



# NextGens key to family business success

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Family business NextGens view themselves as agents of change for digital transformation but are looking for greater support and trust from current generation leaders, according to a new report by PwC.

PwC's *Global NextGen Survey 2019* has found that a majority of NextGens are already deeply engaged in the family enterprise, with nearly half (48%) reporting that they already run significant internal operations. A quarter (26%) are already in an executive director position.

This level of engagement is also matched by future ambitions to lead, with 41% seeking an executive director role within the next five years and nearly a third (29%) looking to be a majority shareholder.

Confidence is also high amongst NextGens about the value they can bring in terms of skills. Over two-thirds of respondents see their strongest attributes (problem-solving and leadership) to be essential skills in the future business landscape. Sixty-four



percent say they can add value to ensure business strategy is fit for the digital age.

The survey, *Agents of change: Earning your licence to operate*, draws on the views of more than 950 NextGens from 69 territories across five continents and 11 industries. In South Africa 38 respondents took part in the survey.

Jenni Kitching, associate director in PwC South Africa's family business division, says: "It is encouraging to note from the survey findings that NextGens are deeply committed to their family businesses and have very high ambitions for it. They are also concerned about the current business environment, which is characterized by intense competition, changing customer needs, new technologies and economic uncertainty. Despite the positive sentiment, NextGens also feel constrained to a greater or lesser degree about their role in driving the family business forward."

Although NextGens see themselves as agents of change, a minority (21%) do not believe they have a licence to operate. Only 48% say they have been given the responsibility to lead a specific change project or initiative. Furthermore, only 36% say they have been used as a sounding board.

The survey identifies four key personas of NextGens based on the views of their skills, contributions and career goals. These personas are:

- **Transformers: Self-confident future leaders (46% of respondents).** Transformers aim to lead change in the family business and are more likely to aspire to executive roles within the next five years (56% of transformers said this versus 41% of all 956 respondents).
- **Stewards: keeping to tradition and existing networks (26% of respondents).** Stewards are more likely to be over 35 than other NextGens (42% versus 36% of all respondents) and to be in a management role (44% versus 39% of all respondents).
- **Intrapreneurs: Proving yourselves by running ventures under the family's wing (20% of respondents).** Intrapreneurs are more likely to feel the need to prove

themselves before presenting ideas for change (27% versus 21% of all respondents).

- **Entrepreneurs: Following your own path outside the family business (8% of respondents).** Entrepreneurs are less likely to see themselves as future leaders of the family business – though they want to lead their own business – and are more likely to aspire to a governance role in the family business (for example on the family council).

The survey puts forward several recommendations for each of the NextGen personas to help them achieve their ambition to reach the top levels of their organisation.

Kitching goes on to comment: “The challenge for NextGens is how to win the trust of their elders and earn a licence to operate at the top level. The challenge for the current generation is to have the courage and commitment to find more effective ways to help NextGens make the transition to a leadership position.”

