this day, WIFU's guest professor programme remains unique in the German family business research community. No less than eleven renowned guest professors from seven different countries are currently supporting us in our teaching and research on family businesses and business families. In order to expand and professionalise our international research, Prof. Dr. Andrea Calabrò

was appointed to the WIFU Foundation Chair of Entrepreneurship and Business Administration. To a large extent, he was responsible for ensuring that WIFU came to be not only well-known within the global academic community, but also recognised as an expert research institute and an important source of inspiration. He published a large number of articles in internationally recognised academic journals and simultaneously continued to develop the STEP project (Successful Trans-generational Entrepreneurship Practice). Co-founded by WIFU, this project now involves 43 research institutions across Europe, North and South America, Asia and Africa. WIFU has been one of the pioneers involved in this research partnership since its launch in 2005. The researchers in this project are particularly interested in the question of how family businesses pass on their entrepreneurial knowledge and skills in order to ensure continuous growth over multiple generations. Case studies, reports and studies summarising the findings for each region are published regularly during the course of this project.

At this point, it would also be remiss not to mention the internationally oriented research projects launched by WIFU over the last few years. Particularly worthy of note in this context are the studies that WIFU is conducting into family businesses and business families in India and China. This resulted in a WIFU delegation travelling to India in 2012, and another delegation to China in 2015. WIFU representatives paid visits to research institutions and family businesses during these trips, and a particular focus was placed on the cultural and social factors that have shaped the construct of "the family" and how these factors have influenced the development of the family business. In both of these regions, WIFU studied differences of joint venture and partnership structures in comparison to non-family businesses.

During this phase, WIFU underwent a further expansion in its activities thanks to Prof. Dr. Marcel Hülsbeck, who initially established the focus on research about organizational development, personnel and leadership in family businesses, before being appointed to the newly created WIFU Foundation Chair of Management of Family Businesses. Additional issues being addressed in this area include strategy development, innovation management and business model innovation. The Chair has

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also produced many academic articles, practical guides and studies in the fields of human resource management and succession in particular.

WIFU's biggest and most important project to date was on the topic of "Family strategies across generations". This project saw twelve multi-generational family businesses work with WIFU researchers to examine the family strategies they applied over time. As part of the research design, the members of the business families who were involved in the project also helped to evaluate the results of the analysis. Research and theory formation were placed on an equal footing. The project culminated in 2017 in the ceremonial presentation of a book entitled "Die beiden Seiten der Unternehmerfamilie – Familienstrategie über Generationen". This publication is a milestone in the development of a theory of the business family.

It was during this period of expansion that the majority of WIFU publications were issued, all of which continue to play a major role in disseminating our accumulated knowledge to researchers, to those interested in the practices of family businesses, and to the general public. Whether issued in our own publication series or as practical guides, working papers or Witten Theses, WIFU's publications enjoy a wide audience and are often consulted for advice on issues on family businesses and business families. Last, but not least, numerous practically oriented studies were designed and carried out between 2005 and 2016. In addition, over 75 doctoral theses have been completed and published since 2010.

This period was also characterized by the launch of the Conference of German-speaking Institutes for Family Business Research (FIFU-DACHLI), which was initiated by WIFU in 2010. This remains the only German-speaking discussion forum for researchers working in this field. To mark the conference's ten-year anniversary, the 2020 edition will once again return to Witten to be organised by WIFU. In 2011, WIFU also hosted the renowned EIASM Family Business Conference, where participants were inspired by intensive discussions with representatives of family businesses and business families.

With the arrival of Prof. Dr. Andreas Hack as WIFU Guest Professor, WIFU also gained a new research format for

junior academics. Attendance at WIFU Research Colloquium is mandatory for all doctoral candidates and all students on the master's degree in management who are currently researching or writing their master's thesis on the topic of family business. This two-day event is held three times per semester.

Another format designed to bring together academic researchers, family business practitioners and interested members of the public is the WIFU Lecture Series. Since 2009, under the motto "Between Rigour and Relevance", WIFU has been inviting leading national and international family business researchers to present their theoretical reflections and research and to explain the significance of their findings in terms of practical implications. The lecture series is intended to show that rigour and relevance are not mutually exclusive, and that it is possible to meet both of these requirements at the same time.

WIFU also took on a leading role in terms of organising events on behalf of students at the university. The "Marriage Market" for Family Businesses is not adequately defined by terms such as "recruiting event" or "job fair". Instead of endless cursory encounters, the focus is on individual discussions and the personalities of the attendees. In order to foster entrepreneurial, practically oriented thinking and expand students' horizons from the very beginning of their studies, the event is open to students of the faculties of Management and Economics as well as Humanity and Arts from their first semester onwards. At the same time, graduates use the marriage market as an opportunity to launch their professional careers. Attendees also find success in identifying projects or these topics.

Last, but not least, this period also saw the birth of many well-established event formats that enhance the reputation of WIFU – in particular the Family Business Forum, which took place for the first time in 2008 and will see its 50th edition in September 2018. This format offers a very special communication platform: on a single day, the Forum focusses on a common and sensitive issue family businesses and/or business families are facing. Through protected dialogue, issues are discussed that simultaneously involve challenges of a legal, economic and in particular psychological nature.

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Topics discussed in the past include succession, family structures, family strategy, digitalisation, women in family businesses, emergency planning, management » by non-family members, intergenerational wealth management, alternative financing opportunities and shareholder competence.

Another very special format established during this period is the series of talks entitled “At home – Dialogue between family business and politics”, which was the result of a partnership between WIFU and the Ministry of Trade and Industry of the Federal State of North-Rhine Westphalia. Representatives of the regional government who have contributed to the dialogue forum include former Minister of Economic Affairs Christa Thoben and her successor Garrelt Duin. The topics for the discussion evenings were prepared by WIFU, and the talks were chaired by our researchers. There are plans to continue the format in September 2018 with the help of the current Minister of Economic Affairs Andreas Pinkwart.

THE THIRD GENERATION: A NEW DIRECTION (2016 TO PRESENT)

In the wake of its successful launch and subsequent expansion and internationalisation, WIFU currently benefits from a stronger position than ever before. The time has come to set out for new horizons in order to uphold and continue our role as a pioneer and pathfinder for family businesses in Germany and across the world.

We have already taken some initial steps in this direction. Towards the end of 2017, the WIFU's professors jointly reviewed the Institute's research strategy. The objective of WIFU is to adopt an interdisciplinary approach to tackle the challenge of developing a theory of family business to complement the theory of the business family already developed at WIFU. WIFU's research strategy aims to transcend the existing academic boundaries between the classic “three circles” of family business research (business studies, psychology/sociology and law), and to focus on key themes that will be studied in an integrated

manner across the intersections of the three classic disciplines.

This phase of refocusing and self-renewal is also evident in terms of the individuals involved. At the end of 2017, Prof. von Schlippe handed over the Academic Directorship to his successor Prof. Hülbeck. As well as developing a Witten theory of family business, Prof. Hülbeck will also focus on integrating, managing and fostering systematic cooperation between all the research disciplines represented at WIFU.

The findings regarding the importance of the business family to the future viability of the family business that were produced during the development phase have led to the structural strengthening of this field. In summer 2017, this led to the establishment of the world's first Chair of Organisation and Development in Business Families, to which Prof. Dr. Heiko Kleve was appointed. The focus of the research and teaching undertaken by this chair is the family behind the family business. This brings the business family back to the heart of WIFU – a special kind of family form that has not previously been the subject of much sociological or economic research. Prof. Kleve and his team are studying all the questions of this topic from an interdisciplinary perspective. In particular, the focus of their activities will deal with aspects on sociology, social psychology and systems theory.

The WIFU Foundation Chair of Family Business Law has also sprung back into action after a period of inactivity. October 2017 saw the appointment of PD Dr. iur. habil. Christoph Schreiber as interim professor to the chair. The legal particularities of family businesses that arise from the connection between the family and the business operating on the market call for particular investigation. In this context, future teaching and research priorities will focus on commercial law – in particular company law – as well as (corporate) tax law and the fundamental principles of civil law as enshrined in family and inheritance law.

At the beginning of 2018, an additional chair was created at WIFU. The WIFU Foundation Chair of Corporate Entrepreneurship and Digital Transformation in Family Businesses is intended to examine digitalisation

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dynamics in a targeted way. Fortunately, we were able to appoint Dr. Ulrich Bretschneider as interim professor immediately after the Chair's establishment. This chair will conduct research and teaching that engages with issues of the digital transformation in family businesses, the development of new business models, and strategic innovations in this kind of business. Following the arrival of these new staff members, WIFU's research will focus particularly on research into business families and digitalisation in family businesses (alongside previously established research topics). Furthermore, new projects on "Managing Dynastic Business Families" and "Intergenerational Wealth Management" have also been launched over the last few months. In the midst of all these forward-looking research projects, it is important not to lose sight of the history of family businesses and the stages in their development either. For this reason, WIFU has included a focus on historical family business research in its programme. This topic is currently being covered by a PhD project and a habilitation thesis.

During the last two years, we have also established the so-called "WIFU meets..." research format. This is a series of full-day symposia, each devoted to one of the non-business research disciplines represented at WIFU (sociology, psychology, law). The goal of the symposium is to bring academics from the discipline in question, family business researchers and practitioners from family businesses together in order to promote dialogue. The first symposium "WIFU meets History" took place in 2017, and the first "WIFU meets Sociology" symposium was held in 2018. Additional symposia (such as "WIFU meets Psychology" and "WIFU meets Law") have already been planned.

The WIFU Foundation has also launched a scholarship programme and a research funding programme in order to continue starting and fostering research projects into highly relevant and important topics. These are mainly designed to provide independent junior researchers with the opportunity to pursue a career in family business research and engage with topics that lie outside the well-trodden paths of research careers in social sciences. Our new direction is also highly sensitive to practice transfer. Alongside its already established formats (which will naturally remain fixtures on the WIFU

events calendar), the WIFU has successfully introduced a number of new event series.

For example, we have launched working groups for the family businesses and business families that make up our circle of sponsors, in order to address topics that are expressly requested by members of the circle. In this forum, we engage critically with issues, practices and challenges on topics such as "Managing the Business Family", "Dynamics among Shareholders in Dynastic Extended Families" and "Learning to let go", as well as the key trend of "dynamics in dynastic business families". Further working groups on issues crucial to the survival of family businesses have already been planned.

Another in-house event series dedicated to the hot topic of digitalisation and the need for change is our digitalisation symposium. This symposium takes place once a year in partnership with PricewaterhouseCoopers AG. The goal of this event is to provide insights into the wider social and business dynamics produced by new technological possibilities, as well as their consequences for the labour market and for organisational structures of the future. As always at WIFU, these events feature exciting expert presentations accompanied by specific practical examples on each of the key topics.

WIFU is also taking a step into the digital future by converting our publication series into an open-access edition. As a result, every volume in the series will eventually be available to download from the internet free of charge. This major step towards digitalisation enables WIFU to communicate its expertise and its research findings to a broader audience than ever before.

IN THE PAST, THE PRESENT AND THE FUTURE!

The Witten Institute for Family Business (WIFU) has been, is and will remain an important source of advice and inspiration for family businesses, business families, students, academics, the general public and society in general – in the past, the present and the future!



**IN THE PAST, THE PRESENT
AND THE FUTURE!**

DATES // FACTS // FIGURES

Since WIFU was founded, the work of its professors, researchers and employees has resulted in well over 860 academic publications, whose contents have been presented in countless talks and seminars at a wide variety of different events.

THE KEY FIGURES AT A GLANCE:

860 Publications	17 Practical guides	24 Volumes in our publication series	15 Working/practice papers
20 Congresses	52 Family Business Forums	56 R&R lectures	30 Cooperation partners in academia and practice
5 Chairs	48 Researchers and employees from 10 different countries	38 Doctoral and habilitation theses in progress	75 Sponsors

Each year, around 200 articles, interviews and op-eds published in the national and international media (e.g. Handelsblatt, Wirtschaftswoche, WDR) also help ensure that the topic of family business remains visible to the public.

WHAT REALLY MATTERS TO FAMILY ENTREPRENEURS?

The number of research projects, doctoral theses, books and articles on the topic of family business is growing constantly. Business succession, developing shareholder competence, collaboration with external business managers or conflicts between shareholders are just a few of the topics that have been researched in recent years. Nonetheless, research can sometimes be distant from practice – especially when topics are studied “within the ivory tower”. As such, an in-depth understanding of family businesses can only be achieved through coordinated research and close cooperation with relevant practitioners.¹ In order to improve coordination between research and practice, WIFU decided on the occasion of its 20-year anniversary to find out what topics family entrepreneurs are occupied with at present; what issues are currently being discussed within business families; and what questions they would like academics to address to. The goal of this study is to initiate or enable research into specific thematic areas that are deemed equally important and relevant by both WIFU and family businesses. Furthermore, in the 20th year of our existence, we at WIFU feel it is important to align our ongoing research with the needs of family entrepreneurs, and where appropriate, to identify new research fields that we need to address.

A total of 202 family entrepreneurs took part in the survey, representing every possible size, industry and generation.² The diversity of the family businesses that took part in this survey is therefore exceptionally high, making it a representative sample that allows us to make statements about the entirety of the family business sector in Germany.

The survey respondents were asked to state which topics they are currently engaging with most intensively, and what they hope researchers will provide them with in connection with those topics. When formulating the questions, a deliberate distinction was made between the three categories of business, family and legal issues in order to better classify the answers and situate them in a contextual framework.³ This categorisation follows the fundamental model of family business research, which links the three systems of business, family and ownership as separate and yet interconnected fields.⁴ The answers provided by the respondents were then summarised by the WIFU research team under the categories described in section 3.2.

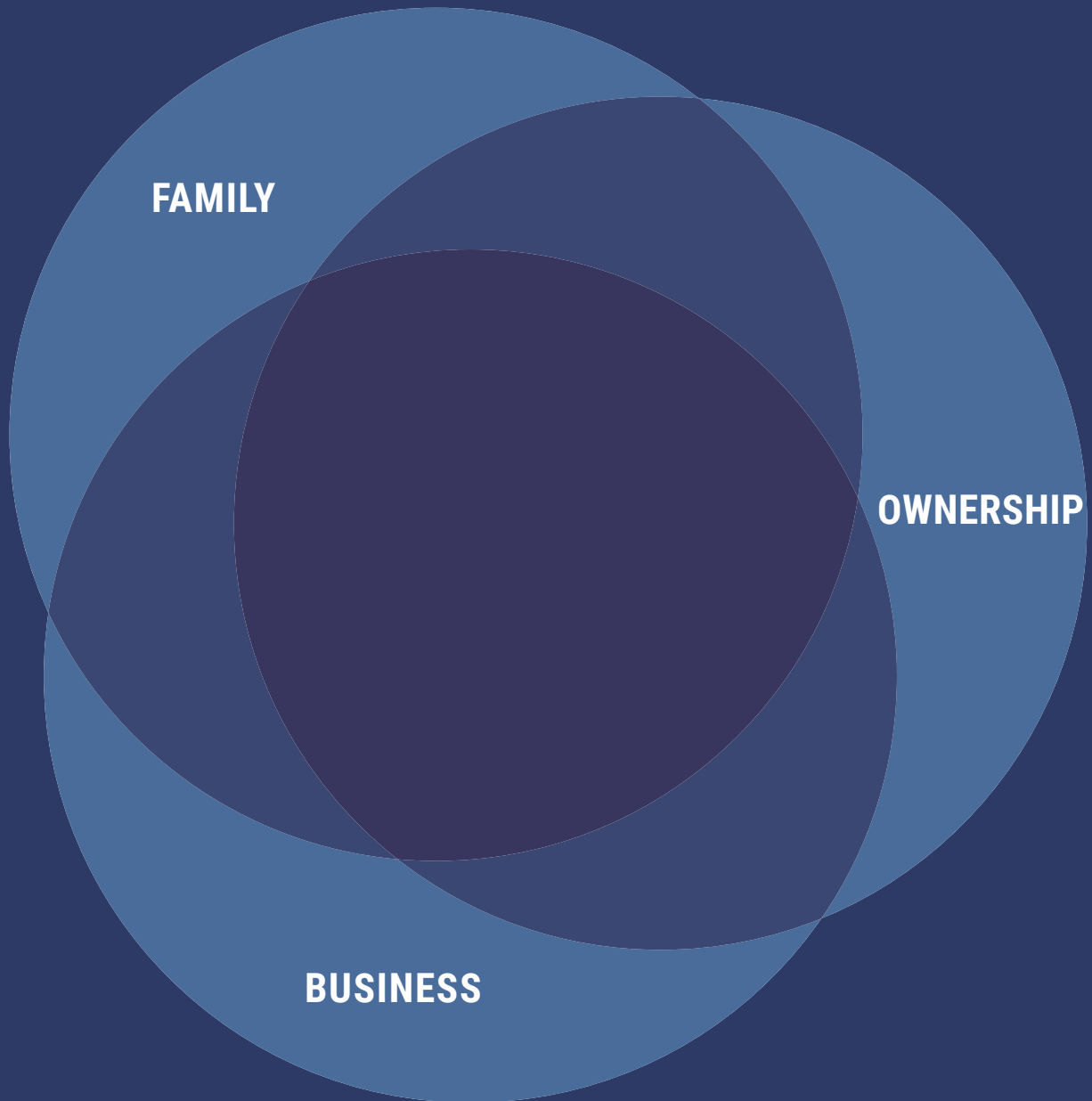
¹ See also Wimmer et al. (2018) for more information on the current challenges family businesses are facing.

² See section 5.2 for more details on the participants in the study.

³ A maximum of three responses were possible for each category.

⁴ Cf. Schlippe et al. (2017); Schlippe et al. (2011).

**THE WIFU PERSPECTIVE BASED ON THE THREE-CIRCLE-MODEL
OF FAMILY BUSINESS RESEARCH**



3.1 | EXECUTIVE SUMMARY

The goal of this study is to identify thematic areas that are deemed equally important and relevant by both WIFU and family businesses, and to initiate targeted research and/or formats for transfer into practice. The study is based on the responses of 202 family entrepreneurs, leading to the findings set out below. The diversity of the family businesses taking part is extraordinarily high and reflects the overall picture of the wider German family business landscape. The respondents include representatives of various industries with a wide range of different turnover levels, workforce sizes, age groups and generations. On average, the businesses surveyed have 3,000 employees and an annual turnover of 564 million Euros each. The average age of the businesses is 99 years. Over 90% of the family entrepreneurs who responded to the survey have already completed at least one succession from one generation to the next.

- ➔ The issues currently preoccupying family entrepreneurs in relation to their businesses are **strategic, non-operational issues**. The study participants are primarily interested in aspects of effective business management.
- ➔ Key themes here include **HR** (especially attracting and retaining qualified new staff) (41%) and **developing operational successors** (36%).
- ➔ Respondents are equally preoccupied by the **key trend of digitalisation**, both on a personal level (26%) and in relation to other open questions, which research institutions are expected to provide answers to (23%).
- ➔ When it comes to the family behind the family business, the most important issues for the respondents relate to **succession dynamics** (60%), **family governance** (50%) and the **interface between family and business** (30%).
- ➔ **Issues on upbringing** are particularly important in this context. The respondents assign this issue greater relevance in relation to research than in their personal everyday experience as a business family.
- ➔ **Inheritance tax and general tax law** are definitely the most important legal issues on property.
- ➔ Respondents hope to see a significant input from academic research in the area of **legal policy**; however, they are currently relatively unconcerned by this topic in relation to themselves.
- ➔ Family businesses are fully prepared to make a contribution to the research they demand. 90 percent of respondents indicate that they are willing to play an active role, particularly by taking part in **studies** (82%) and **interviews** (64%).

3.2 | THE ISSUES AFFECTING FAMILY ENTREPRENEURS

The representatives of family businesses and business families that we contacted were asked to indicate which issues they are currently facing. At the same time, they were asked which themes and issues they would like to see addressed in research. The distinction between the three categories of business, family and ownership described above was then applied to the survey categories, with multiple responses allowed. Under the category of ownership, a particular focus was placed on legal issues on the shareholder function.⁵ During the

evaluation process, the responses were then grouped into thematic clusters and ranked by frequency. This generated a ranking of the top 5 topic clusters for each category.⁶ In the following sections, we will present and compare the responses to these two core questions.

We will then look at the research formats and information media requested by the respondents, before explaining our data collection methodology in the final section.



⁵We believe that any future survey in this field should include specific questions about the assets held as a result of the respondents' ownership status.

⁶The differing distributions of the top five issues cited in response to the two questions means that more than five themes are discussed in each of the relevant sections – seven in the case of family businesses and business families, and six in relation to legal issues. At this stage, it is already apparent that the issues preoccupying family entrepreneurs differ in some cases from the issues that they would like to see subjected to targeted research.

3.2.1 | BUSINESS ISSUES

The first category we asked respondents to provide their assessment on, is the category “family business”. After ranking the responses, the following picture emerged from the top issues affecting family entrepreneurs and what they hope to see addressed by research:

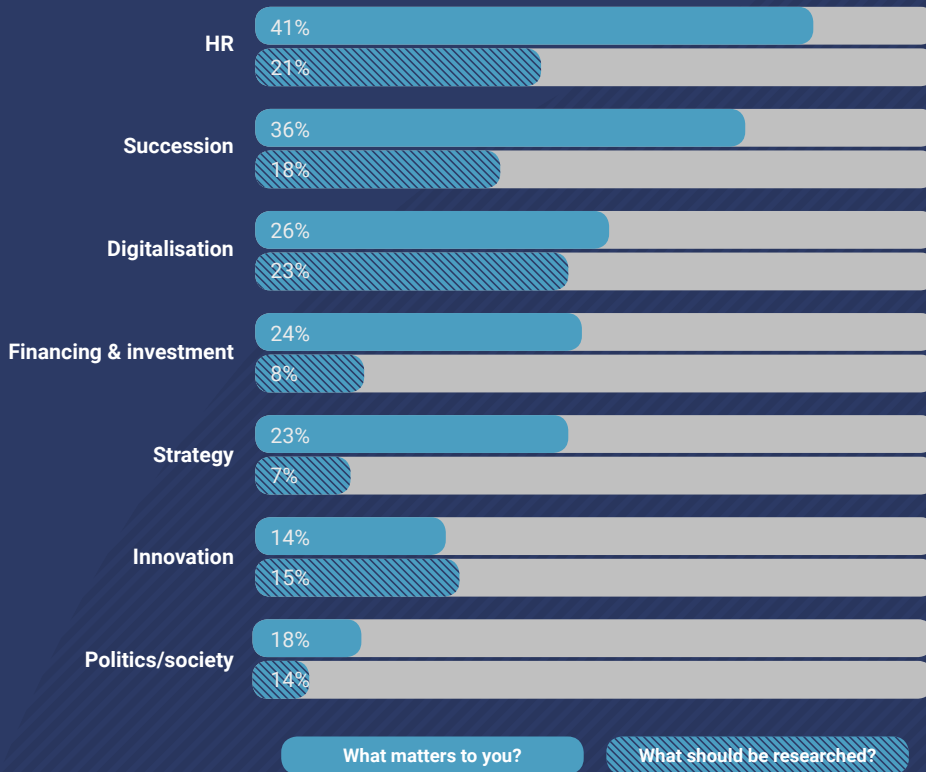


Fig. 2: Issues vs. expectations regarding the family business (n=202)

3.2.1 | BUSINESS ISSUES

In general, it is striking that the top themes relate to strategic, non-operational issues. The study participants are primarily interested in aspects of effective business management.

The respondents show a high degree of consistency in terms of the issues currently affecting them. When it comes to research interests, however, it is clear that family entrepreneurs are preoccupied by highly differentiated issues and questions. One possible explanation for this phenomenon is that the desired research topics represent a subset of the issues that the family entrepreneurs are currently engaged with. For example, the issue of personnel is a critical one for 41 percent of the respondents, and around 50% of them would like to see further research in this field. The need for external expertise is therefore greatest in this area. On the other hand, the opinions of the respondents diverge significantly when they are asked to assess which issues require external expertise and which issues they would prefer to handle themselves.

One exception to the situation described above is the set of issues on digitalisation. The respondents are engaged with this theme in equal measure both on a personal level and as a question that they would like to see answered by family business researchers. The relative significance of the key trend of digitalisation thus appears to be particularly high.

HR QUESTIONS ARE THE MOST IMPORTANT

In response to the question "What issues are you currently engaged with in connection with your family business?", the most commonly identified topics relate to the field of human resources. More than one third of the 41 percent of participants who responded in this way cite issues on hiring qualified technical and managerial staff. For many respondents, this also includes the recruitment of suitable apprentices. One tenth of family entrepreneurs even mention the oft-quoted labour shortage in this context.⁷

***"How do we attract qualified staff?
Promotion prospects are
naturally limited in our business."***

These statements are hardly surprising. Although German Mittelstand businesses are doing better than at any point in the last ten years, with a third seeking to create new jobs, current figures show that 78 percent are having problems finding suitable technical and managerial staff. The German Mittelstand business sector experienced the loss of nearly 50 billion Euros of revenue in 2016 due to a lack of skilled staff.⁸ The situation is similar when it comes to apprenticeships. According to the 2017 report on vocational education and training published by the Federal Ministry for Education and Research, 43,500 vacancies went unfilled during the previous year. Smaller (family) businesses in rural areas are particularly badly affected.⁹ The family »

⁷ In its narrowest definition, a "labour shortage" is an economic condition in which employers believe there are insufficient qualified candidates (employees) to fill the marketplace demands for employment at a wage that is mostly employer-determined. et.

⁸ Cf. E&Y Mittelstand Barometer, January 2017.

⁹ Cf. Federal Ministry for Education and Research (BMBF) (2017).

3.2.1 | BUSINESS ISSUES

entrepreneurs who responded to our survey appear to have recognised these problems and are engaging with them intensively.

“How can we retain staff in the long term?”

Another HR-related issue affecting the family entrepreneurs who responded to the survey is how to develop their existing technical and managerial staff. The respondents are particularly focused on systematic, company-wide developments to promote standardisation and increased efficiency. It is clear that the requirements of modern HR management in relation to career development and continuing vocational training currently pose a challenge to the participants in the study. Other issues cited under the category “HR” include demographic change, employee management, employer marketing and the composition of the senior management.

“How can we achieve systematic staff development across the entire group?”

The topic of HR also plays an important role when it comes to the research questions that family entrepreneurs would like to see answered. The participants in the study would like researchers to provide answers to questions concerning the values and expectations of younger employees. It is clear that in recent years a change has taken place raising doubts and questions for many business owners. These apparently relate to understanding the values of the younger generation and establishing an effective and modern HR management system in order to retain these young technical and managerial employees within the company in the long term.

“Tackling the change in values among young employees and effective instruments in family businesses.”

In this context, the topic of “employer branding” has become increasingly important to family entrepreneurs. With their companies often located in rural regions that are unattractive to the younger generation (as well as to older people), and with limited career opportunities, family entrepreneurs need to consider how they can increase their attractiveness as employers in order to bring in and retain qualified technical and managerial staff both now and in future. The respondents would like researchers to provide clear answers to this question.

“How can we harness the strengths of family businesses in order to recruit staff?”

A third aspect that many surveyed family business owners wish to see addressed by researchers is the future of HR. This includes issues such as changes in how people work, or making adjustments to management and leadership concepts in anticipation of future demands.¹⁰ It falls to researchers to figure out what the future of HR will look like, taking into account numerous environmental factors.

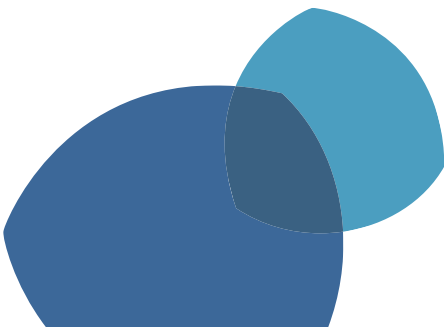
“What collaboration models will be possible in the future?”

“What will the world of work look like in 20 years?”

EVERGREEN: SUCCESSION

As expected, the respondents generally assign a great deal of importance to the issue of “succession”. In fact,

¹⁰ Cf. Hülbeck et al. (2016).



3.2.1 | BUSINESS ISSUES

it is entirely appropriate to understand succession as a continuous (communication) process. That process begins as soon as children are born and their parents begin to contemplate transferring the company to the next generation. It is scarcely possible to define an end point to the process, as by the time the older generation retires, initial steps are already being taken to introduce their grandchildren to the business.¹¹ Succession is therefore a constant companion to business and family alike. Whenever an owning family has a controlling influence over a business – or in other words, whenever a company can be called a family business – it becomes necessary to constantly reflect on certain aspects of succession. The respondents appear to have taken this approach fully to heart.¹²

“How can we successfully position the right successor to take over the management of the business or one of its divisions?”

A proportion of the participants whose responses fall under the category “succession” also express a desire to see clear proposals for rules in relation to the succession process. Because this process is often accompanied by significant uncertainty and emotion in practice, conflicts in this area are generally the rule rather than the exception. As such, the desire for clearer guidance is understandable. Despite the unique succession situation within each business family, the succession process nonetheless involves core questions to which every business family needs to find its own specific answers. For example, it is essential for the shareholder family to agree conditions governing the admission of possible successors to the company – as well as their departure, where necessary.¹³

“What does an old man need in order to retire happily?”

One tenth of the respondents expressly address the topic of operational succession – or in other words, finding candidates for roles in the top management team.

Although this “passing of the baton” is very important to the continued existence of the business, we should remember that the succession process involves not only the leadership of the business, but also the hand-over of shares. From our point of view, embedding the design of the succession process into the owning family’s overall process of strategic development appears to be a key starting point.¹⁴

“Are there any proven procedures for finding trustworthy people to act as successors?”

The issue of succession also comes up when we look at the expectations placed on research. In a general sense, many of the family entrepreneurs we surveyed would like to see new research output – for example in the form of models or findings – that could be used as guidance in practice. When we consider that handing the business over to the next generation is a source of constant concern in family businesses, it is easy to understand the desire for more research findings. Research in this area is therefore still in demand as a means of generating useful findings.

“How will the system change when women take on a leadership role in the family business?”

Besides research on new models and findings, another key topic in succession is that of wives and daughters. This is an issue that respondents are particularly interested in and would like to see new answers to. Current studies show that fewer and fewer distinctions are made between male and female successors in business families. Nonetheless, the ability to reconcile family and career remains a largely unsolved problem that often lies at the heart of the issue.¹⁵ »

¹¹ Cf. Groth et al. (2013).

¹² Cf. Löhde et al. (2016).

¹³ Cf. Groth et al. (2013).

¹⁴ Cf. Schlippe et al. (2017), Chapter 9.

3.2.1 | BUSINESS ISSUES

KEY TREND: DIGITALISATION

When asked the question “What are the top three issues that you are currently engaged with in connection with your family business?”, 26 percent of the respondents answered with aspects of the topic “digitalisation”. One tenth of the 26 percent of respondents stated that they were currently preoccupied by “Industry 4.0”¹⁶, closely followed by respondents who cited the “digital transformation”¹⁷.

“Overcoming the challenges posed by Industry 4.0.”

“Digital transformation and its influence on the current business model.”

Further responses in the category of “digitalisation” include a preoccupation with the topic of online trading or e-commerce, as well as the exploration and implementation of new business models that need to be brought into harmony with digitalisation.

“The digitalisation of the business in all functional areas, especially the optimisation of work flows in each different area.”

The overwhelming majority of respondents do not make a differentiated statement about the aspects of this topic that particularly concern them. The keyword “digitalisation” appears to be increasingly present in the minds of the family entrepreneurs – no doubt under the influence of its omnipresence in the media and in public discourse. Digitalisation means exploiting new technological capabilities with the company in order to modify or interconnect business models and value chains.¹⁸ Some companies are already turning digitalisation to

their advantage in order to better meet customer needs, reduce lead times and cut costs. For example, errors, internal processes or the need to carry out maintenance on products can be reported wirelessly or via Bluetooth so that repairs can be carried out without delay. This makes products and processes smarter and more interconnected than before, which sometimes means that the entire business model can be redesigned.¹⁹ Family businesses with flat hierarchies and short decision-making paths can potentially achieve decisive competitive advantages by redesigning their business models. On the other hand, a traditional outlook or the superannuation of management or supervisory committees can result in family entrepreneurs only acknowledging environmental changes and technological advances at a very late stage, when they may be unable to react promptly.

“Does digitalisation happen differently in family businesses compared to other organizations?”

When it comes to the topic of digitalisation, the majority of respondents would like research to provide them with access to general information. In other words, they want basic research that explains exactly what the topic is, what applications it might have within their business, and what aspects have to be taken into account when implementing it in each different area. In addition, certain questions emerge that hint at ways in which family businesses differ from public companies when it comes to managing digital transformation processes.

“What structural changes will result from digitalisation?”

¹⁵ Cf. Otten-Pappas & Jäkel-Wurzer (2017).

¹⁶ “Industry 4.0” generally refers to the fusion of industrial production with modern information and communication technology.

¹⁷ “Digital transformation” refers to a continuous process of change anchored in digital technologies that is affecting the whole society, and business in particular.

¹⁸ Cf. Bharadwaj et al. (2013).

¹⁹ Cf. Porter & Heppelmann (2014).

3.2.1 | BUSINESS ISSUES

Expectations from research in this area revolve around the topics of digital transformation and Industry 4.0, and how these will affect companies in different sectors in future. Naturally, the family entrepreneurs who took part in the survey are particularly interested in how the topic of digitalisation will affect the business and/or the owning family, and what interdependencies may need to be taken into account in this regard. The respondents would like family business researchers to provide specific responses to these issues.

FINANCING AND INVESTMENT: FIT FOR THE FUTURE

Aspects of “financing and investment” constitute an additional hot topic. One third of the responses are preoccupied with questions of profitability and/or the finances of the family business in question. Specific issues cited under this set of topics included cost and yield optimisation, strengthening capital structures, earnings performance and the profitability of the business.

“Continuing to drive cost and yield optimisation in the future.”

Even though a recent survey indicates that German Mittelstand businesses – and therefore the majority of family businesses – are currently doing very well, with the economic forecasts remaining positive,²⁰ the family entrepreneurs who responded to our survey nonetheless appear to want to achieve a stronger and more futureproof financial position. The hallmark of a family business is precisely this desire to ensure the long-term viability of the business, so that it can be passed on to the grandchildren.

“The self-financing of the family business in order to safeguard its independence.”

The issue of financing in general was cited by an additional quarter of the respondents. In specific terms, this refers to intelligent, alternative financing strategies, which from the perspective of family entrepreneurs would ideally be achieved without the involvement of banks. This perspective on financing structures once again shows that a central concern is the desire for independence and to minimise any possible external influences. Another source of acute concern for the respondents is the issue of communication with external financing partners. There is a clear need for improvement in this area.

“Managing the positive order situation by expanding production sites and building new offices, production facilities, warehouses etc.”

The topic of investment was also cited relatively frequently. This relates not only to investment planning per se, but also to specific new investment opportunities – such as expanding capacities, or building or extending offices, production facilities and warehouses. This desire to invest is in turn a sign that the family entrepreneurs who completed our survey are currently standing on a sound financial ground, and that they wish to invest the profits generated over the last few years in order to provide their business with a stable future.

In terms of expectations for research, the topic of financing does not appear among the top 5 issues under the “business” category; nonetheless, eight percent of respondents would like academics to provide answers to financial questions. »

²⁰ Cf. E&Y Mittelstand Barometer, January 2017.

3.2.1 | BUSINESS ISSUES

NEW STRATEGIES FOR BETTER PROSPECTS

The top five business-related topic currently preoccupying 23 percent of the family entrepreneurs we surveyed is that of “strategy”. Nearly one quarter of the respondents indicate that they are engaging more intensively with the strategy or the strategic orientation of their business.

“Identifying future issues and analysing their effects on the strategies and business fields of today.”

The long-term orientation of the business strategy is particularly important in this context. Here too, the statements made by the respondents can be seen as typical for family businesses. These reflect their inter-generational perspective, whereby the company should be put on the most forward-looking possible strategic footing, thus preserving it for many successive generations to come.

“Finding an intergenerational strategy for the future.”

In terms of expectations placed upon research, the topic of strategy also fails to feature among the respondents’ top 5 issues; however, seven percent would like to see more research work in this area too.

INNOVATION

The topic of innovation is one of the top five topics surveyed family business owners would like to see researchers generate answers to.²¹ Innovation may not (yet) be a core topic area,²² but it appears to be very important to the respondents to be addressed by research.

“New products, and processes that are based on our products.”

When it comes to innovation, the respondents are particularly interested in diversifying their products and in new developments of products and services. Only those who continuously adapt their product selection to meet changing customer needs will manage to keep pace with market conditions and competitors. In this context, the respondents are also working to drive new technological developments in their respective market fields. For many of them, comprehensive innovation management for technologies, products, services and processes is a crucial topic.

“Continued development of materials and joining processes in e-mobility.”

Unlike the previously discussed topics, however, respondents demand research not into family business, but into specialist domains that deal with the development of new products and technologies. This might include higher battery capacities, laser and terahertz technology, or future drive technologies, as well as methods and processes that enable family businesses to develop products and bring them to market more quickly. Another topic that the family entrepreneurs who took part in the survey would like to see as object of more intensive research regards future raw materials and how to obtain them efficiently. These research questions are particularly pressing within resource-intensive industries.

²¹ Cf. Hülsbeck et al. (2011).

²² Cited by 14 percent of respondents, it is nonetheless ranked number 9 among the key topics.

²³ Mentioned in 18 percent of responses, the topic nonetheless ranked number 6.

3.2.1 | BUSINESS ISSUES

POLITICAL AND SOCIAL ISSUES

Political and social themes also appear among the top five requested research topics. Although the respondents are not primarily concerned with these issues at present,²³ they nonetheless believe it is important for the topics to be addressed by researchers.

“Researchers should not tire of examining and publicising the importance of family businesses to the well-being of the nation.”

When it comes to political and social issues, the family entrepreneurs who took part in our survey would particularly like to see researchers provide support in emphasising their role in politics and society. The participants in the study clearly believe that it is crucially important for research institutions to help promote the public image of family businesses in terms of their importance to society. As such, they are chiefly concerned with the importance of family businesses to the German economy and the functioning of the social market economy.

“How can we prevent increasingly strict regulations from leading to continuous increases in costs?”

In terms of politics, there is also a desire for a reduction in bureaucracy. Particular criticism is reserved for administrative and documentation requirements, which are generally substantial for smaller and medium-sized businesses in relation to their size. The respondents would like to receive explicit support from research in this area.

“The future preservation of family businesses in the context of the global economy.”

The family entrepreneurs who responded to our survey also believe it is important for research to provide support in the face of global political issues. Particular issues to be addressed include the significance of Europe to the German economy, and recommendations for action in response to the protectionist tendencies of certain countries. Additional topics include energy and climate policy, as well as economic policies. »

²³ Mentioned in 18 percent of responses, the topic nonetheless ranked number 6.

3.2.2 | FAMILY ISSUES

The second category we asked participants to assess was that of “the business family”. Once the responses were sorted, the top themes were the following:

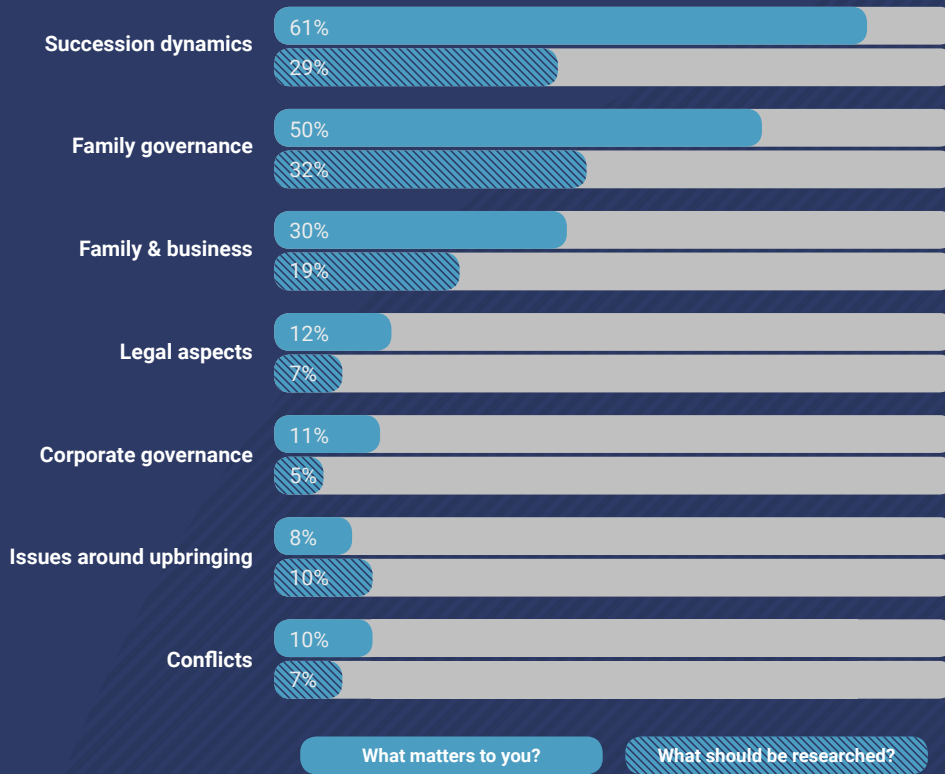


Fig. 3: Issues vs. expectations of the business family (n=202)

3.2.2 | FAMILY ISSUES

The same distribution found in section 3.2.1 between the two questions “What matters to you?” and “What should we research?” appears once again when we look at issues on the business family. The research topics requested by the respondents represent a subset of the topics that they are particularly engaged with at present.

It is also noteworthy that the top three topics of the business family were cited by a significantly higher percentage of respondents than the rest of the issues. Under both questions, the topics of succession dynamics,²⁴ family governance²⁵ and the interface between family and business are particularly important to family entrepreneurs.

We are particularly struck by the relevance of the issue of bringing up younger members of the family. The desire for researchers to devote closer attention to this area considerably outweighs the relevance assigned to the topic by the participants in the context of their day-to-day experience.

It should also be noted that – in our opinion – the topics “legal aspects” and “corporate governance” that were repeatedly cited in this context do not belong in the section focusing on “family”, but in the sections on “law” or “business”. This leads us to suspect that the study participants view the family as a powerful link between business and legal issues.

SUCCESSION DYNAMICS WITHIN THE FAMILY ARE ESPECIALLY IMPORTANT

The majority of responses to the question “What are the top three issues that you are currently engaged with in connection with the business family?” cited issues of succession (61%).

“Appropriately involving the next generation in the business.”

One quarter of the respondents who cited succession were not concerned with the issue of preparing successors for operational activities (with respect to when we asked this question in relation to the business); instead, they worried more specifically about how to prepare the next generation for the roles and responsibilities that may be assigned to them. Certain issues that were raised indicate that the participants in the study are concerned about what they can do within the business family to sensibly introduce children and young people to the business, or to awaken their enthusiasm for taking on responsibility for the business. »

“How can I identify talent among young shareholders without making them feel they have to curry favour?”

²⁴ Cf. Hülsbeck et al. (2016).

²⁵ Cf. Audretsch et al. (2013); Hülsbeck (2014).

3.2.2 | FAMILY ISSUES

In fact, preparation for succession begins during childhood.²⁶ It is important to give children a sense of certainty about what it means to grow up in a business family before they start school and begin to discuss with their peers what their parents do for a living. Later on, too, during adolescence and puberty, appropriate methods need to be found for broaching the topic of their potential succession as a shareholder or a member of the management or supervisory board within the business. The challenge here for the business family is to ensure a receptive response to the learning phase and to create reflective formats that are specific to the family, which can then be used to establish an attitude towards succession. The core question is: How can a “healthy relationship” with succession be achieved?²⁷

“Implementation of succession rules in our business family.”

In this context, the respondents expressed a desire for explicit rules to be applied in the succession process. As already explained in detail under the section on “business”, this is completely understandable given the subject’s inherent potential for misunderstandings and expectations, as well as conflicts arising from these.²⁸

***“Ensuring a smooth handover to a successor and the need to ‘let go’.
This is not easy.”***

Another issue mentioned by many of the respondents is that of how to plan the handover from predecessors to successors. In particular, they are concerned with how to withdraw from the activities and duties that are to be handed over. This “learning to let go” generally poses a

major challenge that the persons making the handover needs to overcome. Once responsibilities are handed over to the younger generation, the person making the handover enters into an entirely new phase of their life. On the one hand, they are largely relieved of their workload and the pressures of responsibility; on the other, they need to find a new way to “sensibly” use their new-found time resources. In our experience, practitioners focus far too often on the assumption of responsibilities by the younger generation. Meanwhile, the questions and issues confronting the older generation are generally neglected. Too little attention is paid in family discussions to those making the handover as they tackle their “post-work phase”. If the senior family member does not have sufficient alternative commitments or an alternative life plan in place once responsibility has been passed on, there is a very high risk that they will “relapse” and intervene in decision-making processes within the business once more.

“How can successors be made fit for succession?”

Once again, the topics that respondents would like to see addressed in research also include a few questions of succession within the business. On the one hand, the family entrepreneurs who took part in the survey are concerned about suitable qualifications for the successors and the best way to prepare them for their duties.²⁹ This includes topics such as experience abroad, training opportunities, and the scope of early involvement in the family business.

“Establishing straightforward rules for succession.”

²⁶ Cf. Rösen et al. (2014).

²⁷ Cf. Rösen et al. (2014).

²⁸ Cf. Schlippe et al. (2012) on conflict in this context.

²⁹ Cf. Hülsbeck et al. (2016).

3.2.2 | FAMILY ISSUES

One particular item is the desire for clear rules governing succession. To what extent can rules for selecting and preparing candidates for succession help both the business family and the (potential) successor? Business families also want greater clarity on changes of role within the family in the face of a pending generational transition within the business. We believe that the systematic examination of these questions forms a core component of thinking on family strategy, and should ideally take place before the start of a specific succession process.³⁰

“Practical examples of how succession has worked well or badly (learning from others’ mistakes).”

Finally, many business families would like to see more resources and support for issues on succession. For example, researchers could outline a range of different outcomes to common handover situations, which could be presented alongside comparative case studies showing how the handovers were carried out. Reflective formats could then be used to identify which approaches proved to be good or bad. Ideally, the people behind the case studies would then make themselves available as points of contact in order to share learning experiences between different business families.

FAMILY GOVERNANCE IN THE BUSINESS FAMILY

The second most important topic for the business families in our survey is that of family governance (50%). This topic covers managing, monitoring and safeguarding family cohesion, as well as its influence on the company.³¹

“What degree of professionalisation does our family business need in the context of family governance?”

In specific terms, many business families are concerned with establishing a family strategy and documenting it in writing in the form of a family constitution, charter or code. A family constitution is not a legal document, but a morally binding one for a business family, and contains the core principles and the code of conduct that its members are expected to uphold. Alongside values, it also expresses the restrictions, voting procedures, expectations and methods that apply to intra-family decision-making processes. Ideally, the family constitution should be upheld by every member of the business family, and should be adapted over time with each subsequent generation.³²

“Should we adapt the shareholder agreement to the family constitution or not?”

Another topic is shareholder succession. As the family grows, so does the number of possible shareholders. This leads to questions about developing and selecting suitable shareholders to act as committee members, as well as about the shareholder structure and the transfer and distribution of shares. The development of shareholder competence within business families is another important issue for respondents in this context. This covers all aspects of education and skills training that will help future shareholders to fulfil their role.³³ There is also a need to establish how these competencies – along with other skills and experiences – can be collected and evaluated. As well as professional expertise and qualifications (such as the legal principles underpinning the family business, accounting skills, wealth management, market and competition analysis), this education should also cover functional standards and dynamics within the family business and the business family in order to develop both an in-depth understanding of the business strategy and the ability to discuss it critically, where appropriate. »

³⁰ Cf. Rügen & Großmann (2014).

³¹ Ibid.

³² Cf. Vöpel et al. (2013).

³³ Cf. Vöpel et al. (2013).

3.2.2 | FAMILY ISSUES

“To what extent should/can the family affect business ethics and norms in their responsibility as shareholders, when they are not personally involved in management?”

When asked about their expectations for academic research, the respondents most frequently cite topics on family governance. In particular, many family entrepreneurs would like research to provide answers to questions about how to deal with passive or inactive shareholders, or the “optimum” size of an active shareholder group. Another important question relates to the most appropriate form of cooperation among shareholders, along with the desire for best practices in order to learn from other family entrepreneurs.

“How to deal with difficult and disinterested shareholders?”

Another issue that the respondents would like to see addressed by researchers is the wish for greater clarity in relation to the family constitution, and the extent to which this document can help the business family to organise itself as a professional owning family. There is also a desire for long-term studies that take multiple generations and intergenerational transfers within family businesses into account.

“A fair model for financially compensating family members.”

Finally, the family entrepreneurs who took part in the study are also concerned about dividend policies. In particular, business families would like to know how to financially compensate family members for their role as shareholders. There is a particular demand for a fair and sensible way of issuing dividends. Other aspects of this issue include the financial requirements of active and passive shareholders and how to go about financing the acquisition of individual shareholdings. In this context, business families would also like to see solutions for avoiding the fragmentation of shares.

THE INTERFACE BETWEEN FAMILY & BUSINESS

The interface between family and business represents an additional set of issues. Core topics here include the involvement of the next generation in the family business. The respondents are particularly concerned with topics such as identification with and loyalty to the family business, in particular on the part of non-operationally active family members.³⁴ The previously mentioned topic of “bringing up successors” appears to be a fundamental aspect of this issue as well.

“How can we successfully introduce the fourth generation to the business and secure their involvement?”

The general maintenance of a stable relationship between the family and the business is another important source of concern for the study participants. Rapidly growing families – especially ones with multiple branches – and the increasing global dispersion of the family are just a few of the obstacles that respondents are struggling with, and for which solutions need to be found.³⁵

“How can I find rules to avoid disputes and bind the family to the business?”

³⁴ Cf. Simon et al. (2005) on this topic.

³⁵ Cf. Ammer (2017), Schlippe (2009).

3.2.2 | FAMILY ISSUES

Many respondents are also concerned with rules and arrangements under which family members can participate in their business. In this context, respondents cite the involvement of adult children, shareholders and life partners in the business, among others. There is a very strongly expressed wish for clear rules in this area. It is well known that one of the most frequent causes of conflict in business families is when the involvement of family members in the business is not successful.³⁶ Rules of this kind are typically defined as part of a family governance arrangement and set down in a family constitution of the kind discussed above.

***“Integration of life partners?
Are risks to the business reduced
by excluding them?”***

Family entrepreneurs would like to see researchers provide greater clarity over the factors that lead to a successful connection between family and business. On the one hand, this is about remaining united as a family; on the other, it is also about meeting the demands placed on the family by the need to preserve the family business.

“Business or family first?”

In this context, the participants would also like to know what other approaches (beyond value structures) can be derived from research in order to safeguard the family’s sense of belonging and loyalty to the business. This remains an open question for many business families – especially “dynastic business families” with over 80 individual shareholders – and one that requires further research. Respondents are expressly concerned about maintaining specific forms of loyalty management, as well as a formal yet personal mode of interactive communication with the large number of relevant family shareholders.³⁷ In addition, the participants in the study would like greater clarity over how to deal with family members who have withdrawn from the company, as well as with “step-relatives” such as second spouses or adopted children. There is a specific need for research

into the extent to which it is sensible or desirable to bind these sections of the family to the core business family and to the business.

***“How can we bind large
families to the business?”***

Whereas both of the previous items looked at building links between the family and the business, the final aspect relates to the separation of family and business. Business families are fundamentally interested in gaining insights from research on how to successfully draw boundaries between career and private family life in cases where the majority of the family is contributing to the business.

***“Should we discuss the
business over dinner?”***

LEGAL ISSUES IN RELATION TO THE FAMILY

During our survey on issues of the business family, multiple respondents also cited legal aspects such as inheritance tax and the optimum arrangements for testamentary dispositions. Because legal aspects always play a significant role in relation both to the business and to the family we will address these in detail in the next section discussing the legal perspective.³⁸ We believe that respondents are particularly interested in finding a reliable source of advice to provide them with expert support. »

***“Where can we find an advisor who will
show us the right path and provide a clear
perspective over the many individual questions?”***

³⁶ Cf. Schlippe (2012).

³⁷ Cf. Kleve (2018) and Rösen et al. (2019).

³⁸ See section 3.2.3.

3.2.2 | FAMILY ISSUES

CORPORATE GOVERNANCE AND ITS IMPLEMENTATION BY THE BUSINESS FAMILY

The topic of corporate governance covers questions and needs of the responsible management and leadership of the business. One topic that the majority of respondents are grappling with in relation to the business family is how to design and appoint a competent supervisory board and secure the involvement of members of the business family. This involves questions on the composition, structure and powers that this board should have.³⁹ The participants in this study are also interested in the extent to which family members are permitted – or even required – to sit on supervisory boards. For example, this might involve transferring members of the management board onto a monitoring and supervisory board in response to succession requirements. How should the change in the owning family's role – from operationally active to supervisory – be sensibly managed?

"How can we encourage acceptance of and support for a new, multi-layered board structure within the family?"

The respondents also ask similar questions in relation to future company leadership structures. Particular key issues identified here include the long-term planning and appointment of family members or external managers to top positions on the management board. We presume that this topic is underpinned by a fundamental sense of uncertainty and by internal family debates regarding the family's mental model as a business family.⁴⁰ The fundamental attitude within the business family is thus characterised as how they "think" about the family business. Is it an essential component of the

family's self-image that one or more family members should be represented in the operational management of the business? Or does the family's proprietary role centre on actively contributing to supervisory duties by means of a monitoring committee?

"Family business management vs. external business management – which is better?"

Another issue relates to the shareholder agreements. The study participants are particularly concerned about the individual design of the shareholder agreements, as well as their legal limits. A further aspect of this topic relates to the acceptance of the agreements by the shareholders.

"We are all currently engaged with ensuring that all our agreements are aligned with each other and that all the shareholders are familiar with them."

Although corporate governance did not make it into the top five topics that the family entrepreneurs who answered the survey would like to see addressed by researchers, five percent of the respondents would like to see further research activities in this area.

³⁹ Cf. Audretsch et al. (2013).

⁴⁰ Cf. Rösen et al. (2012).

3.2.2 | FAMILY ISSUES

RESEARCH QUESTIONS ON THE UPBRINGING OF CHILDREN IN THE BUSINESS FAMILY

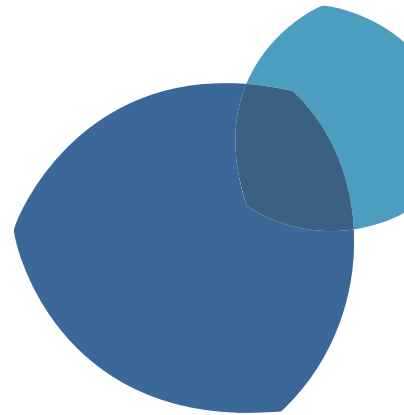
What we found surprising in this thematic area is the significance of the issues that the participants would like researchers to provide answers to – namely, the specific focus on upbringing within the business family. Even if these issues are currently not (yet) a subject for discussion within the family, they represent a desired topic for academic research.⁴¹ This theme, which falls under the topic of succession in a broader sense, specifically incorporates issues of the adequate upbringing and education of children within the business family. The challenge here is to find a way to introduce the younger generation to the existing business as early as possible and develop relevant competencies, but without exposing them to an unhealthy or destructive level of pressure. Research is expected primarily to provide answers to questions about how to support and educate children both inside and outside the business. In relation to the business family, the respondents hope that researchers will provide specific assistance in instilling an entrepreneurial outlook and passing on values, traditions and skills, as well as contributing to the development of the children's personalities so that they can identify and pursue their own course through life.

“How do we develop the younger generation, whether they are talented or not?”

“How can we enable children to follow their own paths?”

One challenge for the participants in the study is how to involve younger members of the business family in issues related to business management. Specifically, respondents would like to see additional research findings and recommendations for action in response to the question about how a spirit of entrepreneurship can be successfully passed on to the next generation.

“A spirit of entrepreneurship – how can this be maintained in a multi-generational business?”



⁴¹ Mentioned in eight percent of the individual responses, they ranked at number 7 on the list of core topics in the category of the business family.

3.2.2 | FAMILY ISSUES

CONFLICT MANAGEMENT WITHIN THE BUSINESS FAMILY

Conflict management is another of the top five themes that the family entrepreneurs who completed the survey would like to see addressed by research. This issue may not be directly relevant to the participants in the study, but they would nonetheless like researchers to recommend procedures and courses of action – presumably for preventive purposes.⁴²

“Is it useful to look at past conflicts?”

Conflicts are unavoidable in business families due to the interplay of business, family and ownership aspects. Paradoxical decision-making situations – in which the needs of the family, the business and the shareholders have to be met – are systemic features of family businesses. In our view, the economic and personal/family allegiances of the actors involved mean that conflicts within family businesses are a matter of course.

Raising awareness that conflicts are not due to the failure of individuals, but are to be expected as a systematic consequence of the linkages between business and family, can lead to the introduction of helpful preventive structures.⁴³ For members of a business family, conflict management therefore means being alert to the early signs of destructive behaviours and communication dynamics within the family circle. Furthermore, there is a need for pre-defined procedures that can be used to address the individuals involved in the conflict, as well as actions to suppress conflict dynamics as they arise.⁴⁴ The participants in our study would like researchers to provide them with resolute approaches that will allow them to identify sources of contention within the family, along with possible moderation/mediation models that will help in the event of a conflict.

“Intergenerational conflict – how do we move on?”

Intergenerational conflicts within the business family constitute a key issue within this topic. In particular, the management of difficult and complex situations between core family members is a matter of concern to many business families in this survey. They hope that research will provide answers to the question of whether and how intergenerational conflicts can be solved reasonably and productively. In addition, the participants would like to see more research on how to prevent conflicts among family members belonging to different generations and branches, in order to avoid having to deal with these conflicts in future.

⁴² The topic ranks at number 6 on the list with ten percent of responses.

⁴³ Cf. Kleve (2017).

⁴⁴ Cf. von Schlippe (2016).



3.2.3 | LEGAL ISSUES

The third category that we asked participants to respond to was that of “legal issues”. After categorising the responses, the top issues were as follows:

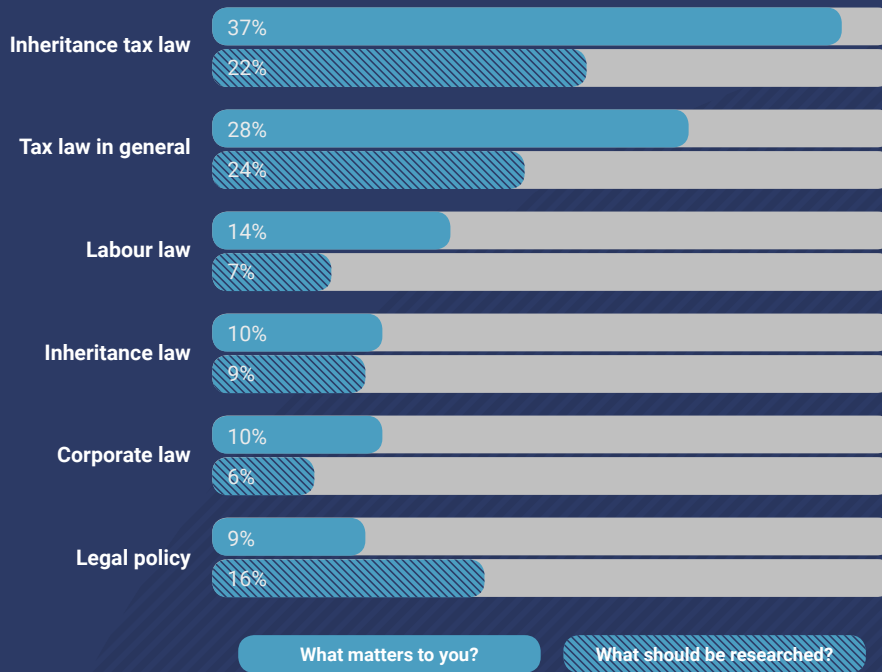


Fig. 4: Issues vs. expectations of law in family businesses (n=202)

3.2.3 | LEGAL ISSUES

As indicated in figure 3, the most important legal topics for participants in the study definitely were inheritance tax law and general tax law. The difference in distribution between the topics that affect the respondents and the topics they would like to see researched appears to be less significant here than we have seen in sections 3.2.1 and 3.2.2. Indeed, the ratio is almost reversed in the category of legal policy. Proportionally speaking, the participants in the study are currently not so personally engaged with issues in this area, but would like to see substantial input from academic research.

TOP ISSUE: INHERITANCE TAX LAW

Under the category of legal issues, the most significant topic that the family entrepreneurs who answered our survey are currently engaged with is inheritance tax law (37%). More than half of these responses referred to the topic in general terms, without specifying any further detail about the individual inheritance tax law problems they were currently dealing with. A few of the respondents stated that they were working to optimise their tax structures in order to find the most tax-efficient solution for their business and/or family.

“What is the best way to solve the succession problem, with specific reference to the new inheritance tax law?”

A further proportion of the respondents were concerned not only with the transfer of wealth through inheritance, but also with the tax consequences of a gift made from one living person to another. What considerations come into play here, and what gift tax do family businesses need to take into account in specific cases?

“Avoiding gift tax in order to maintain the independence of the family business.”

The everlasting topic of inheritance tax also has a place in the research that the study participants would expect in future. As well as answers to general questions on inheritance tax in family businesses and/or business families, the respondents would also like detailed information about the tax consequences of transferring a share. This applies both to the transfer of shares between family members or generations, and to the transfer of shares to people outside the company (such as external senior managers).

“When is the best time to transfer shares to children?”

An additional field of research that the family entrepreneurs who took part in the survey would like to see addressed is that of gift tax – which is also an issue of intense personal relevance to the respondents. Here too, the key question is how to achieve a reliable structure for managing tax. »

“What are the inheritance laws in relation to corporate donations?”

⁴⁵ See for instance Layer (2017) for an overview.

TAX LAW AND LEGISLATION IN GENERAL

Number two in the top five legal topics is tax law in general (28%), which includes current developments in the legislature. Beyond inheritance and gift tax, respondents are also focused on reducing the tax burden on their businesses. Many of the respondents complain about unfair taxation, particularly in comparison with large, multinational corporations. They also assert that certain legal structures are subject to unfair treatment. On the whole, the respondents express a desire for tax law to be simplified.

"Unfair tax burden compared to big American groups (unfair competition)."

"Unconditional fair treatment in tax legislation compared to big companies!"

Another issue preoccupying the respondents in relation to tax law is the topic of succession. This relates to arranging corporate and shareholder succession in a way that also takes tax considerations into account. The goal is to achieve an optimally tax-efficient transfer of shares to the next generation of the business. There is clearly a heightened sense of concern that high inheritance tax will impede and reduce the long-term future viability of the company.

"Tax barriers to the transfer of the business to the next generation."

The majority of respondents would like to see support from family business researchers in terms of developing simpler tax models that not just enable, but also actively support the growth of both family businesses and the economy in general. They feel it would be important to develop new models and legal and economic arguments to demonstrate the necessity of this to lawmakers.

"Support for tax models that enable healthy economic growth."

LABOUR LAW AND THE BUSINESS

When asked the question "What are the top three legal issues that you are currently engaged with?", 14 percent of the respondents answered with "labour law". Here too, there are loud calls for an intervention by lawmakers.

"There is a need to make labour law more flexible."

"Stricter labour legislation is problematic for us."

The responses primarily focus on the laws governing protection against dismissal in Germany (often criticised as being too strongly weighted towards employees), as well as ancillary wage costs, which the study participants believe are too high. In particular, the respondents state that this results in substantial disadvantages in terms of cost and efficiency compared to international competitors.

3.2.3 | LEGAL ISSUES

“Dismissal protection – the state goes too far in protecting employees!”

The respondents are concerned about labour law and the German Employee Co-Determination Act in equal measure. Reforms are needed here in order to ensure that businesses remain internationally competitive in future.

“Working hours legislation: Time and again, we encounter unforeseeable situations in which the daily maximum working time of 10 hours needs to be exceeded to prevent damage.”

Labour law also plays a role in terms of the research questions that the family entrepreneurs who answered the survey currently have. The respondents are hoping for new, forward-looking models for working arrangements. In particular, they would like specific potential structures for their business forms, as well as assistance with the implementation of possible structures.

“How can we successfully make both work and labour law more flexible?”

“How can we efficiently deal with personnel cost ratios?”

Family entrepreneurs are also looking for a more efficient approach to the issue of ancillary wage costs and make particular mention of parallel personnel cost ratios and how these can be simplified. Respondents also perceive a lack of research in the field of pricing policy. Family entrepreneurs would like to see new models and approaches in this area too.

INHERITANCE LAW FOR BUSINESS AND FAMILY

Number four on the list of the most important legal issues that the participants in our survey are currently engaged with is inheritance law.⁴⁶ Two thirds of the respondents do not make any finer distinctions within this topic; rather, they are preoccupied in a general sense with this branch of the law, which is so important to the survival and future viability of the family business. Only when the ownership transfer of the business through succession has been secured it can continue to exist in the next generation.

“We are dealing with valuation issues due to the unfortunate structure of inheritance law.”

Under civil law, it is not only important to the family entrepreneurs to know what will happen legally in a worst-case scenario; more than that, it is crucial for them to understand what they can do in advance to optimally prepare themselves. The goal is to safeguard both the business family and the family business for the future. There is also an additional focus on the drafting and design of an appropriate (business) will and testament.

“What is the best way to solve the succession problem, with specific reference to the new inheritance law?”

The majority of the study participants expect researchers to develop distribution models for their business form that model specific instances of inheritance on the one hand, and provide specific assistance if the worst-case scenario comes to pass, on the other hand. »

⁴⁶ See for instance Kögel (2016) for an overview of the topic.

3.2.3 | LEGAL ISSUES

“Bequeathing shares to children: What is the logic behind asymmetrical and symmetrical distributions and what are their respective consequences?”

CORPORATE LAW: ESPECIALLY THE RIGHT LEGAL STRUCTURE

The participants in our study are also concerned about corporate law – chiefly asking which legal structure would be best for their family businesses both now and in future. Flexibility, competitiveness and tax mechanisms are all important factors for the respondents in this context.

“Finding the right legal structure for a business owned by a family; one that is flexible and able to continuously develop.”

Particular attention is paid to legal structures for organisations and how they are designed. Individual responses cite the development of a holding structure or the legal form of the *Societas Europaea* (SE).⁴⁷ One aspect of this involves constantly adapting and optimising the existing legal structure in response to changes in the legal landscape.

“The legal structure of a family group in the context of decision-making, management, liability and taxation.”

Overall, respondents would like to see research into models to ensure the most secure possible participation in the company's assets. This also raises the question about how the usufruct instrument can be

applied in practice during succession planning. A few of the respondents intend to donate their shares to potential successors while reserving the right of usufruct.

“How can I implement usufruct through my family?”

Although the topic of corporate law does not appear among the top five issues for which respondents expect researchers to provide solutions, six percent of the survey participants would like to see this issue addressed in research.

LEGAL POLICY ISSUES

The topic of legal policy may not currently be of primary personal concern to the respondents,⁴⁸ but they still hope for solutions to be provided by academic research in this area. The family entrepreneurs who answered our survey are chiefly interested in receiving support in the face of increasing bureaucratisation in Germany and its impact on family businesses. Specifically, they would like to have models to help simplify regulations and legislation, as well as analyses to quantify the current impact (including financial impact) of “unreasonable” bureaucratic measures on family businesses.

“Analysis and calculation of the costs caused by this unreasonable bureaucracy to family businesses.”

“Make it easier for people to act entrepreneurially instead of constantly placing new obstacles in their paths.”

⁴⁷ Cf. for instance Becker & Schreiner (2016) for an introduction.

⁴⁸ With 9% of responses, this is still one of the core topics ranked number 6 on the list.

3.2.3 | LEGAL ISSUES

In this context, the respondents also make repeated requests for legislation to be modernised in general. Mittelstand companies in particular complain about the large number of legal rules that are not only difficult to implement during the course of day-to-day business, but can in certain cases also prove very expensive. They assert that this leads to location-based disadvantages against international competition, which need to be compensated for elsewhere. The respondents would particularly like to see researchers provide support by documenting the consequences for the family business landscape in Germany.

“Research results that demonstrate to lawmakers the constantly increasing complexity of their legislation and the costs and location-based disadvantages that result from this.”

The current state of schools and education policy in Germany is a source of concern to the family entrepreneurs who answered our survey, particularly in the international context. On the one hand, there is a need to provide schoolchildren with a certain basic level of knowledge about economic topics and legal structures (for example); and on the other, efforts should be made to inspire a spirit of entrepreneurship at an early stage. Additional demands focus on the continuous education and training of apprentices, who our respondents believe have inadequate knowledge of the aforementioned topics. The study participants hope that researchers will provide support in redesigning the current system.

“Standardise the school landscape within Germany. Investment in digital technology in schools.”

3.3 | FAMILY BUSINESSES AS PART OF RESEARCH

The family entrepreneurs we surveyed are fully prepared to make a contribution to the research they would like to be provided. 90 percent of the respondents stated that they would like to get actively involved, particularly in the following ways:

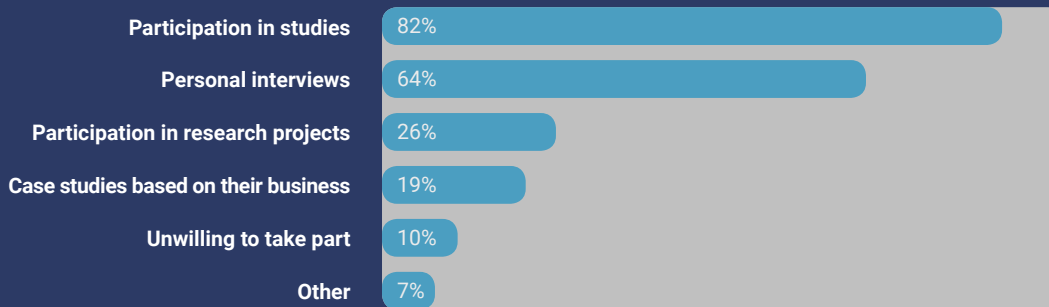


Fig. 5: To what extent would you be willing to take part in academic research⁴⁹

We are pleased to see that the overwhelming majority of family businesses and business families we surveyed would be willing to take part in studies or answer questionnaires, including online (82%).

Many of them would also be happy to take part in personal interviews (64%). Furthermore, a proportion of the family entrepreneurs who took part in our study would like to participate in large-scale research projects (26%) or serve as case studies for other family businesses (19%). Only a very small section of the respondents made clear that they had no desire whatsoever to get involved in future research efforts (10%).

⁴⁹ Multiple responses allowed.

3.3 | FAMILY BUSINESSES AS PART OF RESEARCH

DESIRED RESEARCH FORMATS AND INFORMATION MEDIA

Finally, we asked the family entrepreneurs how they would like research findings to be presented, and what information media they would like to use to access those findings (cf. fig. 6 and 7).

As the following diagram shows, the majority of the family entrepreneurs who answered the survey would like to see practice-oriented articles about the topics relevant to them (61%) in future. »

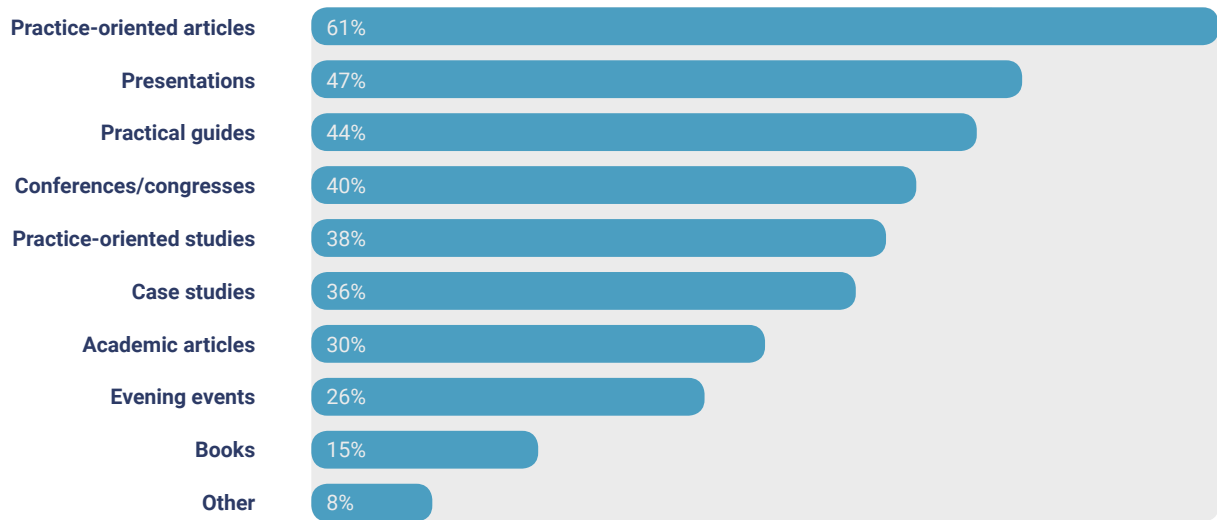


Fig. 6: In what form should researchers make their findings available to you?⁵⁰

⁵⁰ Multiple responses allowed.

3.3 | FAMILY BUSINESSES AS PART OF RESEARCH

The next most popular choices are relatively evenly split between lectures (47%), practical guides (44%), conferences or congresses (40%) and practice-oriented studies (38%).

It is clear that the family businesses and business families who answered the survey are most interested in results presentation methods in which the research findings are obtained using academic methods, but are then formulated to be appropriate to practitioners and made available in a manner that is understandable to

everybody. This makes sense given that many family entrepreneurs lack the time to closely read books or long and complex academic articles. At number five on the list, we have case studies (36%). Once again, the desire for a practical focus is clear. Family entrepreneurs are clearly able to learn through example from their peers.

The bottom end of the list is made up of academic articles (30%), evening events (26%) and books (15%) – all forms that are considered to be relatively time-consuming and irrelevant to practice.

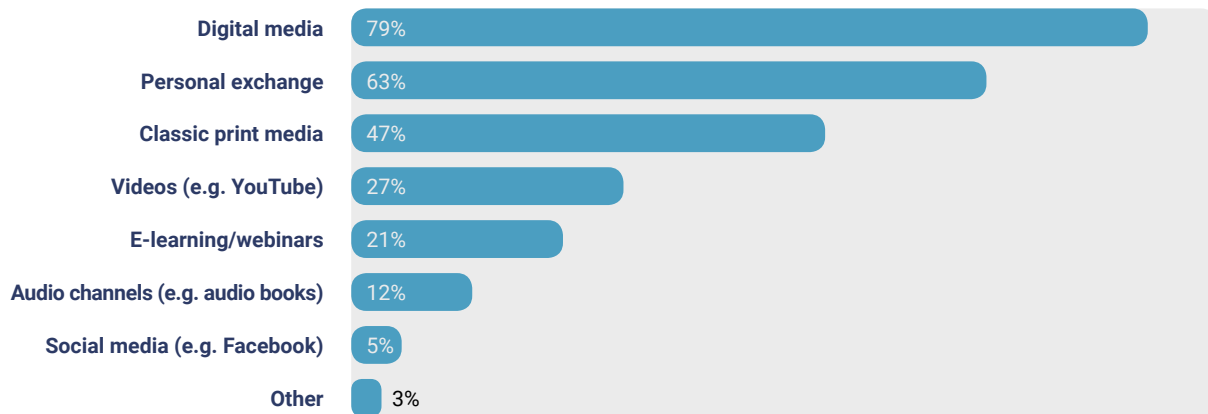


Fig. 7: What information media would you mainly like to use in future⁵¹

⁵¹ Multiple responses allowed.

3.3 | FAMILY BUSINESSES AS PART OF RESEARCH

The vast majority of the respondents are in agreement regarding the information media that they would like to use to access research findings. Digital media such as PDFs, e-papers and e-books are at the top of the list (79%), in line with the trend towards digitalisation. This is very understandable considering that electronic devices such as smartphones, tablets or e-book readers can be used to access every kind of information at any time and in any place, thus removing the need to carry heavy books or magazines around with you.

At number two, with 63 percent of responses, we have personal exchange. This shows once again that family entrepreneurs learn best from and with other family entrepreneurs who are generally engaged with the same issues and problems. Exchange formats such as forums, congresses and presentations with scope for discussions afterwards appear to be the best ways to promote mutual learning.

Nonetheless, classic print media (such as magazines or printed practical guides) are still at number 3 on the list with 47 percent of responses. Although the claim is constantly made that print is dead, it still appears to play a role among the respondents. After all, print media remain highly suitable for making personal notes or for showing particular sections or passages to the rest of the family.

On the other hand, videos (27%), webinars (21%) and audio formats (12%) such as audio books and podcasts appear to play only a very minor role for the family business owners and business families who answered our survey. Lagging behind in last place with just five percent of responses, we have social media such as Facebook, Twitter or LinkedIn. The respondents clearly prefer to use more “serious” and slower-moving channels to learn about the issues that they hope research will be able to provide them with answers to.



3.4 | CONCLUSION

Overall, our study produces a highly differentiated picture of the expectations, needs and wishes of the family entrepreneurs who took part. Across all three categories (business, family and ownership), it is clear that the participants are able to draw very clear distinctions between the things that affect them in their businesses from day to day, and the additional assistance they would like to receive from researchers. Under the “business” category, two key issues of company management have priority: Attracting technical and managerial staff from both within the family (i.e. successors) and outside it, and questions around digitalisation and innovation. The issues under the “family” category were dominated by succession dynamics, along with questions around family governance and the intersection between family and business. As an overarching topic, succession is thus an area of particular focus at the intersection between these two systems. A similar picture emerges when it comes to law: The lion’s share of the respondents are interested

in questions on inheritance law, including inheritance tax law and other issues in civil and tax law regarding business succession. Then there is company law, along with the additional field of labour law; here, the respondents’ interests are focused on forward-looking means of structuring their workforce (echoing an issue already raised under the “business” category).

If we take these interests and compare them with the focal points of WIFU’s research over the last two decades, we can see that through its research, teaching and practice transfer, WIFU has so far made a substantial contribution to all the areas identified as relevant by the participating family business owners and members of business families.

Below, we will directly compare the individual key topics in each of the three categories with the research offering provided by WIFU over the last twenty years.

The biggest HR-related issue was that of hiring, retaining and developing qualified technical and managerial staff. A particular focus is placed on the establishment of an effective senior management team, which in many cases is made up of managers from both within the family and outside. In that sense, the question of succession within the business can also be understood as an HR issue. Should the successors be involved in the business at all? And if so, how should they be selected and developed? What assistance can or should be provided by managers from outside the family? WIFU has addressed these aspects with renewed dedication in both research and practice by establishing research projects and providing plenty of new impetus to practitioners. Our past and ongoing research projects have looked at the special focus placed by family businesses on values and culture as

tools for attracting and retaining staff. We have also carried out research into the selection of external managers. This research has been consistently translated into practice-oriented studies and practical guides. We have taken a similar approach to studying successors as internal managers of the future based on their special competencies and motivation, as well as the factors determining positive outcomes in succession. This knowledge was also channeled into practice-oriented publications, but is primarily reflected upon and disseminated through intensive and confidential discussions with current and future successors during WIFU-specific events.

The second major business-specific issue can be summed up most effectively using the keywords “digitalisation & innovation”. Digitalisation in the Mittel-

3.4 | CONCLUSION

stand sector has become a hot topic in the media and especially in the consulting industry. WIFU has a major advantage here in that its business research has always focused on entrepreneurial behaviour, and therefore on innovation. A few years ago, a series of doctoral theses were initiated to look at special features of family business in relation to digitalisation, digital business model innovations and the necessity of shaping organisational change through digitalisation. WIFU has worked consistently to pass this new knowledge on to family businesses – for example, by organising a working group on digitalisation, or by holding regular workshops. Last, but not least, WIFU has also reacted to the fact that this topic is considered significant to the future viability of family businesses by establishing a dedicated chair. This is intended to enhance the Institute’s existing activities and to develop new research projects and practice-oriented formats.

	RESEARCH	PUBLICATIONS	EVENTS
HR	Doctoral theses on employee-focused business management	Practical guide: “Human Resource Management in Family Businesses”	HR Working Group (until 2015)
	Doctoral theses on mixed management teams	Practical guide: “A Cultural Approach to Appointing Managers in Family Businesses”	Regular presentations articulation at professional conferences and symposia
	Development of HR selection and development models, specifically for family businesses	Practical guide: “Appointing and Integrating Family External Top-Management into the Family Business”	
	Development of a benchmarking group on “value orientation” in HR management	Study: “Mixed Management Teams in Family Businesses”	
		WIFU Scientific Series: “The Mixed Board of Directors as a Management Structure in Long-lasting Family Businesses”	

3.4 | CONCLUSION

	RESEARCH	PUBLICATIONS	EVENTS
SUCCESSION	Project: "Foundations and Succession"	A total of 114 publications on this range of topics	"Dialogue for Successors" as a standalone Forum for Family Business for successors (once per year since 2009)
	Thesis on core issues in the context of operational succession	Book: "Between Competence and Background – between Equality and Selection"	MidGen Sponsors' Meeting (twice per year since 2016)
		WIFU Scientific Series: "Taking over the Family Business"	Successor Academy as part of the Congress for Family Businesses (once per year since 2008)
		Practical guide: "Succession in Family Businesses"	Around 10-20 presentations, workshops, podium discussions per year as part of cooperative events
		Study: "Competencies in Succession"	
		Study: "Female Succession: Exception or Rule?"	
		Study: "Success Factors in Succession – Axia Award 2016"	
DIGITALISATION & INNOVATION	Establishment of a dedicated chair (2018)	WIFU Scientific Series: "E-commerce Strategies of Family Businesses"	Symposium Digitalisation (once per year since 2016)
	Four ongoing doctoral projects	Thesis: "Family Firms and the Internet"	Forum for Family Business (once per year since 2017)
	Habilitation project on innovation in family businesses	Article: "Online Business Cooperation and EC Antitrust Law"	Digitalisation working group (twice per year since 2017)
		Article: "Electronic Marketplaces: Anticompetitive Behaviours Online?"	
		Book: "Virtual Businesses"	

Tables: WIFU activities under the category of "business" (selected)

3.4 | CONCLUSION

When we look at the “family” topic, the contents of the three response categories “succession dynamics”, “family governance” and “family and business” can be collectively described as different perspectives on identifying the “family factor” within a family business. They reflect the issues facing business families that need to be resolved systematically and repeatedly over the course of time. The question here is how the business family wishes to position itself in relation to the business, and also in relation to its own capacity to influence the development of the business. This is closely associated with the need to resolve the basic question of how the business understands itself as a community of owners, whose members are bound by family ties. The members of that community need to understand and establish a relationship between family and ownership, and to clarify among themselves the expectations that result from this. That will involve confronting issues both within the core family and in relation to wider family structures.

Our research as well as the specific responses provided by the participants in our survey both highlight questions on how to deal with childlessness in relation to the succession situation, as well as uncertainty about how to sensibly bring up the successor generation. Handling questions relating on assets and dealing with conflicts are both also seen as relevant to the future. In a broader sense, the contents of the top three response categories can also be described as a search for solutions to the professionalisation of the business family. Research on internal structures in business families is still in its early stages. Nonetheless, there is plenty of evidence that this type of family has to distance itself from traditional family behavioural patterns if it wishes to preserve its shared responsibility for the business over the generations. This was difficult in the past due to a lack of opportunities for structured guidance or experience sharing in the context of business families, and an absence of targeted research and knowledge transfer in this area.

The practical answers to these key questions – which were stumbled upon individually in the past by business families – subsequently led to the establishment of specific inheritance, voting and decision-making structures,

together with organisational models based on these structures, both within the families themselves and in the corporate governance of their family businesses. In order to examine these externally visible features in a targeted manner and evaluate and categorise their intended impacts, researchers need to have insight into the internal patterns of thought and action within business families.

Ever since it was founded, WIFU has conducted a large number of research projects in the attempt to look at the solutions adopted in practice from an overarching perspective and classify them theoretically. Instead of applying theoretical concepts derived from Anglo-Saxon business management studies – a field that was largely developed to describe phenomena in anonymous public companies – we applied theoretical concepts and research methods from psychology and sociology; systems theory and systemic approaches in particular. This unconventional methodology initially resulted in descriptions of our research subjects, which were then expanded into theoretical models. In the process, the members of WIFU always strove to involve their research subjects in the theory development process. That meant that new concepts were and continue to be presented to representatives of family businesses and business families and critically discussed with them. By engaging with researchers, business representatives were in turn able to access solutions and questions that they could implement and examine themselves. This led to a fruitful flow of exchange between theoretical thinking and practical action over the last 20 years.

At the same time, researchers have consistently applied ideas, new observations and feedback derived from practice to new and distinct research projects. In this way, the wide range of interconnected research questions were initially examined on an individual basis before we subsequently began to make attempts at summarising them into an overarching theory of the family business and business family. In the meantime, the systematic formats for discussion with members of family businesses and business families facilitated by WIFU provide a means for the knowledge generated by academics to be fed back continuously into practice. In turn, the mutual exchanges among members of family >>

3.4 | CONCLUSION

businesses and business families that take place in this setting also provide an opportunity for WIFU researchers to raise new research questions. This fruitful concept of equal exchange between researchers and research subjects will remain a core part of WIFU's work in future.

Finally, with the establishment of a dedicated Chair of Organisation and Development of Business Families, we have acknowledged the significance of internal dynamics within business families, as well as the importance of this entire set of issues – thus providing a structural guarantee that WIFU's research efforts in this area will continue to expand.

	RESEARCH	PUBLICATIONS	EVENTS
SUCCESSION DYNAMICS	Project: "Upbringing for Succession"	A total of 114 publications on this set of topics	"Dialogue for Successors" as a standalone Forum for Family Business for successors (once per year since 2009)
	Doctoral theses on general questions on succession	WIFU Scientific Series: "Ambivalencies in Business Succession"	NextGen Sponsors' Meeting (once per year since 2013)
		Practical guide "Succession in Family Businesses"	MidGen Sponsors' Meeting (twice per year since 2016)
		Study: "Female Succession: Exception or Rule?"	Successor Academy as part of the Congress for Family Businesses (once per year since 2008)
			Around 10-20 presentations, workshops, podium discussions per year as part of cooperative events

3.4 | CONCLUSION

	RESEARCH	PUBLICATIONS	EVENTS
FAMILY GOVERNANCE	Project: "Family strategies across generations"	Book: "Multi-generational Family Businesses"	Core topic in the Forum for Family Business (various key topics on family governance since 2008)
	Project: "Patterns of Success in Multi-generational Family Businesses"	Book: "The two Sides of the Family Business: Family Strategy across Generations"	Working group: "Managing Dynastic Extended Families" (twice per year since 2016)
	Project: "Family Branches"	Book: "The Family behind the Family Business"	
	Project: "Large German Family Businesses"	Book: "Family Management between Business and Family"	
	Doctoral theses on family strategy and family governance	WIFU Scientific Series: "The Family Branches of the Business Family"	
		Coming soon: Study: "Family Strategy 2018", including practical guide	

FAMILY & BUSINESS	Project: "Intergenerational Wealth Management"	Book: "It happens to the Best... Systemic Conflict Resolution in Families and Family Businesses"	
	Doctoral theses on family and shareholder structures	Book: "Large German Family Businesses: Generational Succession, Family Strategy and Business Development"	
		Book: "Successfully restructuring Family Businesses"	
		Book: "Crises and Crisis Management in Family Businesses"	
		Book: "Multi-generational Family Businesses: Patterns of Success"	
		Practical guide: "Conflict Management in Family Businesses"	
		The Ten Witten Theses on Family Business	
		WIFU Scientific Series: "Conflict and Crisis in Family Businesses"	
		Study: "Shareholder competence in Family Businesses"	
		WIFU Scientific Series: "Dynamics in Family and Business"	
		Coming soon: Practical guide: "Mental Models"	

Tables: Overview of WIFU activities under the category of "family" (selected)

3.4 | CONCLUSION

WIFU's legal department has gone through lengthy periods of "drought" due to the vacancy of the chair. Although the teaching was covered by external lecturers, the research and subsequent transfer into practice of research findings was left largely undone after the departure of our law professor in 2007. Temporary researchers in this field at WIFU did not remain active for long enough, which meant that the sum total of research into family business law during the period from 2007 to 2017 was relatively modest. The revival of this area on October 1st 2017 – initially through the temporary occupation of the chair – has produced a huge number of project approaches and ideas that WIFU would like to take up and implement promptly.

As a starting point, we should note that family business law is still a relatively new area of law. Under traditional legal conceptions, the existence of a family business law as a separate legal discipline is disputed. This is because law does not recognise the term "family business", and there are thus no explicit legal consequences attached to the existence of a family business. Nonetheless, the special status of a family business is obvious from a legal perspective. Under civil law, the conjunction of family interests and business interests affects the way in which family businesses are handled in legal terms. This is not only due to the fact that family business law is an interdisciplinary legal subject that appears to be unique in itself, but more significantly, because the topic also involves legal issues that only arise in their particular form in family businesses. That

	RESEARCH	PUBLICATIONS	EVENTS
INHERITANCE TAX & TAX LAW IN GENERAL	Tax planning when family members are involved in the business	Book: "Business Succession"	
	Current developments and arrangements	Practical guide: "Family Businesses and Inheritance Tax"	
		Article: "Continuance of Book Values after a Partner exits the Company and is Bought out in Non-cash Assets"	
		Article: "The Partner Status of the Personal Liable Partner"	
		Article: "Concealed Profit Distribution to Family Members and Gift Tax"	
		Numerous discussions of legal decisions – in particular those of the Federal Fiscal Court	
LABOUR LAW	(Research planned via external partners)	Practical guide: "10 years of General Equal Treatment Act in Germany"	

3.4 | CONCLUSION

means the topic of “organisational models” can be used as a pretext to discuss not just the issue of choosing or changing between legal structures (which also affect non-family businesses), but also to develop functional assignments for family business law that allow the family to be kept separate from the business. In this context, it is also crucial to remember that business inheritance law is particularly important in family businesses – particularly the question of whether it is possible to make corrections in the event of a succession going wrong. The general instruments of civil law may be influenced by the specifics of the family business in this regard.

have long been of interest to the judiciary and the tax authorities, particularly in recent times. For example, the German Federal Fiscal Court has recently modified its legislation on concealed profit distribution, and is now distancing itself from applying double taxation via both inheritance tax and gift tax. Current developments of this kind must be monitored and subjected to rigorous scrutiny. WIFU has therefore set itself the general goal of not just researching the dogmas of family business law at their fullest extent, but of constantly delivering an up-to-date contribution to the legal practices of family businesses in light of changes to the legal landscape.

Incidentally, the involvement of family members in the business has far-reaching implications under tax law, which – leaving aside the issue of succession –

	RESEARCH	PUBLICATIONS	EVENTS
INHERITANCE LAW	The ability to make corrections in the event of a succession going wrong	Book: “Business Succession”	WIFU meets Law (planned for 2020)
	The long-term retention of inherited estates	Book: “Inheritance in Banking Practice”	
		Article: “Choice of law as an Instrument for Designing Succession Planning?”	
		Article: “Withdrawing Compulsory Inherited Shares from Descendants”	
		Practical guide: “Fundamental features of German Inheritance Law”	
COMPANY LAW	Business management	WIFU Scientific Series: “Corporate Governance and Mittelstand Family Businesses”	
	Organisational models (choosing and changing between legal structures)	Book: “Exerting Control outside Corporate Law. Opportunities to Influence the Management of a GmbH under Civil Law”	
	Family constitution	Article: “Commercial and Company Law” (“RechtsprechungsRadar” series)	
	Share ownership by family members		

Tables: Overview of WIFU activities under the category of “law” (selected)



4 | OUTLOOK

THE NEXT 20 YEARS

WHAT ARE THE CURRENT CHALLENGES FAMILY BUSINESSES AND RESEARCH ARE FACING?

Each family business is unique. The pressing questions of the moment in one business do not necessarily play a central role in another. Likewise, every business family is also unique – no two families resemble each other. It is obvious that there can be no standard solutions to the various questions asked by family businesses and business families. This circumstance suggests that every family business and every business family needs to find and follow its own path. Despite their uniqueness, however, there nonetheless appear to be certain overarching issues that are currently preoccupying many family businesses and business families – as shown by the results of this study.

The new research strategy developed in 2016/2017 focuses on topics that serve as core research areas for WIFU over the next few years. The strategy is based on the following key questions:

01. What do family entrepreneurs need in terms of research and practice transfer?
02. What specific resources and competencies that WIFU has developed over the last 20 years ought to be expanded?
03. How have other family business research institutes positioned themselves, and how can any synergies be exploited?

A first evidence is that the relevant research areas always lie in the central intersection of the classical three-circle model, as also emerges from the close linkage of the individual topics mentioned in the study above. An isolated view of these intersections from only one disciplinary point of view seems to make little sense for the future. An integrated and multi-perspective approach to the phenomena listed above – which goes beyond the boundaries of individual academic disciplines (economics, sociology, psychology, law etc.) – is an important evolutionary advance for family business research. According to this basic logic, WIFU will in future be even more active across disciplinary boundaries (transdisciplinary) than it has been in the past. In the process, it will focus on six overarching themes:

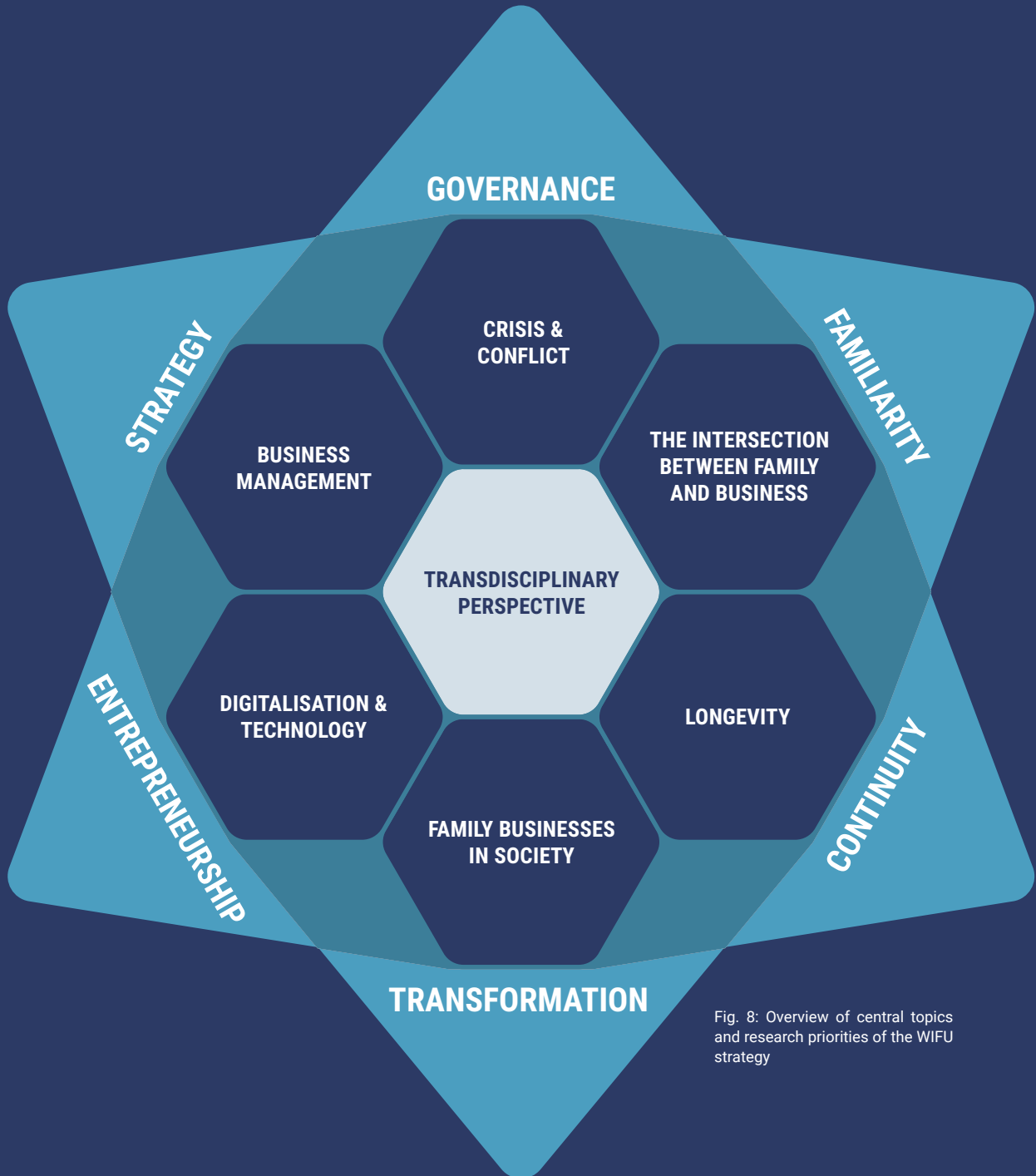


Fig. 8: Overview of central topics and research priorities of the WIFU strategy

4 | OUTLOOK – THE NEXT 20 YEARS

01_LONGEVITY:

The transgenerational succession still seems to raise concerns and expectations among all participating family entrepreneurs. On the one hand, the focus on the family business must be continued. In this regard, the participants of the study have considerable questions concerning inheritance and tax law. The issues about who takes over the family business and in what constellation ownership shares are passed on goes hand in hand with the inheritance agreements. On the other hand, it is important not to neglect the business family, which also faces challenges of succession. The succession process often begins as soon as children are brought into the world. Succession is therefore both a business and a family matter, and it raises questions about bringing up the next generation, implementing succession arrangements and transferring shares to the children.

02_DIGITALISATION AND TECHNOLOGY:

We are currently at the dawn of the digital age – a shift in society that will dominate the economy over the coming decades. In the context of family businesses, it is clear that new technologies play a central role and raise many questions: To what extent can or must we introduce new technologies into the family business? To what extent are we utilising all our contacts, skills and resources? Are there any weak points? Do we lack any skills? Do we have the right expertise to exploit new trends and technologies and strengthen our competitiveness? If not, where should we look for these and who can help us? In this context, questions are also raised concerning strategy and HR topics such as recruitment and personnel development.

03_FAMILY BUSINESSES IN SOCIETY:

Family businesses form the backbone of the economy and are therefore deeply rooted in society. Nonetheless, family entrepreneurs would like to have support in strengthening the value contribution made by family businesses. This includes the legal aspects of the tax burden and simplification of tax law in general, as well as the transfer of the business to the next generation. Moreover, family entrepreneurs are also concerned with questions on labour law and a more efficient handling

of personnel costs and bureaucratisation. The society, in which family businesses and business families are embedded, is considerably influenced by cultural differences. For example, family structures in India are very different to those in China, while Latin American structures are dissimilar to the Middle East. How exactly can family businesses from different regions be compared? What makes a cooperation between family businesses from different cultures successful?

04_THE INTERSECTION BETWEEN FAMILY AND BUSINESS:

Family businesses are characterised by a very close interaction between family and business. The family is what makes it so special in comparison to other types of businesses. The key issue here is the involvement of non-operational shareholders in the family business. Families that grow quickly – and in some cases form into multiple branches or large dynastic family associations – are looking for solutions for identification and involvement with the family. This includes clear norms regarding family governance, as well as legal aspects (such as the transfer of shares) that guarantee the continuity of the family business.

05_CRISIS AND CONFLICT:

Family dynamics and the effects of the family on the business represent a key focus in this thematic complex. This raises questions such as: Business first? Or family first? Conflicts are unavoidable in business families and almost to be expected due to the interplay between day-to-day business and family life. Yet it is also crucial to ask how families can trigger business crises, and how they can be made resilient against external causes of crisis (e.g. digitalisation). Furthermore, we need to ask how family governance and corporate governance work in times of crisis and whether they can prevent the business from going into decline.

06_BUSINESS MANAGEMENT:

Thanks to its particular history, its organic growth and its long-term outlook, every family business is a unique entity with its own specific resources and competitive advantages. This uniqueness means that standard,

4 | OUTLOOK – THE NEXT 20 YEARS

“textbook” solutions do not fit many family businesses. That poses the question of whether and how this uniqueness can be managed in all its facets, and what a theory of family business would look like. This includes also legal and structural issues. Which legal form is the most beneficial for us? Which tax burden arises in each case and is incurred within the scope of a change of legal form? This also involves the establishment of a supervisory board or advisory board and the extent to which family members may or should be represented in it.

TRANSDISCIPLINARY PERSPECTIVE

To date, international research has shown that each of these research fields stands on its own and at best belongs to one discipline. However, this generalised perspective overlooks the fact that research in the context of family businesses and business families must be viewed from different perspectives. Especially in family businesses, topics are interdependent and can be investigated in several research fields. For example, the topic of succession involves not only emotional, psychological and social perspectives, but also legal impacts, all of which need to be taken into account. The existing link between disciplines will be expanded and complemented by overarching research foci, which together form a “transdisciplinary view”. There is no ranking; instead, priorities are identified as they arise from the current and future questions and challenges faced by family businesses and business families. For example, for a meaningful analysis of the longevity of family businesses, we need expertise from the social and historical sciences just as much as legal expertise. In this way, the WIFU team can tackle the challenges faced by family businesses and business families in all their complexity. We - as pioneers in research - are convinced to provide the impetus for transdisciplinary academic research in the field of family business.

Alongside the risk of studying the phenomenon of family business too much within the boundaries of a single discipline, there is also the necessity of considering the themes listed above not as isolated phenomena, but as intersections between related topics. For this reason, WIFU views the six identified topics as

overlapping issues, each of which can be assigned to an overarching research focus.

Figure 8 (p. 59) shows an overview of the core topics and where they intersect. The six topics (crisis and conflict, business and family, business management, family businesses in society, longevity, digitalisation & technology) represent the underlying content of our research strategy, which will be developed over the course of various projects at WIFU based on our overarching research foci.

01_GOVERNANCE:

looks at overarching issues of family businesses under the categories of crisis and conflict, business management and the intersection between family and business. This thematic area focuses on classic control and management issues in organisations, taking into account both the specific “family factor” from the corporate perspective, and the “business factor” from the family perspective.

02_FAMILIARITY:

includes aspects of succession and intergenerationality, crisis and conflict, and the intersection between family and business. It also covers themes such as the systems theory of the business family; psychosocial problems and how they are raised and professionally addressed in business families; and systemic constellations as a consulting and research method.

03_CONTINUITY:

includes issues of socialisation, upbringing and growing up in business families, and dynastic business families. These issues fall equally under the categories of succession, the intersection between family and business, and family businesses in society.

04_TRANSFORMATION:

looks at family businesses in society, succession and longevity, as well as digitalisation and technology. These subject areas focus on change dynamics and the need for change. »

4 | OUTLOOK – THE NEXT 20 YEARS

05_ENTREPRENEURSHIP:

deals with the restructuring and ongoing structuring of the family business in the context of digitalisation and new technologies, family businesses in society, and business management. It systematically addresses the entrepreneurial competencies within both the organisation and the business family.

06_STRATEGY:

includes strategic issues of business management, crisis and conflict, digitalisation and the introduction of new technologies. The issues in this category include the analysis of family-specific influences and resources along the whole existence of the company.



NEXT STEPS: BUILD UPON WIFU'S STRENGTHS

Over the course of more than 20 years, we have developed a deep understanding for the concerns of family businesses and business families. This enables us to identify research themes at an early stage and align them with the needs and challenges that are encountered in practice. With its expertise in fundamental research, WIFU stands out for its strong methodological skills and capacity for action. This enables our transdisciplinary work. In order to develop a theory of family business and business family and make it useful for the long-term survival of businesses, we are committed to follow new paths.

WHAT WILL BE EXPANDED?

THE THEORY OF THE FAMILY BUSINESS AND THE BUSINESS FAMILY:

WIFU pursues well-founded, in-depth research. We are working on a theory of the family business and the business family, to be used as a guide by both academics and practitioners. 20 years of experience and accumulated knowledge, accompanied by methodological and social skills, supported us in providing a systematic analysis of identified key issues.

THEMATIC DIVERSITY:

WIFU disseminates transdisciplinary knowledge. The core topics of research and practice are strategy, governance, transformation, entrepreneurship, continuity and familiarity. These will be explored and deepened through further research to update and expand current findings.

A GLOBAL NETWORK:

As a research institution, WIFU maintains the world's largest network of family businesses and business

families. It is our mission to further develop this network while preserving the greatest possible diversity.

WHAT WILL BE PRESERVED?

MUTUAL TRANSFERS OF THEORY AND PRACTICE:

WIFU connects theory with practice, thus enabling mutual flows of exchange. This approach characterises WIFU's research activities and forms the methodological foundation for our overarching knowledge transfer. In order to enable this, WIFU continues to bring together academics, family entrepreneurs and their families regularly in a variety of formats.

EVENT PORTFOLIO:

We set new standards in the field of knowledge transfer methods and exchange platforms by offering events that are consistently oriented towards the interests and ideas of our target groups.

CODE OF CONDUCT:

For us, scientific knowledge is at the service of society. WIFU therefore actively integrates members of family businesses and business families into its research and teaching. However, we protect the insights granted to use into the business and private life of our cases (e.g. against public abuse). We do not disclose information about our case studies. We always communicate information about case studies, open questions and dynamics in family businesses and business families in an anonymised form, unless the businesses involved explicitly give their consent to have their information publicly disclosed.

VISION: A PARTNER TO PRACTICE – COOPERATION AT EYE-LEVEL

As one of the leading institutes for research into family businesses and business families, we are pioneers and a source of inspiration. In this respect, we make a substantial contribution to a sustainable economy and social society. Anyone seeking information and advice on this type of business is guided by the theories of WIFU and uses the WIFU network. WIFU offers a platform enabling open access to expertise, as well as a platform allowing family businesses and business families to engage in target-group-specific dialogue. This makes WIFU the market leader for research, knowledge, practice transfer and networking in the field of family business and business families.

We want to be the ones who understand family businesses best, and to create a protected space in which family entrepreneurs can share their experiences openly and confidentially. As a research institute, WIFU

follows unconventional paths that lead it into areas beyond mainstream research interests. In that sense, the institute acts as initiator in order to include practical problems in the development of theories.

Our sustainable research successes are due to the consistent mutual transfer of theory and practice. That is why we actively integrate members of family businesses and business families into our teaching and research activities. We make that knowledge available to society – in particular to the research community, family businesses and business families – using state-of-the-art digital and analogue communication media and channels. We base their selection and design on our value system and the usage preferences of our stakeholders. The variety of publications disclosed by WIFU sets new standards of quality and performance, with which we provide new impetus to the international research community.



MISSION: UNDERSTANDING FAMILY BUSINESSES AND BUSINESS FAMILIES THROUGH TARGETED AND DIVERSIFIED RESEARCH

WIFU's strength is that we link disciplines (including psychology, sociology, law etc.) and bring together different topics (crisis and conflict; business and family; business management; family businesses in society; longevity; digitalisation and technology). We are interdisciplinary in our approach to the new challenges we face. Disciplines are used as a resource and source for orientation. However, they are constantly changing, thus leading us to new and different insights. That means we go beyond the boundaries of the disciplines linked to date – both thematically and methodologically – in order to open up new fields of research.

GOALS: STRENGTHENING THE VIABILITY OF FAMILY BUSINESSES AND BUSINESS FAMILIES

- ✓ To shed more light on the risks and opportunities of family businesses and business families;
- ✓ To make a substantial contribution to research, teaching and transfer to practice;
- ✓ To promote the exchange of opinions and experiences among members of family businesses and business families;
- ✓ To train potential successors and managers to work in family businesses;
- ✓ To make our findings available to interested members of family businesses and business families in a practice-oriented way.





5 | APPENDIX

BACKGROUND INFORMATION ABOUT THE STUDY

5.1 | DATA COLLECTION

This study on the topic “What really matters to family entrepreneurs?” was based on a survey carried out among businesses of this type across Germany. A total of 202 family entrepreneurs took part in the survey, which was conducted between 15 June 2017 and 31 August 2017. The participants also included businesses from Austria and Switzerland. The questionnaire was made available to the respondents in digital form online. It was also publicised via the homepage of the Witten Institute for Family Business (WIFU) and via social media. The survey contained 16 questions and asked family entrepreneurs what they were currently most concerned about, and which of these topics and questions they hope to receive answers from academic research. Particular emphasis was placed on three key areas: business,

family and legal aspects.

SAMPLE DESCRIPTION

The diversity of responding companies was exceptionally high and reflects the overall picture of the German family business landscape. The family businesses who took part include representatives of various industries, with a wide range of different turnover levels, workforce sizes, age groups and generations. The survey is therefore based on a representative cross-section of family entrepreneurs.

A majority of the family businesses surveyed are active

in industrial production (37%), followed by consumer goods (14%) and retail and wholesale (10%). Almost half of the family businesses generate an annual turnover of less than or more than 100 million Euros. The survey therefore represents a meaningful average sample.

Looking at the number of employees, it should be noted that here, too, the diversity among family businesses is quite high. The majority of participating family businesses have between 1,001 and 5,000 employees. The 50% limit is 501 employees. In summary, the businesses we surveyed have an average of 3,000 employees and an average annual turnover of 564 million Euros.

The majority of the business we surveyed are aged between 51 and 100 years (39%); however, some of the businesses taking part in the survey were substantially younger (<20 years: 6%) or substantially older (>301 years: 2%). The youngest family business is 15 years old, while the oldest is 570. The average age is 99 years. More than 90 percent of the family businesses surveyed have already completed at least one generational hand-over, and the majority of participants were in the third generation of their family business (26%).

Most of the participants are minority shareholders (41%), followed by majority shareholders (38%). Members of the shareholder family who are yet to acquire (4%) or generally do not have (7%) shares rarely participated in the survey. Non-family members also only represented to a small extent (9%). 50 percent of the

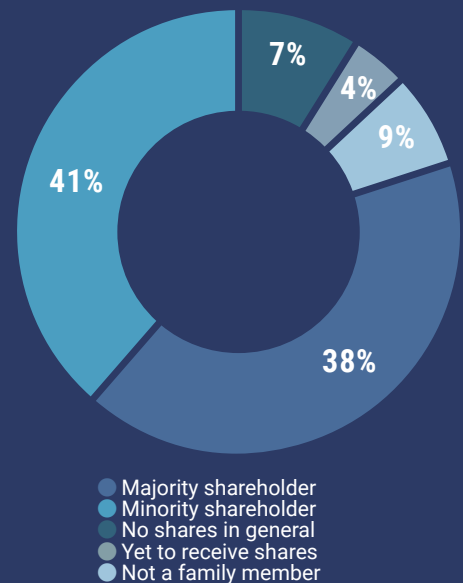
respondents are active in managing the family business (board of directors/CEO) alongside their role as shareholders. A further 13 percent are responsible for duties on a committee within the business, such as the supervisory or advisory committee. Another 13 percent are members of a family council or shareholder committee. Only a few of the respondents work for their business as a manager or employee (7%). Six percent of the respondents do not have no other position or function within the business.

The correlation between ownership structure and position in the family business shows that the majority of participants are managing partners within their respective family businesses. To sum up, it can once again be established that the diversity of the survey is exceptionally high, and that it reflects the overall picture of the German family business landscape. It is therefore a representative sample that chiefly incorporates purely family-owned businesses.

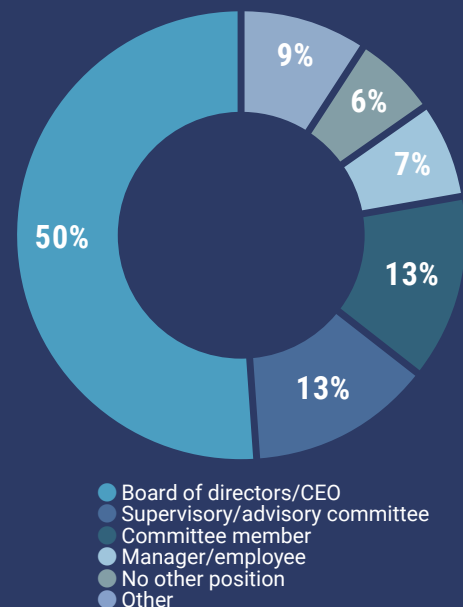
OUTLOOK

Although the survey findings are representative of the family business landscape in Germany, we should remember that it merely provides a snapshot of the current key issues, and that the results will need to be reviewed again in future. Nonetheless, it should be noted that among the frequently mentioned questions include themes such as succession and conflict, which have already been core topics for many years and will probably continue to be deemed relevant in future. Because this survey shows a differentiated picture, it should be repeated in future in order to learn more about the themes considered important by family entrepreneurs at the current time.

PARTICIPANTS OF THE STUDY ACCORDING TO THEIR FUNCTION



PARTICIPANTS OF THE STUDY BY POSITION IN THE BUSINESS





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WITTEN INSTITUTE FOR FAMILY BUSINESS (WIFU)

Witten Institute for Family Business (WIFU) – based in the Faculty of Management and Economics at Witten/Herdecke University – is Germany’s pioneer and guide for academic teaching and research focusing on the specific features of family businesses. Three areas of teaching and research – business management, psychology/sociology and law – constitute a scientific reflection of family businesses. This has allowed WIFU to develop unique expertise in the field of family business.

Since 2004, the Institute’s sponsors – an exclusive circle of 75 family businesses – have enabled WIFU to act with and on behalf of family businesses. With currently 18 professors, WIFU has made a significant contribution to the intergenerational sustainability of family businesses for the last two decades.

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