

## FIVE FAMILY BUSINESS TRENDS FOR 2019

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**The start of 2019 signals the start of prediction season. This year there's plenty of grand forecasts about geopolitical and macroeconomic changes from trade wars to a cooling Chinese, US, and global economy in a year of transformation and disruption.**

How will family businesses fare in 2019? What will be the major trends to shape their experience or to watch out for? We've put our thinking caps on to forecast five key family business trends in 2019. Disagree or have further comments? Then feel free to email us here or at the bottom of the article.

### 1. Successions heat up

One of last year's biggest successions was [Victor Li, taking over from his father Li Ka-shing at CK Hutchison](#). Expect this trend to continue in 2009, particularly in Asia and India as the waves of globally-educated next-generation exert growing influence. In India, family business Emami is the latest in a string of stories about transitions in large Indian family enterprises, while Hyundai is signalling changes in South Korea, and [JAB Holdings have seen a change in its non-family leadership in Europe](#). The rapid expansion of wealth in South East Asia will also embolden successions there.

### 2. Consolidation/cooperation between legacy family businesses

Some of the world's largest family businesses, think Walmart, Ford, and Volkswagen, have dominated entire sectors, and even economies, for decades. The fourth industrial revolution and disruption is challenging these stalwarts in the face of new competition and many are exploring either consolidations or cooperation to survive. The [cooperation between Ford and Volkswagen around electric vehicles is one example](#). Another sector that's likely to see consolidation is retail. In the UK, [Walmart-owned Asda wants to tie up with Sainsburys](#), and there are likely to be others, although competition regulators will be watching closely.



### 3. Family businesses/wealth leading the rise of female leadership

[The next generation of women in families are advancing gender equality](#) showing up non-family businesses who traditionally lag behind family enterprises. A 2017 study by consultancy EY, [Women in Leadership: The Family Business Advantage](#), looked at 525 of the world's largest family-owned companies, and found that on average 22% of the C-suite was female, compared to 13% to 15% women in top management positions in Fortune 500 companies. Those leading the rise range from Abigail Johnson at Fidelity, to Ana Botin at Santander, and Cristina Stenbeck (pictured left) at Kinnevik, and extends all the way to the likes of Melinda Gates and, potentially, MacKenzie Bezos.

### 4. The popularity of private ownership

Despite the promise of high-profile IPOs in 2019 including the likes of Uber, Airbnb, and Lyft, the reality is that private ownership, often via minority sales to private equity, is increasingly the preferred ownership model for many businesses. The rise in [shareholder activism involving family firms, most recently Elliott Management's exchange with Pernod Ricard](#), underlines the compromises attached with public ownership. Family offices have been investing heavily in alternative assets in recent years, in particular private equity investments. Yet could heavy favouritism of private equity burn families just as they were burnt by hedge funds a decade ago?





## 5. Purpose-driven decision making

Many of the legacy car manufacturers (Fiat Chrysler, Toyota, Volkswagen) announced in 2018 they would phase out production of diesel engines, while Danish shipping giant Maersk set itself a net zero CO2 emission target by 2050. While these decision may often be driven by business reasons too, rather than purely purpose-based, it illustrates how social purpose is being elevated up the corporate agenda, particularly among family businesses. The rising influence of female and millennial family members in the management of companies and family wealth will only increase this.

Have you got any comments or suggestions for the trends affecting family businesses in 2019? Email them to [fb@campdenwealth.com](mailto:fb@campdenwealth.com)

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