

different paths



Sep 20, 2017 08:00 +08

Next generation of family business leaders embracing digital change, but facing hurdles

Date

20 September 2017

<i>Contact</i>	<p>Natalie Choo Tel: +65 6236 4309 Mobile: +65 9738 1415 E-mail:natalie.yl.choo@sg.pwc.com</p> <p>Candy Li Tel: +65 6236 7429 Mobile: +65 8613 8820 E-mail:candy.yt.li@sg.pwc.com</p>
<i>Follow/ retweet</i>	@PwC_Singapore

Key points to note:

- 75% of next gens believe it's very important or essential to have a strategy fit for a digital age—but only 7% believe their firm is currently doing this well.
- 36% of next gens are often frustrated because the current generation does not fully understand the potential for digital and the risks it could pose.
- Similarly, 82% of next gens polled think innovation is very important or essential, but only 15% see it as a current strength at their firm.
- 75% of next gens have big plans about taking the business forward, but 26% of them find it difficult to get the current generation to give serious attention to those ideas.
- Study identifies four paths to success for next gens: stewards, transformers, intrapreneurs, and entrepreneurs.
- On 18 September 2017, PwC launched the Asia Pacific Next Gen Club, a regional network focused on helping the next generation of family business leaders effectively drive the future growth of their business

Singapore – 20th September 2017 – Among the next generation of family business leaders, three in four have big plans to take their business forward. However, generational challenges persist, largely in the areas of digital and innovation.

PwC conducted in-depth conversations with 35 next gens from 21 countries and polled more than 100 additional next gens for its new report, [Same passion, different paths: How the next generation of family business leaders](#)

[are making their mark](#). The results showed an incoming generation of family business leaders confronting generational gaps and culture change.

“Our research shows that digital is one area where the generation gap can be a real positive,” said David Wills, PwC’s Global Entrepreneurial & Private Business Leader. “While next gens are excited to tackle digital, the current generation is often more cautious to embrace the proposed pace of change.”

In today’s business landscape, all firms—family businesses or otherwise—need to address the digital challenge, and next gens seem to grasp this. Three quarters of those polled believe it’s very important or essential to have a strategy fit for a digital age. As digital natives, they feel much more comfortable with digital technology and see its potential for change. That said, only 7% of respondents believe their firm is currently doing this well.

Partly due to a greater degree of transformation and investment needed to effect digital change, many current generation leaders may be cautious about committing to it. About a third of next gens polled (36%) expressed frustration that the current generation does not fully understand the potential for digital and the risks it could pose.

Likewise, the vast majority of next gens see innovation as a core component, with 82% responding that innovation is very important or essential to business success. However a mere 15% of those polled see innovation being implemented well at their firms.

Going their own way: Four paths forward

In the study, PwC identified four main approaches next gens are taking to build their own paths to success: stewards, transformers, intrapreneurs, and entrepreneurs. Some next gens straddle more than one of these continually evolving paths, but they can provide a helpful way to separate the different challenges, risks and opportunities that the next generation faces, and how success can look and feel different depending on the route they choose to take.

- **Stewards** – Individuals focused on ensuring the long-term sustainability of the family firm and protecting its profitability by

staying true to the established core business

- **Transformers** – Next gens who take on the task of driving significant change in the family firm, with the scope and support to do so
- **Intrapreneurs** – Those whose families carve out a specific venture for next gens within the family firm—effectively the opportunity to be an entrepreneur within the firm itself
- **Entrepreneurs** – Next gens who pursue their own ventures outside the family firm, often in completely unrelated sectors

“These next gens are truly impressive individuals, already making a significant mark whether inside their family firm or on their own,” said Wills. “Our research indicates that ‘success’ can take many forms, and there are many different routes to achieve it.”

Achieving success through the ‘five Cs’

While next gens will take their family firms down different paths, a set of common success factors emerged from the research. Regardless of the chosen path, these “five Cs” comprise guiding principles for all family businesses.

- **Culture** –The family firm should foster a “safe place” for the next gen to explore and grow.
- **Communication** –Genuine two-way engagement between the current and next generation, based on mutual respect and trust, ensures that experience is properly valued and new ideas are appreciated.
- **Clarity** – It is vital to have a clear strategy and agreed demarcation of roles and responsibilities—particularly where colleagues are also relations and emotions are always in play.
- **Credibility** – As the “boss’s child” a next gen needs to earn the

respect of co-workers, possibly gaining experience outside the family firm first.

- **Commitment** – The business needs to make a long-term commitment to the development of the next generation, but the next gen should also reciprocate with a willingness to invest time in the business and give it a chance to work.

Over two years ago, PwC launched its Global Next Gen Club, which now has 20 programmes and over 1,000 members across the world. Focused on helping the next generation of family business leaders to effectively drive the future growth of their business, the Club helps next gens to connect, learn and lead. To connect our seven clubs in the Asia Pacific region, on 18 September 2017 PwC officially opened the Asia Pacific arm of its Global Next Gen Club, bringing together over 80 next gens from 15 countries at the inaugural launch. This arm will help next gens in the region foster inter-regional relationships and tap into the expertise and experience from across the region, leveraging insights from PwC experts and through networking with other next gens in the programme.

Ng Siew Quan, PwC's Asia Pacific Entrepreneurial & Private Business Leader said:

“It's important that both business leaders and their next generation are ready to take on the demands of the rapidly changing landscape in Singapore. PwC's Asia Pacific Next Gen Club is an opportunity for family businesses to find new ways to stay ahead of the disruption and be ready for the future.

“But the future of family businesses doesn't just lie in the hands of the next gen. Sustainable success in the world of family business depends on give and take, and the ability to balance the needs of firm and family—next gen and current gen,” said Ng Siew Quan, PwC's Asia Pacific Entrepreneurial & Private Business Leader. “If any of these pieces are missing or misfiring, the succession process becomes a risk not an opportunity.”

Notes

1. In the Next Gen Study 2017, Rachel Gerol, Founder of NEXUS, and Francesco Lombardo, Author of *Safe Space: Governance in Action* share their

insights and advice for the next generation of family business leaders. Also more information on “PwC Next Gen Club”, a network programme of exclusive and exciting events that bring together the next generation of family business leaders across the world at www.pwc.com/nextgenclub.

2. Survey methodology: The Next Generation Study is a global market survey of next generation members working in or part of family businesses. Thirty-five in-depth interviews with next gen with either key role in family business or set up own business and 102 short online surveys averaging 10 minutes with next gen working in family businesses. Interviews were conducted between 1st June and 15th August 2017 by telephone or in person and via an online survey in local language across 21 countries.

3. PwC’s Asia Pacific Next Gen Club comprises of next generation business leaders from seven countries namely India, Indonesia, Malaysia, the Philippines, Singapore, Taiwan and Thailand.

About PwC

At PwC, our purpose is to build trust in society and solve important problems. We’re a network of firms in 157 countries with more than 223,000 people who are committed to delivering quality in assurance, advisory and tax services. Find out more and tell us what matters to you by visiting us at www.pwc.com.

PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see www.pwc.com/structure for further details.

© 2017 PwC. All rights reserved

Contacts



Siew Ling Ong

Press Contact

Manager, Brand and Communications

siew.ling.ong@pwc.com



Candy Li

Press Contact

Team Lead - Brand & Communications

candy.yt.li@pwc.com