Vilnius Success road partners meeting
30 – 31st January 2020

<u>Report on the thematic workshop</u>

Day 1 – 30th January
Venue – Courtyard by Marriott Vilnius City centre (Rinktines str.3)

Participants :

1. Efthymia (Efi) Korra , General Secretariat for Industry/ Ministry of Development and Investments
2. Michalis Tzortzis, General Secretariat for Industry/ Ministry of Development and Investments
3. Andreea-Nicoleta STEFAN, CEC
4. Mantas Vilys , Lithuanian Innovation Centre LIC
5. Povilas Bacevičius , LIC
6. Karolina Kužmarskytė, LIC
7. Edvinas Nagulevičius, LIC
8. Agnė Obelenytė , LIC
9. Giedrė Ramanauskienė, LIC
10. Sigitas Bezagisrskas, LIC
11. Ingrida Tinfavičienė , LIC
12. Marian Cano García, AVECAL/Valencian Association of Footwear Entrepreneurs
13. Joaquín Marco Amorós, Head of Marketing & Internationalization at the Valencian Association of Footwear Entrepreneurs (AVECAL)
14. Panagiotis Lympereas, HCIA-Helenic Cothing Industry Assotiation
15. Prodromos Vadratsikas, HCIA-Helenic Cothing Industry Assotiation
16. Francisco FERRANDO CASANOVA, IVACE
17. Arkadiusz Szymański , Mazovia Development Agency
18. Marcin Szurmiński, Mazovia Development Agency
19. Regina Arcišauskaitė, SABALIN, JSC
20. Vilma Akelaitienė, Lithuanian Apparel and Textile Industry Association LATIA
21. Linas Lasiauskas, LATIA
22. Jelena Dilienė, Head of the Department of Better Regulations of the Ministry of Economy and Innovation of the Republic of Lithuania
23. Mr. Taurimas Valys, Co-founder and Board Member of the Lithuanian Family Business Association
24. Violeta Bytautaitė, Vilniaus kolegija
25. Gražina Skripkienė, Vilniaus kolegija
26. Jakaterina Makarova

Activities:

1) 09.00 – 12.00: Thematic Workshop Day 1: Analysing the gap between the existing and desired succession transfer status and investigating the parameters and obstacles delaying its bridging into the textiles, clothing and footwear SMEs.

The following presentations were given during the workshop:

- Ms. Jelena Dilienė, Head of the Department of Better Regulations of the Ministry of Economy and Innovation of the Republic of Lithuania, has made a presentation about Regulatory environment of business succession in Lithuania. She introduced main advantages of Lithuania as business – friendly destination. Lithuania is No.4 in the EU for the ease of starting business; No.5 in fulfilling ICT business needs globally and with increasingly growing startups in recent 5 years. Is is also No. 11 in the world for ease of doing business/2020 and No. 2 most attractive destination for manufacturing globally. She also stressed the key measures in better regulation area are introduced in order to stabilize the general level of administrative burden.
- Mr. Linas Lasiauskas, Adviser of the Lithuanian Apparel and Textile Industry Association LATIA has introduced the situation in the Lithuanian textile, clothing and leather industries (Lithuanian TCL industry). He introduced LATIA as a business organization officially representing interests of TCL industry in Lithuania. He mentioned that there were 27 632 employees active in Lithuanian TCL Sector in 2019 including 17 353 of them working in the clothing production, 9 493 in Textile production and 786 in Leather and Leather Products industry. It has been a slight decrease in employment figures in TCL Sector in Lithuania over the last decade, ranging from 36.558 employees in 2010 to 27.632 in 2019. Around 85 percent production of Lithuanian TCL industries is exported, Germany, United Kingdom, Sweden, Denmark and Norway (also Italy for textile products) being the main export markets.
- Mr. Taurimas Valys, Co-founder and Board Member of the Lithuanian Family Business Association, has made a presentation about the succession/transfer status in family business in Lithuania as well as challenges and trends related to this matter. He has indicated the following challenges for the Family Businesses both in Lithuania and anywhere else in the world: resistance to change; managing transitions & succession; raising capital as well as emotional issues.
- Mr. Arkadiusz Szymański the Mazovian Development Agency has introduced trends in the Textile Industry in Mazovia Region and in Poland generally in the context of Industry 4.0. He stressed the need for higher technological upgrade of the Polish TCL industries in order to remain competitive in the EU and globally.

- Mr. Prodromos Vadratsikas from the Hellenic Clothing Industry Association HCIA has introduced results of recent Mapping of the current succession/transfer status in Greece. He stressed that Family firms play crucial role in employment and economic activity in Greece, as the Greek economy is extremely dependent upon family-owned businesses which constitute the very vast majority of Greek firms. He indicated that lmost 83% of the successors in Greek family businesses are family members, while 79% of the total transfers are parent-to-children transfers and 7 out of 10 family business owners plan to transfer the family firm to the next generation. He also has mentioned that in 73% cases owners still continue to play an active role in company activities After they transfer business to other family members.
- Mr. Joaquín Marco Amorós, Head of Marketing & Internationalization at the Valencian Association of Footwear Entrepreneurs (AVECAL) has introduced footwear sector in Spain and in Valencia region in particular . He mentioned that Spanish footwear companies represent 20% of the EU total footwear industry . 70% of the Spanish footwear production is exported. The Valencian Region is the main region producing and exporting Spanish footwear, with its main activity centres in the province of Alicante (Elche, Elda and Villena), Vall de Uxó in Castellón and some brands in other locations of the Region. 66% of Spanish footwear and components companies are from the Valencian Community. There were 2,333 footwear companies operate in Valencian Community and 3,512 in Spain generally operating in 2017.

2) 13.00 – 17.00 Study visit to the company JSC Garlita to Kaunas region.
Venue : Rinkunai village, Garliavos apyl. sen., Kaunas Region municipality
Stadiono str. 2

Company Description: Joint - Stock Company GARLITA is a professional knitting company in Lithuania. It is a private capital enterprise founded in 1970 and has over 40 years' experience in exporting knitwear to Denmark, Sweden, Norway, Germany, France, Ireland, UK, and many other countries. Company is specialized in making knitted garments.

Garlita is a Family Business company and one of the most advanced knitted outwear manufacturers in the EU. Company is always in frontier of innovative solutions and in close cooperation with top EU textile research institutions.

Delegation of Success Road partners was welcomed by Mr. Juozas Martikaitis. He has established the company 20 years ago and now it is managed by himself and his two daughters. So succession problem which is a key question for number of family businesses is not a case for this company. Also company finances all its development projects from its own sources without any external financing. This also makes the company to be a little bit unique from most of other family businesses where the lack of financing is one of the most important obstacles for business growth.

Day 2 – 31st January
Venue – Courtyard by Marriott Vilnius City centre (Rinktines str.3)

Participants :

1. Efthymia (Efi) Korra , General Secretariat for Industry/ Ministry of Development and Investments
2. Michalis Tzortzis, General Secretariat for Industry/ Ministry of Development and Investments
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19. Regina Arcišauskaitė, SABALIN, JSC
20. Vilma Akelaitienė, Lithuanian Apparel and Textile Industry Association LATIA
21. Linas Lasiauskas, LATIA
22. Mr. Taurimas Valys, Co-founder and Board Member of the Lithuanian Family Business Association

09.00 – 19.30 Thematic Workshop Day 2: Analysing the gap between the existing and desired succession transfer status and investigating the parameters and obstacles delaying its bridging into the textiles, clothing and footwear SMEs.

The following presentations were given during the workshop:

- Family business trends and challenges from the EU perspective. Presentation was made by Linas Lasiauskas, Adviser of the Lithuanian Apparel and Textile Industry Association LATIA. In his presentation Mr. Lasiauskas has emphasised most actual challenged for EU Family Businesses from the institutional point of view. He indicated that Family businesses make up more than 60% of all EU companies, both small and large enterprises, and employ between 40% and 50% of all employees. Family companies tend to created and develop long-lasting ties with company stakeholders (employees, customers, suppliers and local communities) and this is one of the main difference between Family Business company and other types of business entities. Even there is no single definition of Family Business at the EU level, in most cases family firms are those in which a family controls the business to a large extent through involvement in ownership and management positions. He also introduced ongoing discussions about proposed criteria of Family Business Definition at the EU level. One of the main criteria for company to be recognised as a Family Business is the requirement of the he majority of decision-making rights to be is in the possession of the natural person(s) who established the firm, or who has/have acquired the share capital of the firm, or in the possession of their spouses, parents, child or children's direct heirs. Transferring ownership of a business to the next generation is the key challenge for majority of family businesses. There are also number of other challenges in family companies like education for family businesses, capital accumulation and taxation, resistance against the global changes, access to innovations etc.

Workshop on "Gaps between existing and desired succession/transfer status and investigating the parameters and obstacles delaying its bridging in textiles, clothing and footwear sector". Workshop was delivered by Taurimas Valys, Co-founder and Board Member of the Lithuanian Family Business Association.

The main reason of conducting this SWOT analysis was that we wanted every participant to get involved in this process and share her / his knowledge in this specific field by asking / sharing each of them individually and discussing all this approach among others. The use of the SWOT analysis helped us to discuss this complex situation in detail and each time we were going into deeper discussion after every insight. This took steps towards discussing the overall related issues and finally improving & (or) at least providing solutions regarding general family business trends and later predict the potential risk management plans of all this scope.

Another advantage of this SWOT analysis was that it concentrates on the most important factors affecting your business. By using this SWOT, we:

- understood your business better
- addressed weaknesses
- deterred threats
- capitalized opportunities
- took advantage of your strengths
- developed business goals and strategies for achieving them.

General *strengths* of family business are presented in the *Table 1.*

Tradition	Trust (in terms of efficient communication)	Timetable	Unique (family-based) ideas
Tradition	Experience	Control	Ability to represent the approach of various age groups (competitiveness): kids, moms, elderly, etc.
Implication	Long planning and "family decision based" procedures J	Adaptation	Flexibility
High Quality Production	Trust (in Family members as co-founders and co-workers)	Long-term perspective mentality	
Position on market	Big HR resources and easier involvement in initial period	Strong motivation to succeed	

The participants started the SWOT analysis with identifying the core strengths of Family businesses in textiles, clothing and footwear sector. After several discussions, debates and individual statements the most common strengths were identified as the following: **tradition, trust, flexibility & long-term approach.** It must be noted that some of the "strengths" were moved to Opportunities column since it was based on the future external factors.

Usually initially most of the family businesses start not only for generating the return of the investment or generating profits, but in general creating a job for family members. Such approach could be identified as a unique strength of family businesses in comparison to other (regular) businesses.

The "**Trust** (in terms of efficient communication)" was identified as one of the strengths by the workshop participants. Communications technologies can also help take full advantage of the family business structure by keeping all family stakeholders (family employees, family non-employees, etc.) connected to the business in ways that can greatly increase their engagement and contribution to the business.[1] Family-owned **companies used not to get much respect**, if they were noticed at all. Many public companies have dispersed ownership and are managed by professional executives, who are handed financial incentives to perform, and are kept under pressure by activist shareholders[2].

In addition to the mentioned above about the "trust", it must be noted that the family business itself differs, however, from other (regular) enterprises in that it has other optional goals to choose from. Most non-family businesses, for example, are focused almost exclusively on maximizing profit. If you can make and sell more product using technology – at lower cost – then technology proves its worth. A family business, on the other hand, might

[1] Aloha, *Five Trends that are Changing How Family-Owned Companies Should Think About Their Future*. Family Business Center, The Ahola Corporation, 2016. P.

[2] Gapper J. *Family businesses need to prove their model is better.* Special Report. Financial Times, Dec. 13, 2017.

have a **goal of providing employment for family members**. For some families, having jobs for their people is more important than the bottom line – as long as the business remains survivable. It is easy to forget that “increased productivity” can be a code-phrase for “fewer employees.” Employees are generally the most expensive component of an enterprise, and avoiding some of that expense would be a good thing, if maximizing profit was the singular objective[3].

General *weaknesses* of family business are presented in the *Table 2.*

Emotional conflicts	Hard to let someone inside (scaling)	Small size initially (avoidance to attract external partners or employees when it is needed already – overworking in the beginning)	Lack of interest / skills from younger family members	Indulgence
Similar People	Not ready for investors in order to grow (personal issues and argues)	Usually not ready for investors	Lack of competences	Lack of goodwill
Emotional conflicts (personal issues could effect the business)	Professionals vs. family members	Uneducated staff	Limited Scope & Limited resources	Intra-family conflicts (emotional)
Family conflicts	Work & life balance	Sometimes it is hard to give orders to your beloved ones	Trapped within the family pool of choices	
Personal relations	Confuse family & work (bedroom & board meetings)	Family conflicts	Paternalism	

After several discussions, debates and individual statements the most common weaknesses were identified as the following: **Emotional / Personal issues, Lack of competences & Limited resources in initial states of businesses (SMEs).**

Family companies have vulnerabilities. A long-running study of management practices at 12,000 companies in 34 countries by academics at London Business School found that family companies **scored the lowest on operational excellence**. That was often because family members wanted to retain operational control and were unwilling to recruit outside

[3] Aloha, *Five Trends that are Changing How Family-Owned Companies Should Think About Their Future*. Family Business Center, The Ahola Corporation, 2016. P.

managers with expertise[4]. The impact of ethnic patterns on specific management issues and values (such as succession, organizational structure, conflict, gender roles, etc.), the interaction of gender and management practices and its effects on family business performance (Danes et al. 2007), the influence of the family on the strategic management and other dimensions (e.g., financing, technological change, culture) of the woman-owned business, etc.[5] There has also been an upsurge in succession planning driven by generational wealth transfer[6]. As many family business owners know, **succession** can be a thorny issue[7]. **Succession' of the leadership** is considered one of the **biggest challenges** for most family businesses. It emerges as an important area of study because one of the primary reasons family businesses fail is lack of a written succession plan[8]. Possible thinking caps on to forecast five key family business trends in coming years[9]: 1. Successions heat up; 2. Consolidation/cooperation between legacy family businesses[10]; 3. Family businesses/wealth leading the rise of female leadership[11]; 4. The popularity of private ownership; 5. Purpose-driven decision making. The characteristics of the Chief Executive Officer (CEO) and family dynamics influence the succession decision-making outcomes or the identification of ownership and management differences between first generation and multi-generation companies[12].

Despite that fact, some of the SWOT analysis participants have mentioned that one of the weaknesses in family businesses are less ready for investors. It must be noted that in each phase of family business development it is possible to allocate various financial sources and attract different institutional investors starting with so-called "FFF" group (family, friends and "fools" (business angels, venture capital funds) which has the highest tolerance for investment risk (in parallel, generating the highest risk of their investment) and ending with private equity funds and long term investors like pension funds, endowments, insurance

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[4] Gapper J. *Family businesses need to prove their model is better.* Special Report. Financial Times, Dec. 13, 2017.

[5] Benavides-Velasco C. A.,Quintana-Garcıa C. Guzma V.F. *Trends in family business research.* Small Bus Econ (2013) 40:41–57 DOI 10.1007/s11187-011-9362-3. P. 49.

[6] Botha F. *What Family Offices Need To Know For 2020 And Beyond*. Forbes, EDITORS' PICK|3,293 views|Sep 24, 2019.

[7] Wasley P. *UNDERSTANDING MILLENNIALS' TRAITS WILL HELP YOU PREPARE FOR SUCCESSION*. Family Business Magazine. 1845 Walnut Street, Suite 900 Philadelphia, Issue: November/December 2015.

[8] Benavides-Velasco C. A.,Quintana-Garcıa C. Guzma V.F. *Trends in family business research.* Small Bus Econ (2013) 40:41–57 DOI 10.1007/s11187-011-9362-3. P. 48.

[9] MOODY N. , *FIVE FAMILY BUSINESS TRENDS FOR 2019, ARTICLE* | 23 JANUARY, 2019; http://www.campdenfb.com/article/five-family-business-trends-2019.

[10] *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 (Ibidem).*

[11] *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 (Ibidem).*

[12] Benavides-Velasco C. A.,Quintana-Garcıa C. Guzma V.F. *Trends in family business research.* Small Bus Econ (2013) 40:41–57 DOI 10.1007/s11187-011-9362-3. P. 49.

companies, family offices and many others. Some of the family businesses of more maturity are attracting niche private equity funds through the IPO (initial public offer of shares) route, however, it does not appeal easily for this particular group of business. Family business owners can be reluctant to dilute family ownership, of the potential loss of control, and stock market **investors sometimes worry that the families might be too self-interested to ensure good stock performance**. Despite the misgivings on both sides, there is evidence that an IPO can be good for both the family business and for its investors[13]. Most businesses start out under family control — the exceptions are those started by, or spun out of, established public companies. Most of them also remain within private and family control: they never reach the size where they are confronted with the prospect of dealing with other shareholders[14].

General *threats* of family business are presented in the *Table 3.*

One person show *(transferred from weaknesses)*	New financial / global crisis	The sector get doomed and the family also	Big data challenges	Lost positions in a market	Digitalization & new technologies
Sometimes lack of skills since family members have a priority to be hired (public opinion) *(transferred from weaknesses)*	To secure market as sustainabl e business	Lack of funding opportunitie s (low trust on behalf of investors)	Industrialization & technology revolution might become to big challenge and decrease the competitiveness	Red tape bureaucracy push; profitability and growth	Gender balance
Family conflicts may continue inside the family *(transferred from weaknesses)*	Your business exposure ideas could be only interesting for your family members ("thinking INSIDE the box")	"Backwardn ess"	Proactive transnational corporations with nasty market tricks like damping, etc.	Sustainability: preferences with local partners after internationaliz ation	Shrinking sector

[13] Smith I. *The pros and cons of IPOs in family businesses*. Financial Times, JANUARY 29 2018.

[14] Gapper J. *Family businesses need to prove their model is better.* Special Report. Financial Times, Dec. 13, 2017.

Nepotism *(transferred from weaknesses)*	Lack of successors	Competitors more efficient	Not fitting the new green regulation /requirements	Loss of trust	Not motivated & (or) incompetent kids (younger generations(s))
Burn out from success – cannot cope with orders	Failure after succession / lower tolerance of potential failure	Aging of the company	Processes (while fast growth), also matching taxation, legislature and other challenges based on the most competitive approach due to other market players	Digitalization	

After several discussions, debates and individual statements the most common threats were identified as the following: **Digitalization & Modernization, Nepotism and Lower Tolerance Level of potential Failure (more sensitive regarding necessary decisions and the increase of potential competitiveness).**

During the discussions all participants were encouraged to think about potential risk management scenarios and converting the threats into opportunities. If families believe they can build businesses more effectively, they will need to prove it[15]. Studies suggest that **family businesses actually perform better**, as investments, than companies with a broader ownership base. Credit Suisse publishes an index of family-owned companies that it says has outperformed the wider market over the past decade, regardless of region, sector or size. Its index performed better than wider equity markets by an annual average of 4 percentage points since 2006[16]. Some changes are obvious, like technology, though their real impact may not be so clear. And other changes – from society and interpersonal relationships, to government and legal requirements, to changes in the family structure itself – will have as much, or more, effect on the future[17].

It is also observed that social media is both an **opportunity and a potential threat**. The various social media platforms present many opportunities to clearly and repeatedly communicate positive messages about values, products, service and distinguishing characteristics. On the other hand, social media platforms are public and permanent. Once a message is posted, it is available for all to see and share. This is a threat in the case of misstep or oversight. If grievances of the family or business are aired in this public forum, it

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[15] Gapper J. *Family businesses need to prove their model is better.* Special Report. Financial Times, Dec. 13, 2017.

[16] Smith I. *The pros and cons of IPOs in family businesses*. Financial Times, JANUARY 29 2018.

[17] Aloha, *Five Trends that are Changing How Family-Owned Companies Should Think About Their Future*. Family Business Center, The Ahola Corporation, 2016. P.

can have the effect of reducing confidence in the business, the products and the people in leadership. These types of missteps are easy to make and very difficult to fix[18].

Technology has changed the face of business operation and brought with a rising trend towards globalization. With this has come the rise of a remote workforce. Everything can be done remotely today. People only go to the office one or two days a week. The world is becoming more virtual and it is an obvious trend that a lot of people still do not understand[19].

It was also admitted and identified that the cybersecurity[20] and market disruption with the possibility of an impending financial recession as the most significant threats that family offices face[21]. Between a lack of knowledge of how company digital systems interact to concern over the security of network and cloud systems, most family businesses are right to be losing sleep. In fact, 43% of cyberattacks are made against small businesses, up from 18% just a few years ago. According to the National Cyber Security Alliance, 60% of small businesses that suffer a cyberattack[22] go out of business within half a year.[23]

As it is also noticed in during the SWOT analysis and observing the global trends, not far behind cyberthreats looms another nightmare keeping today's established firms up counting sheep — relevance in a digital age. There is no better time than now to optimize outdated systems with an eye on industry disruptors[24]. In addition to this "Conflict" as a threat is a dimension of interpersonal family dynamics that were considered as an independent topic due to its relevance. Conflict can come at a particularly high cost in family enterprises because family members are 'locked' in a firm, thereby making conflicts more persistent and interests more difficult to align.[25]

Apart from the mentioned above, obviously business transfer to younger generations seems to be really challenging phenomenon – **most business owners prefer to keep leadership within the family**, many wonder, whether Millennials (born 1982-1992) **will want to run the family enterprise[26]**. Baby boomer business owners, those between 55 – 75 years old, are firmly in their retirement years. More and more of them are engaging their families in hold vs. sell conversations and many are finding that their children are not interested in running the

[18] Emigh T., Telford D. *Looking at Family Business Trends with 2020 Vision*. January 13, 2020. The Family Business Advisor®, A Family Business Consulting Group, Inc.® Publication.

[19] Botha F. *What Family Offices Need To Know For 2020 And Beyond*. Forbes, EDITORS' PICK|3,293 views|Sep 24, 2019.

[20] *With Cybersecurity Ventures estimating that the cost of global cyber-crime could reach an astounding $6 trillion by 2021 and that up to 90% of companies fall victim to cyber-attacks, cybersecurity remains a top priority (Ibidem).*

[21] Botha F. *What Family Offices Need To Know For 2020 And Beyond*. Forbes, EDITORS' PICK|3,293 views|Sep 24, 2019.

[22] *Recovery from an attack is costly; cybercrime costs small and medium businesses more than $200,000 a year, not including the cost of downtime, attorney's fees, compliance and reputation cost (HISCOX).*

[23] May C. *2020 family business trends*. Illumine8 Marketing & PR, 2019. https://www.illumine8.com/2020-family-business-trends

[24] May C. *2020 family business trends*. Illumine8 Marketing & PR, 2019. https://www.illumine8.com/2020-family-business-trends

[25] Benavides-Velasco C. A.,Quintana-Garcıa C. Guzma V.F. *Trends in family business research.* Small Bus Econ (2013) 40:41–57 DOI 10.1007/s11187-011-9362-3. P. 51-52.

[26] Wasley P. *UNDERSTANDING MILLENNIALS' TRAITS WILL HELP YOU PREPARE FOR SUCCESSION*. Family Business Magazine. 1845 Walnut Street, Suite 900 Philadelphia, Issue: November/December 2015.

family business. When private equity firms come courting and offer huge sums, it's reasonable to understand why business owners sell and turn their attention to protecting wealth and pursuing philanthropic initiatives[27]. The next **generation** comes to the family business with new attitudes. Each generation, it seems, is defined by a moment, some event or series of events that sets the stage for their understanding of their world and the way it works. Unfortunately, it is often not known what that moment is until after the generation has matured and the next generation has come up behind[28]. Sometimes instead, they would rather work for themselves or in fashionable industries such as banking, investment and technology[29]. However, once these gaps are bridged, and both "sides" realize that the other has significant value to offer, there can be learning and enrichment. Sometimes a face-to-face meeting is necessary to achieve the desired results — both with colleagues, family and customers. Other times, a quick text is efficient and effective. One of the ways the Next Gen can energize a business is by bringing fresh perspectives about technology. These tools allow the entire business to collect and use data and communicate in ways that are more effective and efficient. This leads to cost savings and even further innovation as employees are able to see new emerging trends because they have better data. This data can be part of the information that allows the Leading Generation to monitor business performance as they begin to transition out of leadership roles[30].

General *opportunities* of family business are presented in the *Table 4.*

Creativity *(transferred from strengths)*	After initial ownership participation easier access to additional financial resources / investors (FFF)	Green / sustainable direction (organic / ECO stuff)	Funding tools and sources	Technology revolutions
Social responsibility *(transferred from strengths)*	Circular economy	RSC social responsibility as added value to your brand	Attract creativity industries	New Trade agreements / global markets

[27] Emigh T., Telford D. *Looking at Family Business Trends with 2020 Vision*. January 13, 2020. The Family Business Advisor®, A Family Business Consulting Group, Inc.® Publication.
[28] Aloha, *Five Trends that are Changing How Family-Owned Companies Should Think About Their Future*. Family Business Center, The Ahola Corporation, 2016. P.
[29] Rovnick N. *China faces family business succession crisis*. Special Report The Future of Family Business, Financial Times, DECEMBER 13 2017.
[30] Emigh T., Telford D. *Looking at Family Business Trends with 2020 Vision*. January 13, 2020. The Family Business Advisor®, A Family Business Consulting Group, Inc.® Publication.

Design clear routines & processes in order to assess the economic value of the company and collaborate with banks & other funding sources	Circular economy	Industry 4.0 strategy	B2C --> Proximity to customer (knowledge of true mindset)	Professionalization
Small changes	Plan in advance for the succession	Go green / go sustainable	Globalization	Support of advisors and assistance
Niche marketing (e. g. Sustainability us of new material)	Sustainability	Collaboration with other brands	Growing (emerging) markets	"Savoir – faire" / "know-how" specialization

After several discussions, debates and individual statements the most common Opportunities were identified as the following**: Circular economy / eco solutions ("green policy" trends), global markets & increase of the professionalism (sustainable development solutions).**

Apart from the mentioned above it must be noted that sustainability addresses environmental and social issues affecting this and future generations. When family businesses perceive that the community is disrupted, recognize an environmental problem and respond by implementing new environmental policies or regulations, the family business's socio-emotional values press to transition to a more sustainable production system, such as the 'Circular Economy.' Drawing on the Dubin (1978) methodology—a paradigm for building models through deduction—it is possible to design a sustainable model, which shows family businesses' responses to changes in the environment. It explains the reasons why family firms transition to the Circular Economy, based on the theory of Socio-Emotional Wealth[31].

The European Commission has adopted an ambitious new Circular Economy (CE) Package to help European family businesses and their consumers to make the transition to a stronger and more CE where resources are used in a more sustainable way. With this plan to make Europe's economy cleaner and more competitive, the Commission is delivering ambitious measures to cut resource use, reduce waste and boost sustainable production and consumption. Since adopting the CE Package, the Commission has observed an increased uptake by corporations to adopt resource efficiency, eco-innovation and/or CE strategies and

[31] Núñez-Cacho P.,Molina-Moreno v. and others. *Family Businesses Transitioning to a Circular Economy Model: The Case of "Mercadona".* Sustainability 10(2), 538. Published: 17 February 2018.

practices[32]. This is a great opportunity for most of the family business to use this direction in order to stay competitive and boost their businesses.

The good news is, that **positives often outweigh the negatives**. Family companies have advantages over those with more dispersed and less loyal shareholders — a keener sense of identity and the essence of the company, the willingness to make long-term investments that will not pay off for some years, as well as more purpose[33]. In the past, the family business responded to social and economic change by staying goal-oriented and family-focused. There were few forecasting tools and little data on which to base any projections about the future. It is just stuck with tradition and that stability helped the business keep going. Today, however, family businesses stand on a mountain of accumulating data to get a vantage point from which it can spot change as it approaches – giving family business leaders time to prepare for new opportunity, and to anticipate new threats before they happen[34].

While the Decade of Disruption[35] brought succession planning into the conversation, the pace is quickening. According to PwC[36]:

- 62% of family businesses expect upcoming family members to gain outside work experience
- 58% of family businesses have succession plans, however, most are informal
- 47% of next-generation leaders take on non-senior roles in the business
- 39% sit on the board of directors
- The boomer generation started retiring in 2011 and will continue the retirement snowball through 2029 (US Bureau of Labor Statistics). Many generational companies are facing a passing of the business to the next generation of leaders, but over half are unprepared for that transition.

The second opportunity- "Professionalization" - is a topic understudied that can be related to the succession-planning process and involves transitioning from an informal management style to a more formal management style to guarantee sustainable growth. This process can provoke difficult and emotionally destructive issues and problems for the family and the business. Family firms that are typically value driven and led by visionary entrepreneurs, face specific challenges as they attempt to professionalize[37]. Also, it happens that sometimes since the lack of professionalism is creating various concerns regarding, for instance, quality of production or services, the family-owned **companies are not getting enough respect**, if they were noticed at all. Many public companies have dispersed

[32] Ibidem.

[33] Gapper J. *Family businesses need to prove their model is better.* Special Report. Financial Times, Dec. 13, 2017.

[34] Aloha, *Five Trends that are Changing How Family-Owned Companies Should Think About Their Future*. Family Business Center, The Ahola Corporation, 2016. P.

[35] Source: MSNBC.

[36] May C. *2020 family business trends*. Illumine8 Marketing & PR, 2019. https://www.illumine8.com/2020-family-business-trends

[37] Benavides-Velasco C. A.,Quintana-Garcıa C. Guzma V.F. *Trends in family business research.* Small Bus Econ (2013) 40:41–57 DOI 10.1007/s11187-011-9362-3. P. 49.

ownership and are managed by professional executives, who are handed financial incentives to perform, and are kept under pressure by activist shareholders[38]. With awareness, a focus on the goals, and the strength of a committed family engaged in the business and its future, decisions about governmental and external issues – and exploiting the new opportunities they may represent – **can become an important ingredient in achieving overall longevity and success**.

Today it is known that the current "next generation" in the family business enterprise has been steeped in technology and has expectations that those tools will give them more choice, more freedom, and better-balanced lives. And it is also known they have emerged from a society undergoing deep changes in values, education and expectations[39].

The most important thing for family business is continuity (Emily Farrell, PWC, 2019). Thus it is really important to ensure that you can monetize the history (experience) and prestige of the company "The most successful business-owning families **do not put profit maximisation first**," writes Denise Kenyon-Rouvinez, professor of family business at the IMD business school in Lausanne. "When you spend time with them, you notice that they have an intense **pride for the business and its history**. They also have a really deep sense of family, unity and mutual support." This obviously has financial value, also creates more confidence for existing and potentially new customers of the particular family businesses. Family companies, especially those still based where they were founded, are unlikely to put at risk what they have built over generations by becoming over-stretched or diversifying from their roots. Family shareholders of companies such as Frescobaldi, the Tuscan winemaker that was founded 700 years ago, will stay committed[40].

While each business is different, some family businesses are re-structuring themselves to facilitate more business growth, and create opportunity for increasing numbers of family members; encouraging entrepreneurial "divisions" run by younger family members, for example.[41]

Therefore, family businesses should be more concerned about corporate social responsibility (CSR). Nevertheless, empirical evidence shows that while family firms are no more likely to engage in positive social initiatives than are nonfamily firms, they do avoid actions that would cause them to be labelled as socially irresponsible and hence avoid negative publicity that would undermine their reputations[42]. Of the family office executive respondents surveyed, more than half believe that a market downturn will occur by 2020. As a result, these executives are re-thinking some aspects of their investment strategies and

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[38] Gapper J. *Family businesses need to prove their model is better.* Special Report. Financial Times, Dec. 13, 2017.

[39] Aloha, *Five Trends that are Changing How Family-Owned Companies Should Think About Their Future*. Family Business Center, The Ahola Corporation, 2016. P.

[40] Gapper J. *Family businesses need to prove their model is better.* Special Report. Financial Times, Dec. 13, 2017.

[41] Aloha, *Five Trends that are Changing How Family-Owned Companies Should Think About Their Future*. Family Business Center, The Ahola Corporation, 2016. P.

[42] Benavides-Velasco C. A.,Quintana-Garcıa C. Guzma V.F. *Trends in family business research.* Small Bus Econ (2013) 40:41–57 DOI 10.1007/s11187-011-9362-3. P. 51.

considering measures to curb potential losses and capitalize on new opportunities. For family offices who have not yet fully prepared for possible financial market disruptions and the impending recession these could bring, it is vital to identify where their most significant risk lies should these changes occur. Doing so can assist in the identification of long-term strategies that ensure wealth preservation and growth[43].

Families who purposefully navigate these generational dynamics create opportunities and build necessary skills for collaboration between generations. This allows for open conversation, planning, understanding and coordination regarding issues such as continuity and governance while maintaining or building family harmony and trust. One idea which has been seen to add value to families is to have each member of each generation create a list of those behaviours or beliefs that they need to "let go of" or "grab on to" in order for the family to achieve a higher level of success. These activities represent the mindset and innovation necessary for each generation to do their part as the baton is passed from one generation to the next[44].

These trends are affecting family businesses in all industries around the world, but they show up in ways that are as unique and complex as the family businesses who are experiencing them. And they do not exist in a vacuum. Leaders can't simply pick one without dealing with the others. Instead, they must work together with their families, owners, boards and executives to identify how these trends are affecting them and make plans for using them to their advantage. As advisors, our highest and best use is to help our clients understand and implement the leading practices and processes that strengthen the business and the family and allow them to prosper across generations[45].

It is clear that most of the participants have mentioned that family businesses have many opportunities, and most of them are related with a chance to position family business as niche, quality and experienced based - mostly as tailor-made approach-based activities. Also, a clear trend is to use various globalization tendencies as a big opportunity to scale their current positions into more competitive areas such as "green economy", synergies with other brands by incorporating the circular economy elements.

[43] Botha F. *What Family Offices Need To Know For 2020 And Beyond*. Forbes, EDITORS' PICK|3,293 views|Sep 24, 2019.

[44] Emigh T., Telford D. *Looking at Family Business Trends with 2020 Vision*. January 13, 2020. The Family Business Advisor®, A Family Business Consulting Group, Inc.® Publication.

[45] Emigh T., Telford D. *Looking at Family Business Trends with 2020 Vision*. January 13, 2020. The Family Business Advisor®, A Family Business Consulting Group, Inc.® Publication.

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