



Fuelling business growth through values and purpose in a digital age

PwC Bangladesh Family
Business Survey

84%

of family businesses in Bangladesh have seen growth in the last financial year.

91%

of Bangladeshi family businesses expect to grow over the next 2 years.

66%

of family businesses cite accessing skills and capabilities as one of the crucial challenges to operations.

Only **34%** say they have a costed, formalised and documented mid-term plan; 16% have no plans at all.

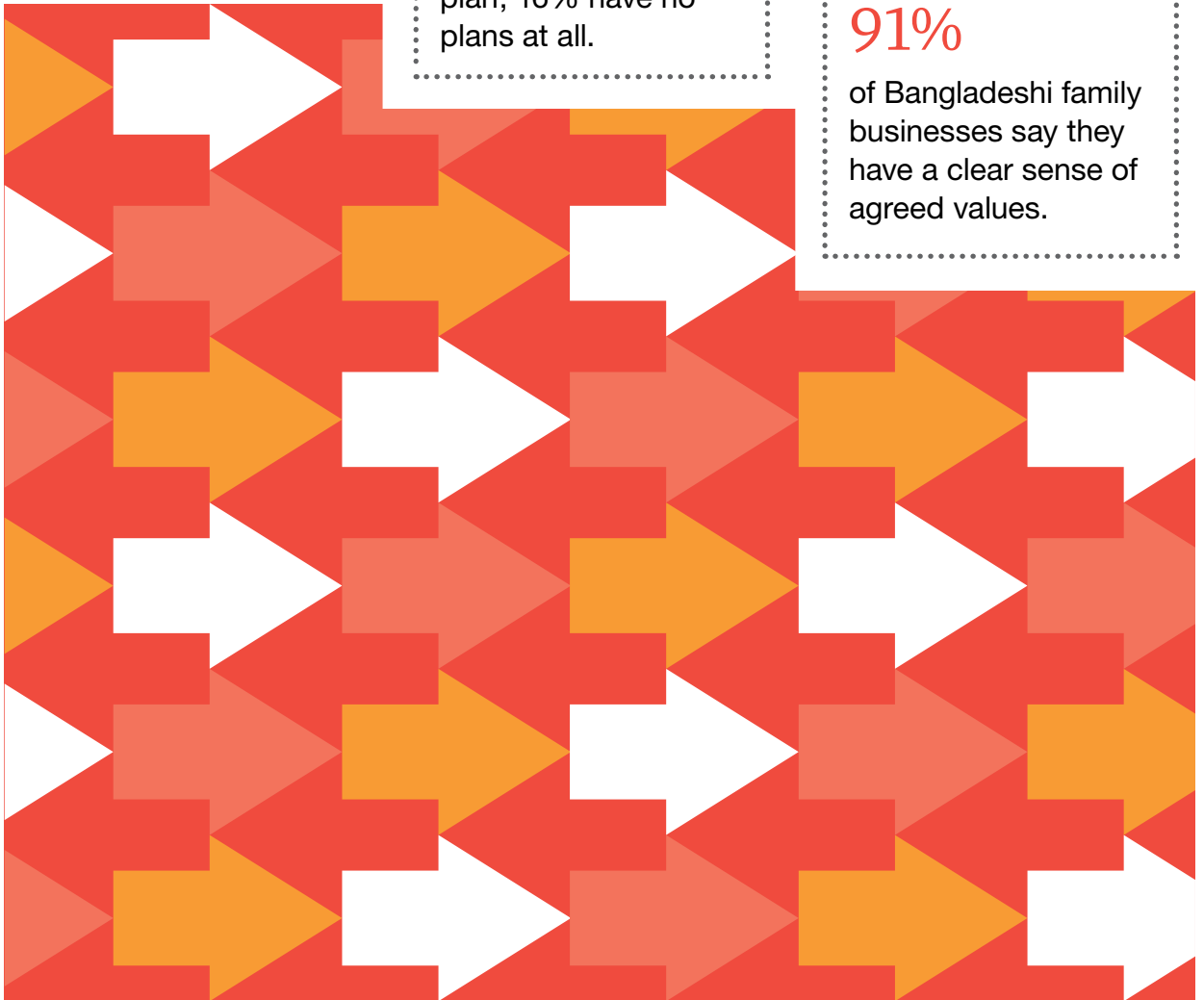
91%

plan to pass on management and/or ownership to the next generation.

Only **31%** of family businesses in Bangladesh have an informal succession plan in place.

91%

of Bangladeshi family businesses say they have a clear sense of agreed values.



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Foreword



Mamun Rashid
Managing Partner, PwC Bangladesh

The Family Business Survey is a global market survey of important decision makers in family businesses (FBs) within a number of PwC's key territories. Carried out every 2 years globally, the goal of the survey is to get an understanding of the views of FBs on the key issues of the day. The survey also provides insights into how the pace of technology change and generational differences are transforming the approach of FBs towards legacy and succession planning. This is the first year PwC's Family Business Survey was carried out in Bangladesh.

Businesses have a positive outlook towards the future, fuelled by strong values.

PwC Global Family Business Survey 2018¹



2,953

Semi-structured interviews conducted with key decision makers in FBs with a sales turnover of over 5 million USD



Interviews averaging 35 minutes primarily conducted by telephone in the local language. Some were conducted via an online survey or PwC-led face-to-face interviews.



Interviews conducted between 20 April and 10 August 2018



Across
53 countries

1. <https://www.pwc.com/gx/en/services/family-business/family-business-survey-2018.html>

The rapid growth and expansion of the Bangladeshi economy have occurred in tandem with the success of FBs in Bangladesh. The private sector in Bangladesh comprises a major part of the Bangladeshi economy—which makes its contribution to nation building, wealth creation, employment generation, and foreign investment crucial. Though many of the FBs in Bangladesh are still run by first-generation entrepreneurs, as the economy has developed, so have the services and products provided by these organisations. FBs in Bangladesh range from small locally run businesses to large conglomerates, but a common trend among all of them has been the constant evolution and transformation of the businesses to attain global standards as Bangladesh becomes more globalised. Having to constantly adapt in the global market has pushed FBs to become more enterprising and innovative in order to stay active in a highly competitive market.

A growth story: Of the Bangladeshi FBs surveyed, 84% reported growth in the last financial year. More than half of the FBs have enjoyed double-digit growth. This impressive growth is expected to continue, with 91% of FBs expecting to keep growing over the next 2 years, while around a third expect the growth to be quick and aggressive (i.e. continue to grow at double-digit levels). This optimistic perspective is grounded by two broad factors: the general resilience and stability of an FB in adverse conditions and the sustained growth of the Bangladeshi economy, especially on the domestic side. Bangladesh has seen strong private consumption growth in the past 5 years, with matching growth in private real investment rates. Private real investment growth rates stood at around 8.8% in FY 2018,² and GDP growth rates are expected to remain stable at around 7% in the immediate future.

Around 59% of FBs in Bangladesh would consider bringing in private equity to help finance growth. This is a particularly important point considering that the private equity market is poised to grow with major international players. FB owners are keen to ensure that strategic partnerships, increased management knowledge, greater international exposure and access to cheaper sources of funding are utilised in the future by their businesses.

Challenges ahead: Though Bangladeshi FBs have a positive outlook on growth, there is definite cognisance of the challenges to growth and sustaining business operations. Bangladeshi FBs view poor innovation, increased domestic competition, and the prices of energy and raw materials as major challenges to growth. The crucial challenge, however, lies in accessing skills and capabilities, with two-thirds of all respondents citing the lack of relevant qualified professionals as the primary constraint. Moreover, 94% of Bangladeshi FBs say that attracting and retaining the best talent is key to growth.

However, despite the positive outlook on growth, only 34% of Bangladeshi FBs say they have a costed, formalised and documented mid-term plan, while around 50% say that they have an informal plan. It is well understood that resilient, comprehensive, costed planning is key to business growth.

While business growth has been of utmost priority, an increasing number of FBs in Bangladesh recognise that having strong values within the organisation creates a social asset for their businesses in the communities they serve. Such social assets help generate higher profitability, retain resources and gain an advantage over competition.

PwC's Family Business Survey 2018 finds that **strong values drive growth for FBs amid disruption fears and the fast-changing geopolitical environment**. Indeed, despite these challenges, the survey has revealed optimism at the highest level of FBs for over a decade, and this is also true for Bangladesh. Moreover, our research highlights the benefits of a values-led approach for FBs, enabling them to focus on the continuity planning they need to do, and helping them to attract and equip the next generation with the skills needed to thrive in the digital age.

2. World Bank Bangladesh Development Update (October 2018): <https://doi.org/10.1596/30565>

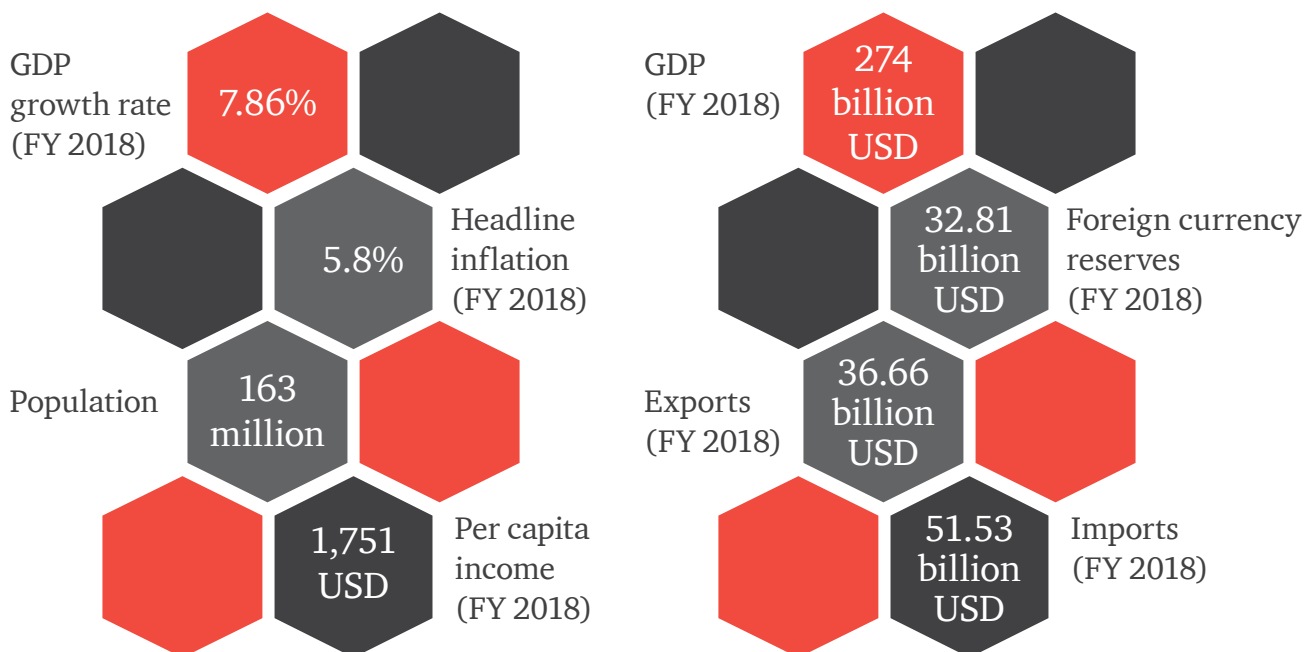
Growth and challenges

Bangladesh: Resilient growth

Bangladesh is moving ahead on the development path at a rapid pace. In recent years, GDP growth has benefited from robust domestic demand, underpinned by strong private consumption growth and a mild recovery in private investment and exports. The economy is

estimated to have grown by 7.86% in FY18, the highest rate in Bangladesh's history and the third consecutive year of at least 7% plus growth. Growth has been led by manufacturing and construction, benefiting from robust domestic demand.³

On an upward growth trajectory

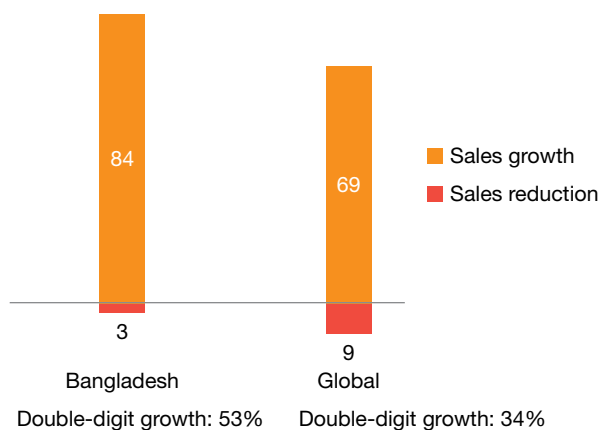


3. World Bank Bangladesh Development Update (October 2018): <https://doi.org/10.1596/30565>

Performance and prospects

Growth among FBs in Bangladesh over the last 12 months is higher than the global average. Around 91% of Bangladeshi FBs expect their business to grow over the next 2 years.

Growth in the last financial year



Compared to the global scenario, around 84% of FBs have grown in the past financial year, with 53% experiencing double-digit growth. Globally, around 69% of FBs have seen growth in the same time period, with around 34% experiencing double-digit growth.

Bangladesh's FBs can expect to continue this strong growth trend. The Bangladesh economy's strong output growth, close to 7%, is expected to continue through to 2020. On the other hand, global economic growth is projected to reach 3.1% in 2018 and edge down to 2.9% by 2020.⁴

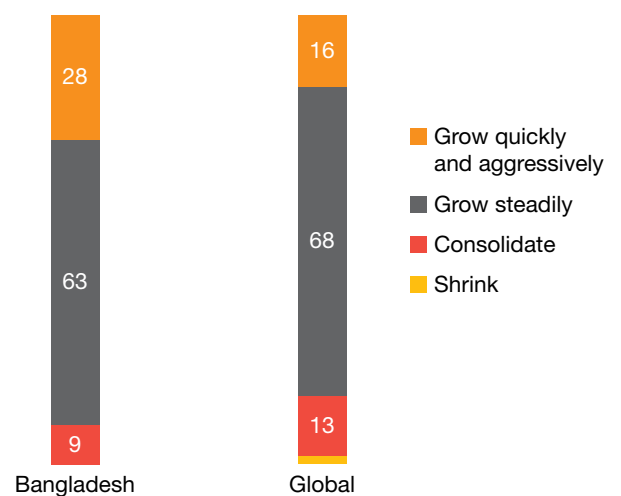
However, both globally and locally, FBs are optimistic about their growth prospects.

Compared to the global average of 84%, 91% of FBs in Bangladesh expect growth over the next 2 years. Further, 28% of Bangladesh's FBs expect to grow quickly and aggressively compared to 16% of global FBs.

It bears mentioning that Bangladesh's economy has experienced sustained growth in the recent past and that this growth is expected to remain strong..⁵

Compared to 26% globally, 13% of FBs in Bangladesh work in multiple sectors and multiple countries. The most common model in Bangladesh is 'multi-sector, one country'.

Growth aims over the next 2 years



Financing growth

Bangladeshi FBs overwhelmingly use bank lending and credit lines as a major source of financing. In terms of other funding sources, too, FBs in Bangladesh have a more diversified funding base, using capital markets, venture capital and stock market sources at higher rates than global averages. However, internal resources are used by only 63% of Bangladeshi FBs compared to the global average of 71%. This indicates that the funding requirements exceed the internal resources available.

Bangladeshi FBs are also very open to private equity (59%) and going public (50%; i.e. issuing an Initial public offering [IPO] on the stock market or listing with selected institutions). This is particularly interesting when contrasted with the global averages. For example, globally, only 26% of FBs would consider going public as against 50% of Bangladeshi FBs who would consider doing so and 31% who consider it the most attractive option. FBs in Bangladesh seem to have a large appetite for all types of funding, even at the cost of dilution of ownership. While not directly comparable, a similar survey

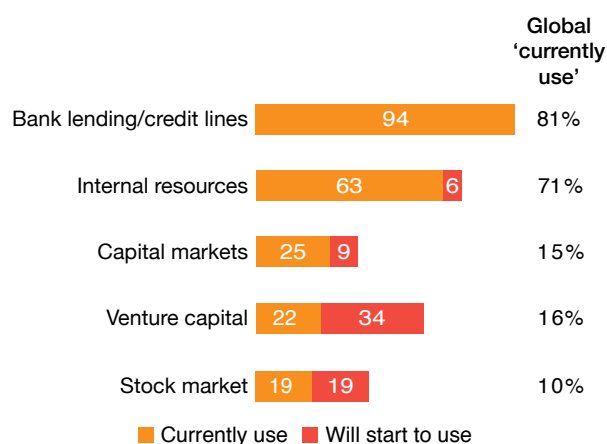
4. World Bank Bangladesh Development Update (October 2018): <https://doi.org/10.1596/30565>

5. Ibid.

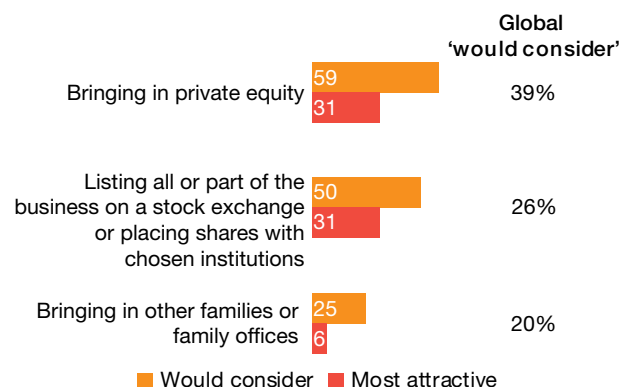
done by PwC Germany⁶ in 2017 is instructive. It shows a clear trend: in 2011, only 19% of Mittelstand⁷ companies said they were open to private equity; by 2017, that figure

had jumped to 83%. A similar trend is visible among Bangladeshi FB owners, who are beginning to appreciate the role of private equity players in their businesses.

Sources of finance used/will use



Actions FBs in Bangladesh would consider to fund the business



The case for private equity: Insights from our Global Family Business Survey 2018

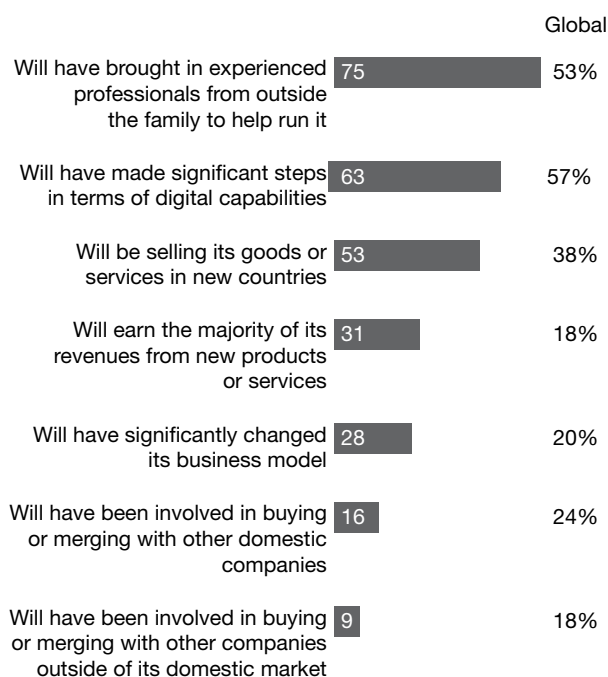
Those seeking to maximise growth need a partner who offers more than just money (or a loan). The right partner helps improve governance and company procedures; is a more challenging addition to the board; expands the network; and eventually helps prepare the business for a successful exit (in the form of an IPO) or succession. An increasing number of family businesses seem to have started viewing private equity as the smart choice. At the same time, private equity businesses are sitting on significant amounts of funds, with few good deals to invest in. Investors are now increasingly looking for opportunities with family businesses—whose stability makes them more attractive and which are often undervalued. To make their associations with these family companies successful, private equity firms are acting in a more collaborative way, focusing on building operational value and making portfolios bigger, stronger and more reliable instead of just trying to generate quick returns. This move towards a long-term and symbiotic partnership will be vital to FBs in the near future.



6. Private Equity Trend Report 2018: The Coming of Age: <https://www.pwc.de/de/finanzinvestoren/private-equity-trend-report-2018.pdf>
 7. Mittelstand refers to small and medium-sized enterprises in German-speaking countries.

Diversification, adaptation and expansion

Likely true of business in the next 2 years



FBs in Bangladesh do not just expect to grow—the growth is expected to change some fundamental characteristics of the firm. Significantly, 75% of FB owners are seeking professionals outside the family to help them run their businesses. Similar trends were observed in India during the 2016 PwC Family Business Survey.⁸ The report acknowledged the business imperative to professionalise operations to support optimistic growth plans. In addition, it highlighted the need for inducting the right person with the right ability and thinking who can challenge conventional procedures.

Bangladeshi FBs are slightly more likely than the global average (28% compared to 20%) to change their business models or to earn significant revenue from new products or services (31% compared to 18%)

More than half believe that they will be exporting to new markets

This indicates that FBs are rapidly becoming globally competitive. It is important to bear in mind that firms that are expanding into the export market tend to face a number of challenges that go above and beyond the challenges in expanding their domestic market share. Empirical studies⁹ focusing on new export entrants suggest that successful export sustainability is contingent on deep knowledge of international markets, a solid

domestic market base, a focus on innovative production processes and products, significant investment in research and development (R&D), and targeted marketing activity. This indicates that a well-designed, compressive business plan which ties all of these elements together is vital to export sustainability. There is also the trend of firms engaging in exports becoming more domestically competitive. FBs can very easily implement the lessons learnt from needing to be globally competitive to their domestic market operations.

With the optimistic plans for growth and strategic expansion into new products and new markets through versatile business models, it becomes very important that FBs have effective boards running their businesses and that the right professionals—family or non-family—lead the organisation.

Goals to achieve

FBs also have the flexibility to aspire to more growth goals than just business expansion. In terms of important personal and business goals, maintaining the best talent (via recruitment and retention) for the business is crucial (94% cite this). Innovation and profitability are also key. It is interesting to note that while retaining talent is in line with global averages, Bangladeshi FBs have a much higher focus on innovation. Given the rapid technological changes and links to global value chains, this focus on innovation bodes well for the agility of Bangladeshi

Important business and personal goals



FBs. Echoing the results of the previous section, 84% of the FBs have made professionalising the business their personal and business goal. With the changes in regulations and business environment and the broader

8. <https://www.pwc.in/publications/family-business-survey-2016.html>

9. Cirera, X., Marín, A., & Markwald, R. (2015). Explaining export diversification through firm innovation decisions: The case of Brazil. Retrieved from: <https://ideas.repec.org/p/nmp/nuland/2690.html>

aim to internationalise the business (56% of FBs aspire to do so), it becomes essential to ensure the right professionals are given the responsibility and power to lead the business.

Challenges to overcome

Accessing skills and capabilities, innovation, domestic competition and the prices of energy/raw materials are the key challenges faced by FBs in Bangladesh.

Key challenges over the next 2 years



It is instructive to note that, when compared to the global average of 60%, accessing the right skills and capabilities ranks as the key issue for Bangladesh, with 66% FBs identifying it as such. Overcoming this challenge is going to be vital for sustained growth. Although Bangladesh is a beneficiary of its demographic dividend, skills mismatch holds the productivity levels back. The country has a large pool of unskilled workforce migrating from agriculture to labour-intensive industries. Most industries have to hire unskilled workers and train them on the job under the supervision of a skilled worker. The attrition rates are also high among trained workers, given the high demand for skilled workers. Public and private sector partnerships can play a major role in upgrading skills in the country. Apart from the structural challenges in finding the right resources, professionals do not view an FB as an environment where they will be empowered to make critical decisions essential for growth. Moreover, professionals also have the perception that development and career growth are limited in FBs due to interference and micromanagement from the owners.

Domestic competition (63%) and prices of energy and raw materials (63%) are also more significant challenges when compared to the global averages of 49% and 43%. This is not necessarily surprising given that Bangladesh is still a maturing economy with a smaller total market (i.e. domestic competition is a bigger issue) and its industries have to heavily, if not totally, rely on imports for raw materials (resulting in higher prices). The growth of the economy, propelled by industrialisation, has resulted in a rapid increase in energy consumption. This has put stress on energy production, resulting in frequent power and gas outages. The annual loss to production due to power disruptions has been indicated to exceed 0.5% of the GDP.¹⁰ To tackle the energy crisis, small and independent power producers, who mostly use diesel to generate electricity, provide temporary and high-cost solutions.

The need for innovation has also been identified as a major challenge (63%). In our experience, digital and technological innovations are redefining the way businesses are carried out and will lead to significant business model changes. Technological innovations are changing the needs of customers and existing products are becoming obsolete very fast, and an in-house IT division may not suffice to keep pace with the global innovation climate. Tech entrepreneurs and the current crop of young entrepreneurs and start-ups can help to bridge the gap between established businesses and new ideas and solutions. It is interesting to note that innovation is a key concern for next gens as well, with 83% of the next gen recognising the need to innovate as a key business issue.¹¹ Therefore, building an ecosystem for these innovative ideas will provide Bangladeshi FBs with a competitive advantage in this era.

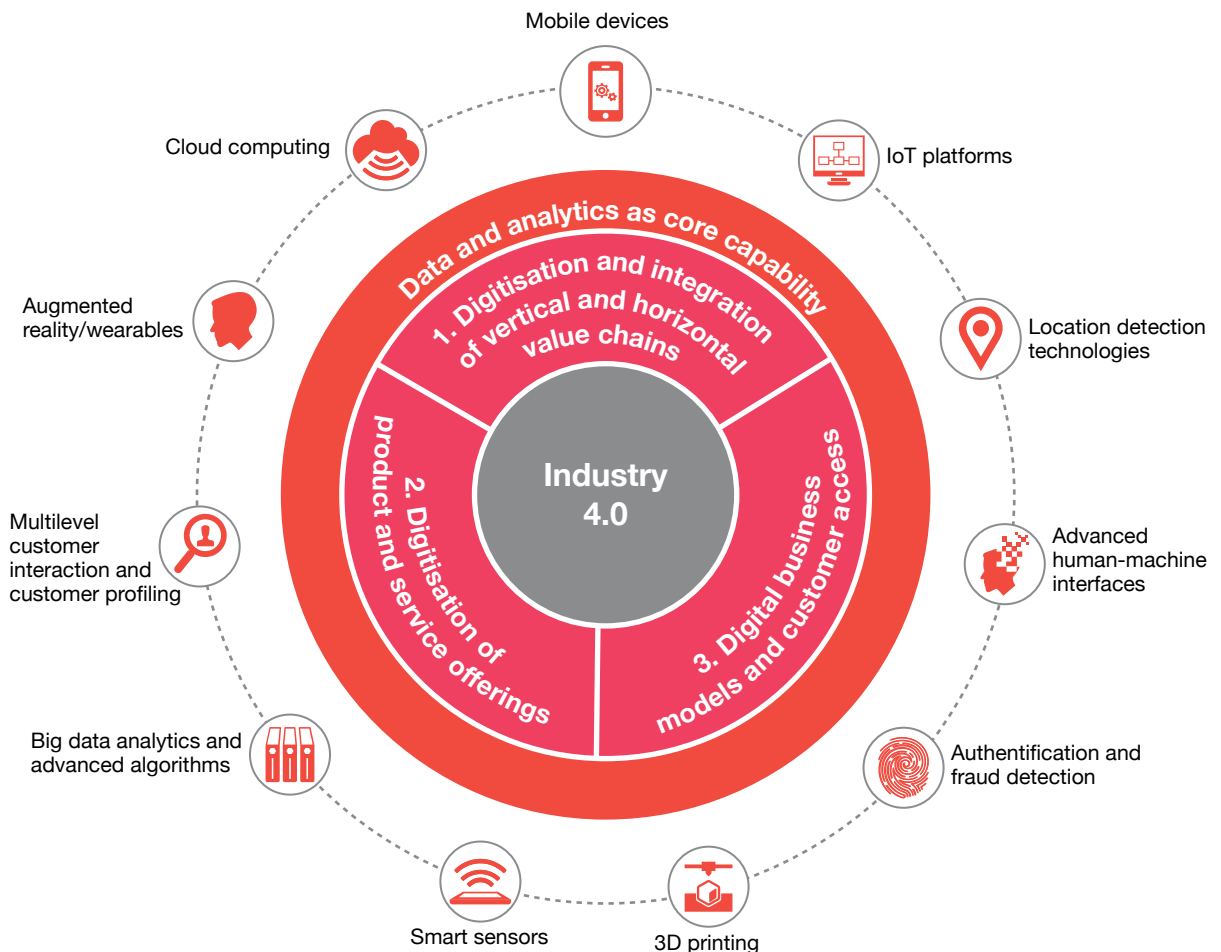
10. UNCTAD report. (2016). Service Policy Review (I). Retrieved from: <https://unctad.org/en/pages/PublicationWebflyer.aspx?publicationid=1568>
 11. <https://www.pwc.in/services/entrepreneurial-and-private-business/pwc-india-next-gen-study-2018.html>

Innovation and digital imperatives

The Fourth Industrial Revolution is going to change how firms do business at a very fundamental level. It goes beyond just computerisation and automation to a transformation process, which will see successful industrial companies becoming true digital enterprises with physical products at the core and augmented by

digital interfaces and innovative, data-based services. These digital enterprises will work together with customers and suppliers in digital industrial ecosystems. This new paradigm is often called Industry 4.0 and broadly encompasses the following technologies:

Industry 4.0 framework and contributing digital technologies



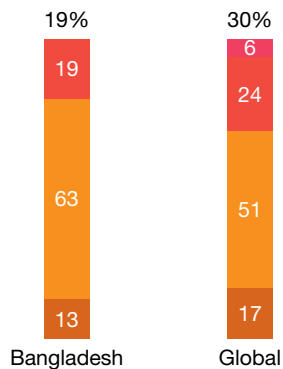
Source: PwC analysis

Industry 4.0 focuses on the end-to-end digitisation of all physical assets and their integration into digital ecosystems with value chain partners. Generating, analysing and communicating data seamlessly requires networking of a wide range of new technologies and underpins the value creation of Industry 4.0 initiatives.

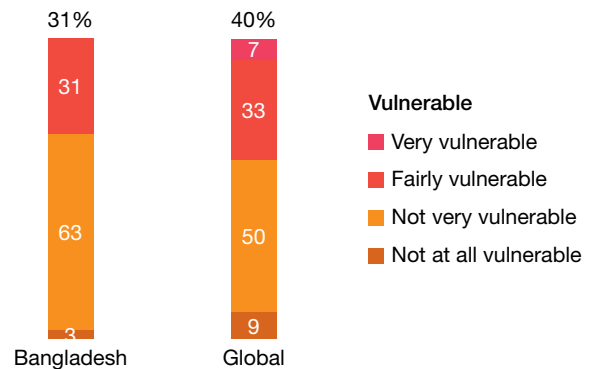
Adapting to these changes is going to be vital to remain globally competitive in the near future. Yet, only 25% of Bangladeshi FBs say digitalisation will be a key challenge compared to the global average of 44%. Further, **63% think they will have stepped up digital capability in the next 2 years. This is slightly higher than the global average.** On the flip side, in Bangladesh, only

19% of FBs see digital disruption as a threat compared to 30% globally. This attitude is also mirrored in the assessment of their vulnerability to cyberattacks, with 31% of Bangladeshi FBs perceiving them to be a threat compared to the global average of 40%. When asked about digital disruption, only a minority were able to talk about specific technologies. This tells us that there is a gap between aspiration and application. It is also important to keep in mind that FBs in Bangladesh, by and large, have only very recently begun implementing digitalisation programmes. Moreover, the industries they are involved in are not necessarily very high tech.

Vulnerability to digital disruption



Vulnerability to cyberattacks



When respondents globally were asked about the threat from digital disruption, only a minority were able to talk about specific technologies. The threat tended to be seen as challenging their existing business model.



Answers tended to fall into three camps – global findings

General threat from competitors – current or yet to emerge

- Competition could come from a wide range of sources
- Large multinationals– challenging the way they sell their products and the supply chain
- New entrants (large or small) with the skills and funding to disrupt the market and be digital from the outset
- Seen as hard to keep up and/or stay ahead
- Owning the data also seen as key
- Consumer behaviour is changing
- Increasing move to e-commerce
- Fear an increasingly price led market place will devalue the traditional strengths of FBs

‘If we cannot constantly innovate and incorporate new technology, we will not be able to increase productivity and efficiency and compete both domestically and globally.’

First generation business owner



Threat (or opportunity) from specific technologies

- Most mentions of artificial intelligence
- Small numbers of mentions of blockchain, big data, machine learning, 3D printing, driverless cars
- Tends to be raised as a competitive threat although some talk of the impact on jobs
- More likely to talk about as a threat than an opportunity – although some see as a means of getting ahead
- Again, challenges in keeping up; having the right skills set, leadership skills and investment

‘I would like the company to play an important role in the development of the country. To achieve that we will need more scientific and technological ideas in the company in this day and age.’

First generation business owner



‘AI, robotics and machine learning popping up here and there increases the level of anxiety.’

First generation business owner



Uncertainty/lack of understanding of the threat

- A sizeable proportion interpret digital disruption to be security threat
- Mentions of significant fears over cyber security, vulnerability to cyber crime, reputational threats from social media, banking fraud and/or systems outages
- Others have a more general fear of being left behind but lack the ability to get ahead
- The business or the family remain traditional in their outlook

‘There are new technologies coming up all the time and this could affect our business when we compete internationally. It’s hard to find a particular example but cyber security is an issue.’

Second generation business owner



Innovation and discipline: Rahimafrooz



In 1954, Mr. Abdul Rahim started a trading entity that was focused on garments retail. By 1958, Mr. Rahim and his company, Rahimafrooz, entered into a joint venture with British investors in the battery industry as a distributor. By 1990, Rahimafrooz took over the manufacturing operations, becoming the leader in the industry. Since then, the company has grown into one of Bangladesh's most prominent conglomerates, always focused on exploring new market segments. In the early 2000s, it started the first highly successful supermarket chain in Bangladesh, challenging the traditional cultural buying habits of households. Rahimafrooz kept expanding into uncharted territories of the automotive aftermarket, power and renewable energy sectors.

The five fundamental values of Rahimafrooz are integrity, excellence, customer satisfaction, innovation and inspiring people. 'The moral values that he (Mr. Abdul Rahim) emphasised continue to be values that we try to hold on to today,' said Niaz Rahim, one of Rahim's sons and a Group Director of Rahimafrooz. Emerging out of the company's values is the inner drive that leads it to focus on creating new markets and taking on non-mainstream ventures. 'The founder's belief in taking risks has always inspired us. We believe in going into undiscovered sectors to become market leaders and frontrunners,' said Niaz Rahim.

'We will never compromise on our integrity for profitability,' he added. Having transitioned from a typical FB into a corporate business structure in 1998, Rahimafrooz prides itself on its transparency and integrity. Be it ensuring all operations and taxes are accounted for, providing

scholarships to local associates' children, or conducting price freezes during Ramadan, Rahimafrooz stands firm on its commitment to the larger society. 'Our integrity and who we are in the communities we serve – whether they are international or local, anyone connected to Rahimafrooz appreciates and shares our fundamental values,' said Niaz Rahim.

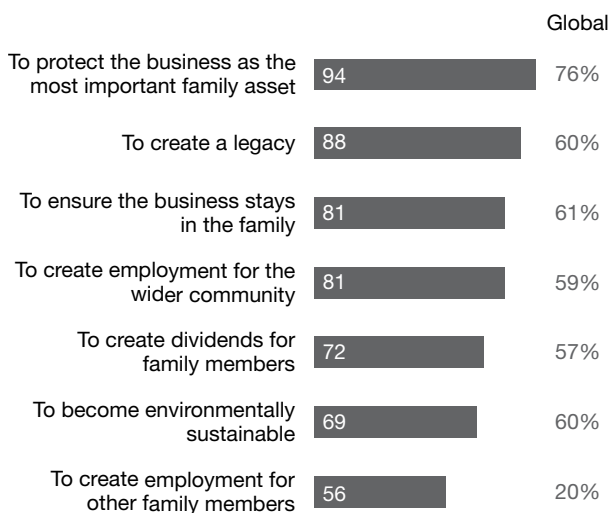
Mr. Abdul Rahim had always believed in maintaining a well-balanced and disciplined lifestyle along with a deep and meaningful family life. He ensured that all members of his family and the company employees were able to dedicate efficient effort at work and spend quality time with their families. In 2009, a family council was set up. The family council hosts annual assemblies to keep all members of the family, both those active and inactive in the business, informed on the progress of the company. The participation of a large number of members of the second generation results in various combinations of family members being involved in management and ownership. 'In times of crisis we debate, discuss, and unanimously make decisions for the company, as everyone is affected,' explained Niaz Rahim. With the third generation of the family entering the workforce, Rahimafrooz follows well-established procedures for integration; they are given an orientation to the five fundamental values of the company and then put under a manager in the sector that interests them the most. Such training is helping the newest generation to imbibe the company values while being prepared to lead the business in the future.



Vision and strategy

Bangladeshi FBs seem to have a few common characteristics. They are very optimistic about growth and have a good grasp of the challenges they face. Also, they expect to change their business model and intend to access new sources of finance. These attitudes are in line with their long-term vision, which for 94% of Bangladeshi FBs is to protect the business as the most important family asset and for 88%, to create a legacy. On both measures, the responses are higher than the global average.

Long-term goals (top 2)



The rest of the responses also indicate that for Bangladeshi FBs, the focus is on the family. The ultimate end goal is to create an asset that sustains the family (81%). That is to say, it is a way to generate and pass on wealth and income to the family, and a successful FB can be expected to grow larger and more profitable over the years. That said, about 81% of the FBs have long-term plans to generate employment for the communities they serve.

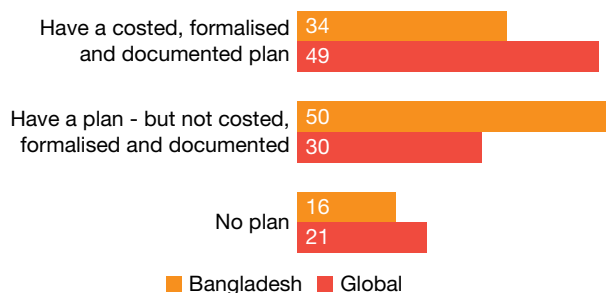
Strategic planning

The Family Business Survey results seem to show a disconnect between the vision and the current level of strategic planning that the businesses have engaged in.

Only 34% of Bangladeshi FBs say that they have a costed, formalised and documented mid-term plan (compared to 49% globally). Further, 50% have an informal plan, and 16% have no plan at all.

It is important to keep in mind that Bangladeshi FBs are still in the initial growth phase; keeping the business afloat and growing can hinder the process of developing a well thought-out, comprehensive strategic plan. However, there exists a tremendous opportunity to consolidate growth by designing practical, bankable plans that leverage the innate strengths of the business.

Have a strategic plan for the next 3-5 years



■ Bangladesh ■ Global

10 steps to effective strategic planning¹²

The following are 10 steps to planning strategically over the medium term in order to ensure business continuity for the long term:

- 1. Focus on goals, not tactics:** A strategic plan should not be confused with a business plan. A strategic plan is about setting your business goals over the medium term and deciding the direction of the firm. A business plan should lay out specific actions a company must take in the next year to make the strategic plan a reality. A comprehensive business plan is crucial; however, it's only part of the answer.
- 2. Stand in the future and look back:** FBs need to ask themselves questions such as where do we want to be in 3 years? In 5? In a decade? It is important for FBs to be able to clearly visualise what they want the future to look like, and then decide what needs to be done to get there, including the changes which need to be made to products and services, the balance sheet, working culture, and organisational structure.
- 3. Stand in the present and look around:** Assessing the current state of business is crucial: Is there a genuine competitive advantage? Are the ambitions realistic? What needs to change? FBs need to adequately assess whether the threat of new competitors and the likelihood of new game-changing products or services.
- 4. Invite input:** As an FB owner, it is very important to involve skilled people from across the company, and enlist trusted outside advisers, including those with a good grasp of how the market is changing.
- 5. Be prepared for change:** A rigorous strategic planning process should challenge the current operations and should be able to assess fitness for the next phase. An owner should be open to different alternatives and approaches, and develop the ability to adapt his/her personal role, as well as the way the business operates.
- 6. Set a timescale:** A good strategic plan should comprise correctly set and timely milestones to reach the final outcome.
- 7. Assign responsibilities:** : The CEO and board must take ultimate ownership of the plan, but specific elements need to be owned and delegated to appropriate managers and supported by the budget and resources necessary for success.
- 8. Translate the strategic plan into a business plan:** It is vital that FBs move from the strategic to the tactical by turning the first phase of the plan into a programme of action and implementation over the next 12 months.

- 9. Measure, monitor and adapt:** While the strategic plan is being implemented, it is very important to assess how well it's working and whether it needs to be fine-tuned. There should be key objective performance indicators to evaluate progress.
- 10. Communicate, communicate, communicate:** The strategic plan and progress made should be communicated. This builds a shared sense of commitment, energy and sense of direction which are vital ingredients of success.

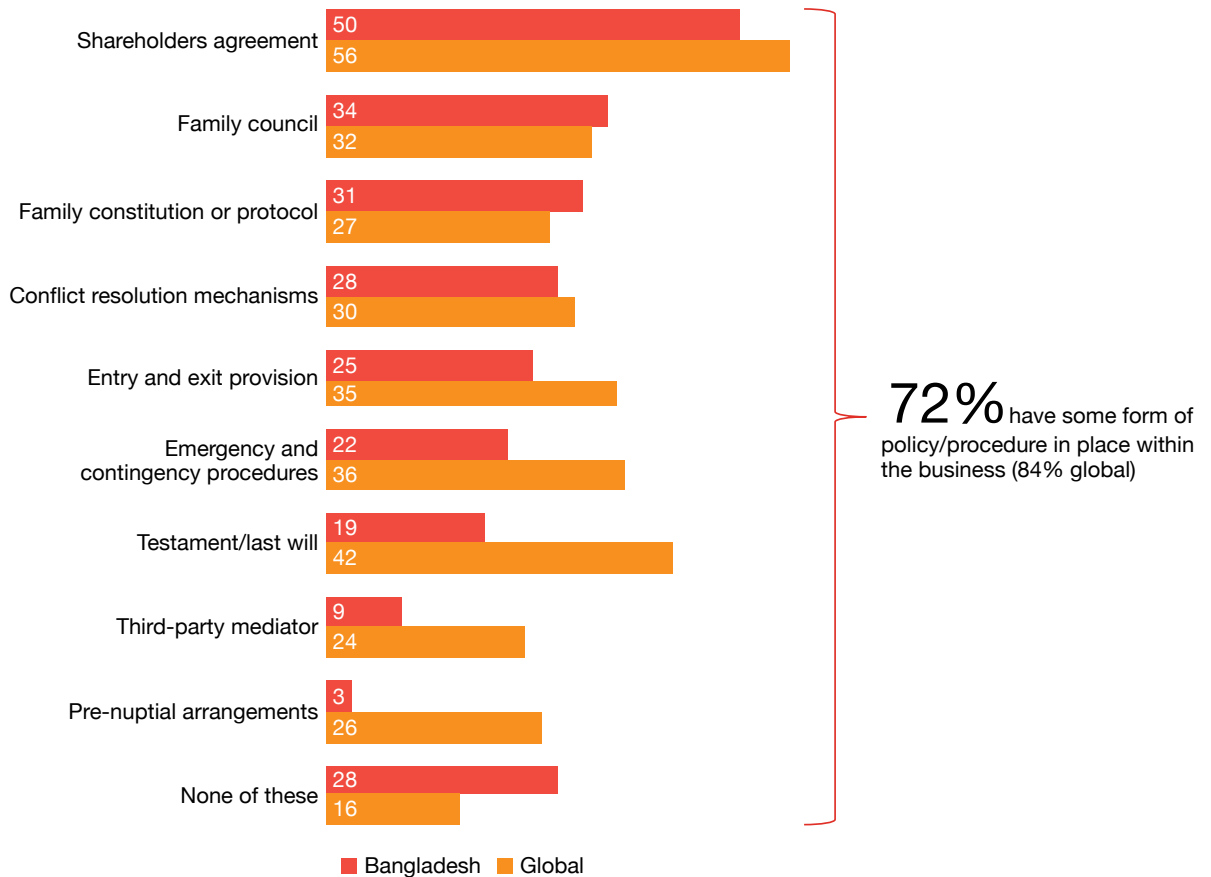


12. The Missing Middle: Bridging the strategy gaps in US firms family firms – US Family business survey; <https://www.pwc.com/us/en/private-company-services/publications/assets/pwc-family-business-survey-us-2017.pdf>

Policies and procedures

72% of FBs in Bangladesh have some form of policy/procedure in place within the business, slightly lower than the global average of 84%.

Policies and procedures in place



Our survey reveals that the shareholders' agreement is the main reference document for FBs, both in Bangladesh and globally. Family councils are also gaining importance; however, based on our experience of working with FBs, only a negligible number have a formalised family constitution/council, and a lot of the decisions are taken by the first gens or the eldest member of the family involved in the business.

To ensure business sustainability and growth, it is imperative to have the appropriate policies and procedures in place. These should lay out clear, documented processes to be referred to when unforeseen circumstances arise; in addition, they greatly aid in institutional capacity retention and produce results

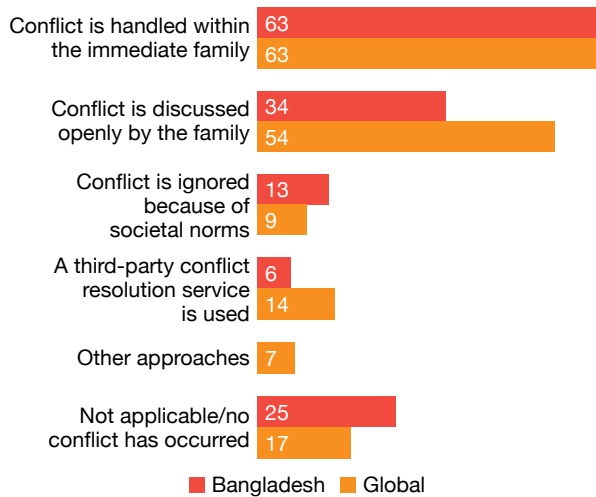
that are consistent and predictable. This is especially important when it comes to issues such as shareholder agreements and emergency and contingency procedures.

As FBs evolve, the need for family constitutions becomes more urgent in order to define the family values, vision and objectives; establish business relationships; define protocols; clarify roles and responsibilities; and tackle governance aspects for both the family and the business. Usually created by the current and next gen together, the constitutions facilitate and streamline the process for ease in business and family alignment and transition from one generation to the next. In our experience, they also enable greater clarity from an ownership and management perspective and help create boundaries between the family and the business.

Conflict resolution

63% of Bangladeshi FBs claim that family conflict is handled within the immediate family. Only 6% use a third-party resolution service.

Approaches used to handle family conflict



One cannot discuss FBs without assessing how families will protect themselves and their businesses from conflict—both within the family and within the business. It is absolutely vital that families put in place fair, effective and robust mechanisms to deal with, manage and overcome conflict. The Family Business Survey shows that 75% of all Bangladeshi FBs (lower than the global average of 83%) have at least one procedure or mechanism in place to deal with family conflict, thus proving that FBs appreciate the need to minimise their risks in this area. However, whether or not these procedures or mechanisms are used during a conflict scenario remains debatable.



Success amidst adversity: Transcom Ltd.

Mr. Latifur Rahman Chairman
Transcom Ltd.



Success through sustainability and respect has guided the way for Transcom Ltd. Having started in 1885 in Jalpaiguri with tea plantations, Transcom has witnessed the challenges of independence in India and Pakistan and later, Bangladesh. During

the tough '50s and '60s, the company diversified into jute manufacturing and saw immediate success. Post liberation, industrial nationalisation efforts led to severe financial difficulties. 'I restarted my office with rental furniture and four people...there were times I had less than 100 taka for my family. [Going] from a place of affluence to such hardship taught me a big lesson about the importance of ensuring sustainability and believing in all of my endeavours. There was no question of giving up. Putting my feet up and giving up were not in my DNA. Whatever it is I decide to do, I'll have to find a way to excel at it,' said Latifur Rahman, Chairman of Transcom Ltd.

Mr. Rahman signed a bartering agreement with the Bangladesh government and Germany to import pesticides for the government and make payments with tea, since at that point of time the Central Bank of Bangladesh had very limited foreign currency reserves to settle the bill. This opened the gates for more opportunities globally. Transcom soon became the official buyer and exporter of tea for one of the largest Dutch tea trading companies in the world. Since then Transcom diversified its business into multiple sectors by partnering, franchising and working with leading global multinational corporations. In 1983, the name of the organisation was changed from Tea Holdings Ltd. to Transcom Ltd.

Mr. Rahman views all those in Transcom Ltd. as his professional family and leads by example by living his values in his day-to-day life, thus enabling the values to permeate the company's culture and practices. Honesty and transparency are basic requirements for Transcom Ltd., as Mr. Rahman highlights the necessity of maintaining global standards in everything it does, makes or sells.

'I try my best to create a work environment based on merit-based compensation, respect and empowerment. Every single person in Transcom deserves respect for their role and contribution,' said Rahman. Such a philosophy creates an atmosphere of trust and collaboration amongst the management teams in Transcom Ltd.'s various companies. He added, 'By encouraging senior management members to discuss and learn from one another's unique channels, a sense of familial cohesion has been cultivated within Transcom Ltd., allowing each of the companies to adapt, adjust, and evolve independently with a strong emphasis on norms and values.'

Through the growth and expansion of Transcom Ltd., Mr. Rahman has incorporated subsequent generations into the businesses; however, joining the FB is not an expectation, and family members are given the liberty to choose their career. Next gens who decide to join the business go through rigorous training to understand the business ethos of the company and how it operates.

Given its affiliation with the highest number of global companies in Bangladesh, Transcom prides itself on never having defaulted on payments. With the growth of Transcom Ltd., Mr. Rahman sees the major part of future management of the organisation comprising more non-family members, which he believes will be beneficial for all stakeholders. He views the sustainable growth of Transcom to be essential and aspires to make it a global organisation. In his own words: 'I hope the future of Transcom will see it develop from a Bangladeshi company into a regional company, and then into a global company while retaining its Bangladeshi identity and roots.'

Continuation of legacy by the next gen and beyond

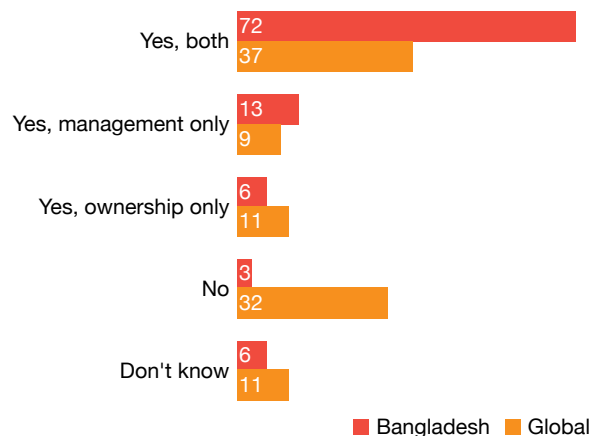
Lasting legacy

Globally, continuity/endurance is key to the creation of a legacy—of the physical business, of the family involvement, of the growth and success of products and services, of the support given to communities. Many FBs define success in terms of not just financial wealth but also less tangible elements of personal growth/development, community/employee support and the upholding of core values.

The next generation of leaders

91% of Bangladeshi FBs plan to pass on management and/or leadership to the next generation. Both will be passed on in 72% of the cases. This is significantly higher compared to the global average of 57%.

Passing on management/ownership to the next generation?



91% plan to pass on management and/or ownership to the next gen (57% global)

Examples from Bangladesh

“Training our employees to be global leaders.”

First generation business owner



“We want our family to be remembered by how we changed lives and our communities.”

First generation business owner



“To maintain the integrity and reputation of the business built over the last 35 years. Excellence in products, services, and leadership.”

First generation business owner



“This business has been in the family for more than 60 years and we definitely want to have continuity. We are in the consumer products business, so we innovate in order to have a lasting impact on the customer’s life and ensure that s/he is satisfied with our products.”

Second generation business owner

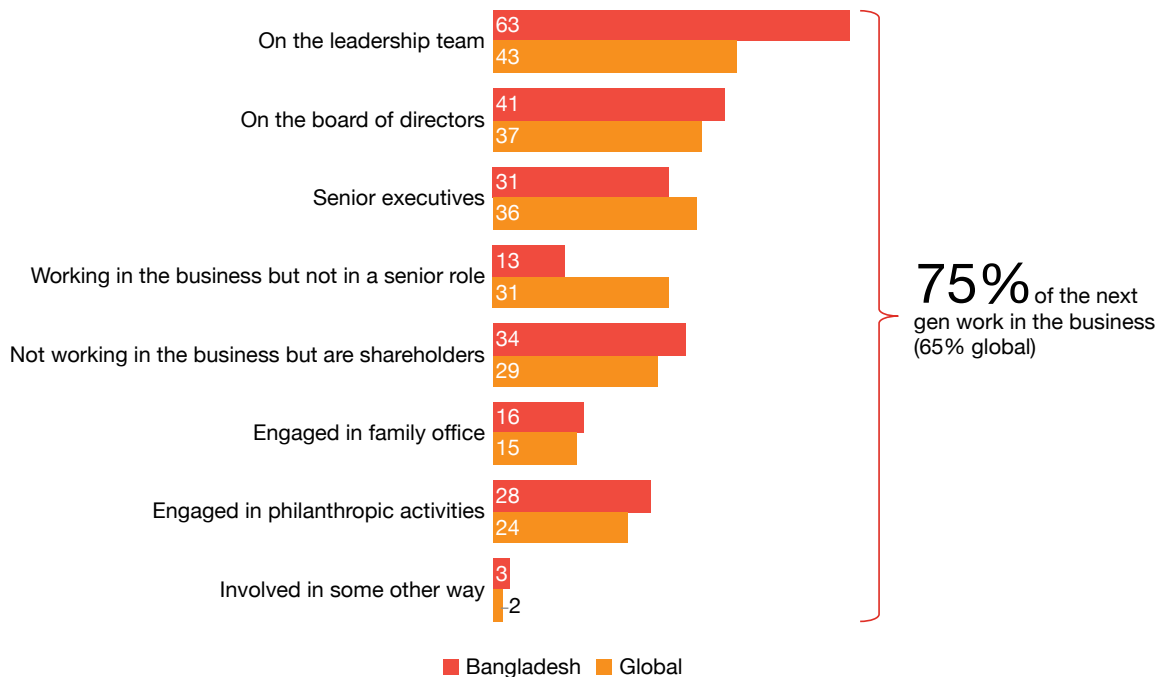


Connected to the vision of Bangladeshi FBs of protecting the business as the most important family asset, the majority of FBs will be passed on to the next generation. The survey reveals that 75% of the next gens are involved in the business. In the section on 'Growth and challenges', we saw that 75% of the FBs are hiring professionals from outside the family to help run the business. Given the

number of years the Bangladeshi FBs have commenced and have been operating, we can expect a combination of professionals and family members to run the business. Their coexistence will be important to the sustainability of the business. A vital link here will be the acquisition of the right talent and skill, which is one of the key challenges FBs face in the current business climate.

75% of FBs in Bangladesh have next generation family members working in the business.

Involvement of the next generation in the business



Compared to the global average of 65%, Bangladeshi FBs have more next-gen family members working in the business. In addition, 63% of the next gen working for the business are in leadership teams, which again is higher than the global average (43%). On the other hand, about 34% of the next gen do not work for the company but own shares. Based on our experience of working with the FBs in Bangladesh, we see more and more next gens are joining their FBs, learning about how the businesses are run and taking new initiatives to add to the company portfolio. However, some next gens are

choosing to build their own careers outside the FB. Thus, the structuring of a succession plan is an extremely important consideration for FBs. Business owners must decide whether they will groom their next gens to run the business or professionalise the business and pass on only ownership to the future generation. It is essential that the choice the FB makes is clearly thought out and communicated and that next gens are adequately trained to take up the ownership of or manage the business.

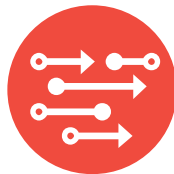
The four succession paths are outlined below.

Which path is your next gen going to choose?



Stewards

Stewards focus on protecting the profitability of the family firm and ensuring its long-term sustainability.



Transformers

Transformers take on the task of driving significant change in the family firm, with the scope and support to do so.



Intrapreneurs

Intrapreneurs set up their own venture within the FB, often with financial backing from the family.



Entrepreneurs

Entrepreneurs set up their own separate venture outside the family firm, with no profits going back to the FB.

Source: PwC analysis

A recent thought leadership by PwC, 'Family, legacy and you: Perspectives on succession planning and business continuity',¹³ discussed how documented and formalised succession planning is necessary for preserving the family legacy and enabling the business to survive for generations. The report highlights how delicate and sensitive family dynamics and issues such as continuity planning, succession planning, generational change and conflict management may be handled carefully. It also reinforces the importance of clear and open discussion with the two generations—the one leading the business presently and the next generation which is preparing to do so—on the aspects below in order to ensure long-term success of the family and the business.

- What are the expectations of the current generation from the next gen? Do these match the ambitions and desires of the next gen? For instance, the next gen may want to choose a different career path while retaining ownership of the FB. In such a case, are their goals aligned with those of the FB and the expectations of the current FB leader?
- How are the next gen being groomed, counselled and inducted into the business?
- How are the three critical gaps faced by the next gen being handled—the credibility gap, the communication gap and the generation gap?
- If there are multiple next gen, have roles been defined for each of them?
- Which of the next gen will be owners and which ones will manage the business? How will the next gen with different roles be rewarded?
- How are conflicts in thinking and decision handled, particularly in relation to changes needed to business models with, say, digitalisation?
- How are the next gen working with non-family professional leaders in the business?
- Have the next gen been given room to make decisions independently?
- How are new ideas taken on board?
- How do the next gen demonstrate commitment to the family legacy and the business?
- Are there documented protocols or a family constitution which underlines the key roles and responsibilities to facilitate easier communication and decision making and resolution of varying approaches?



13. <https://www.pwc.in/assets/pdfs/publications/2018/family-legacy-and-you.pdf>

Successful succession

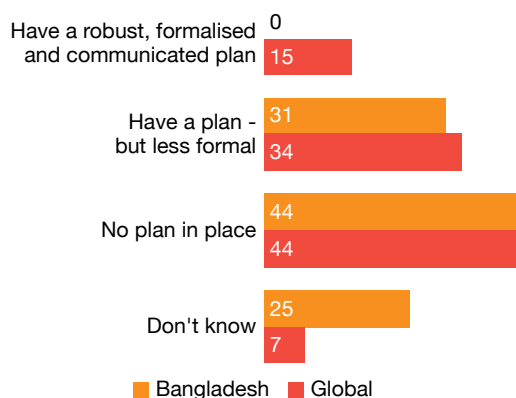
One of the biggest challenges that FBs face is around succession. About 37% of FBs across the globe will be passing on the business to the next generation in the next 5 years; around 91% of Bangladeshi FBs plan to do so as well. Out of 100 businesses which are set up, 60 stay in business through the second generation, 32 until the third generation and only 16 survive until the fourth generation.¹⁴ Hence, succession planning is instrumental to ensuring business continuity and keeping the family legacy alive.

Succession planning is not an event; it is a continuous process. It involves a focused, deliberate and determined effort, backed by a strong will, to put in place processes and systems to ensure the business continues uninterrupted when it transitions from one generation to the next or to someone outside the family. Succession planning for the business involves documenting a strategy for key personnel and key functions.

This crucial, and often difficult, process is something that FBs in Bangladesh have largely neglected.

Alarmingly, no FBs in Bangladesh have a robust, formalised and communicated succession plan in place (vs. 15% on average globally).

Does the business have a succession plan in place?



The findings of the Family Business Survey show that around 31% of Bangladeshi FBs have an informal plan compared to 34% globally. Around 44% of the FBs surveyed say they have no succession plan, which, interestingly, is the same as the global average. In addition, 25% of the respondents say that they do not know if a succession plan is in place, indicating that there might be a lack of communication and a need for dialogue and knowledge. This is one aspect of planning for the future that needs to be given a lot more focus.

Given the significant involvement of the next gen in businesses, it is evident that companies are increasingly looking at transitioning authority and responsibilities to the next gen. This was the case for Sharif and Asif Zahir of Ananta Group as they transformed their business into one of the most traditional industries of the country (see page 24). While the speed and extent of this transition can vary from one company to another, developing and communicating a robust plan is essential to business continuation and legacy. Moreover, an FB's strategy will not be complete unless next gens are involved in business conversations and due consideration is given to their expectations, regardless of whether they decide to get involved in the existing business or decide to set up a new business on their own.

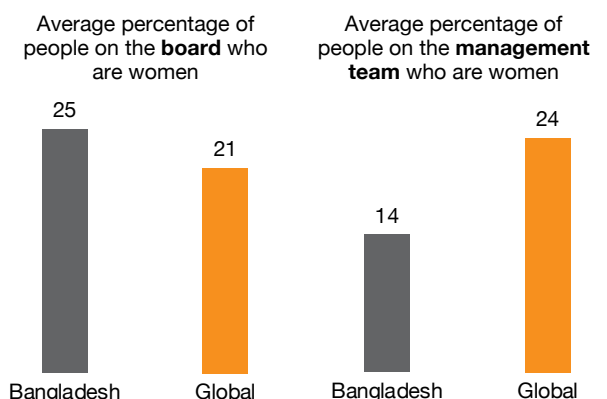
Gender

On average, women constitute 25% of board members in Bangladeshi FBs but only 14% of the management team.

It is interesting to note that women make up around a quarter of board members (owners). However, Bangladesh (14%) lags behind other countries (24%) when it comes to the presence of women on the management team.

The role of women in Bangladesh FBs has been evolving over the years. Traditionally, women on the board had limited decision-making authority; however, more women are getting engaged in the company's philanthropic activities, initiatives related to the role of women in the workplace, etc. Additionally, women's involvement in the core business is also increasing. Businesses are appreciating how the diversity of skills, viewpoints and opinions contributes to healthier growth. Nevertheless, there is significant room for improvement in this area, and it is one we will be tracking with great interest in the next iteration of the survey.

Presence of women in the business



14. PwC analysis

Transforming traditions: Ananta Group



Challenging traditional norms and innovating to push boundaries have been the guiding principles that have propelled Ananta Group into becoming one of Bangladesh's most prominent garment manufactures. The organisation was established in 1991 by Humayun Zahir. The initial years of Ananta Group saw it venture into manufacturing industries such as garments, paper mills and toys. The sons, Sharif Zahir and Asif Zahir, had to take over Ananta Group after their father's demise. After taking over, the brothers revamped the organisation and went on to make a mark in the highly competitive garments industry in Bangladesh.

'I believe in stability; we were young at the time and wanted to change everything, so I took time to adjust,' said Sharif. Having been driven by the values set by their father, as well as learning from big industry players, Sharif and Asif Zahir set out to differentiate themselves in an already established industry. They led the group in a new direction, focusing on specialising in the garments industry and initiating an industry-wise transformation.

When they started, Ananta Group consisted of a single factory with 1,500 employees, but through their efforts at expansion, the organisation, as of 2018, consists of eight factories with 26,000 employees. A defining characteristic of Ananta Group has been its tendency to break out of the mould for Bangladesh's garments industry. As Bangladesh is well known for denim bottoms, Ananta Group initially focused on the value-added aspect of the product, developing expertise in the finishing process. Additionally, the organisation has not been afraid to venture into a diversified range of products within the apparels industry that are not common in Bangladesh, such as suits, sweaters and lingerie, thus making it both unique and a pioneer. Ananta grew at rates of 25–30% per year in the last decade, while the industry grew at 15–20%, thereby staying well ahead of the curve.

The driving force behind Ananta Group's growth has been the shared passion of the brothers to make a difference. 'We were quite obsessed...I was quite obsessed with what I was doing. Our discussion from morning till evening at home, all our private discussions, were about the company. Even now it's like that,' said Sharif. Asif, after his stint with Google, joined his elder brother Sharif at the FB and complemented him in terms of strategic thinking. They focused heavily on bringing in the best talent to help create a proper management structure. They recruited talent not only from the local market but also from overseas. 'We want to bring global best practices to Bangladesh. We bring in talent and international exposure to help develop and innovate each sector we are in,' said Asif. The recruitment of highly skilled employees and trusted delegation of operations have allowed Ananta Group to create an atmosphere of shared passion, loyalty and excitement amongst everyone in the organisation. This atmosphere is credited for the group's rapid growth.



The group's values also prioritise environmental and social impacts in what it does. The organisation has focused on ensuring that its factories received international certifications, and that energy-conserving technologies have been installed within its operations. In addition to that, Ananta Group has reached out to communities that its employees belong to by working with one of the largest NGOs in the world on initiatives such as improving hygiene within communities, supporting hospitals, and improving worker training and education.

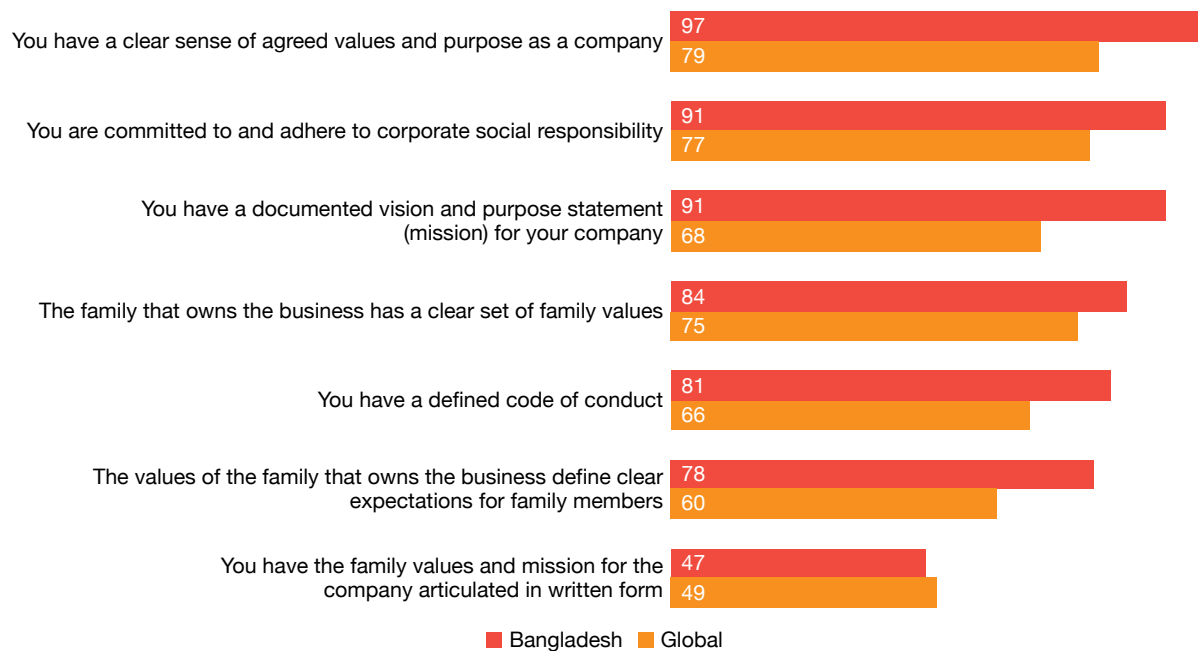
'We never want to be a small player in any industry we enter. There will always be opportunities elsewhere, but we have to be careful with how we diversify. We have specific competencies that will allow us to be successful,' said Asif. The brothers are already causing disruption in the real estate and e-commerce industries. They believe their values, ability to attract talent and strategic approach will lead them to become leaders in any new industries they may enter.

Values as a success driver

‘Value-driven intentions will always create better results and leave an enduring impression in all of our lives,’ said Mostafa Kamal, Chairman of Meghna Group of Industries (read his complete profile on page 29). In a majority of Bangladeshi FBs surveyed, values are created by the

owners by envisioning the perception they want to create in the communities they serve. These values need to be actualised throughout the organisation to effectively transform the business into a social asset that engenders a strong and positive reputation.

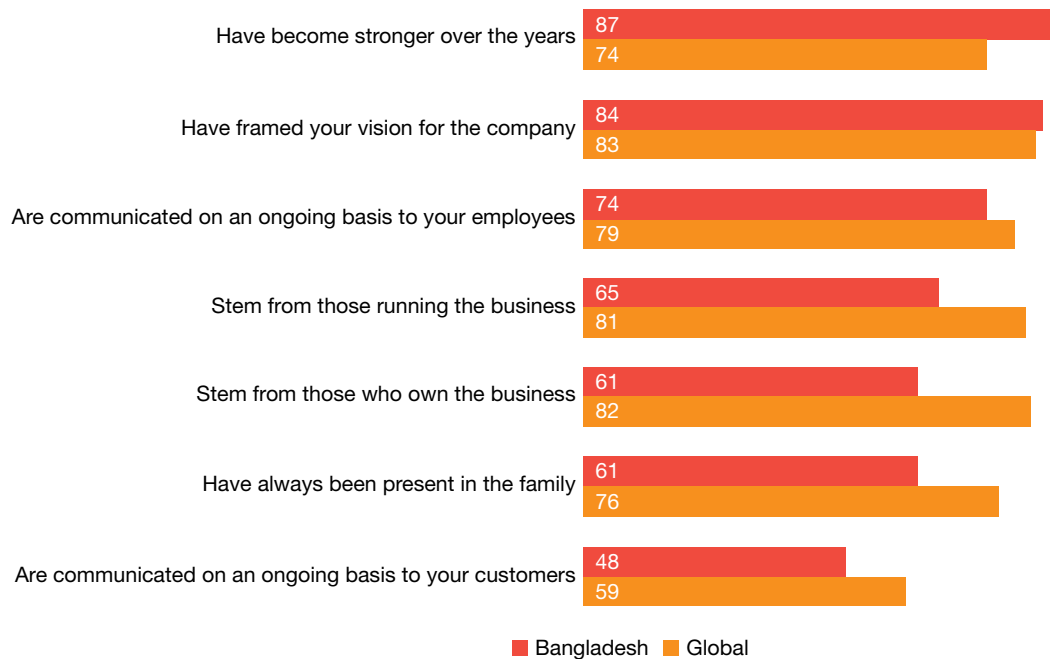
Agreement with statements



Almost 97% of Bangladeshi FBs say that they have a clear sense of agreed values. It is felt strongly that such values benefit the company, notably in areas of business reputation and staff retention/being an attractive workplace. Two-thirds feel their values have created a competitive advantage or increased profitability.

However, fewer than half (47%) have these values or a company mission in a written format. This leaves Bangladeshi FBs with the opportunity to develop well-documented and communicated values/a company mission to create social assets that generate higher returns in the long run.

Would you say that values and purpose...



Around 87% of Bangladeshi FBs feel that values and purpose have become stronger over the years and have framed their vision for the company. This is an encouraging indicator that more and more of them are working towards building the social assets of their businesses in the communities they serve. For 65% of the respondents in Bangladesh, values are being generated by those who directly run the business. Although this figure is lower than the global average of 81%, it suggests that the values and purpose are dynamic and capable of being adapted to changes in the business environment. In future, with the inclusion of professionals in FBs, we may witness an increase in this variable. Based on our experience of working with FBs in Bangladesh, we find that most owners are involved in the business and they

also determine its values. Indeed, as per our survey, for 61% of Bangladeshi FBs, values and purpose stem from those who own the business).

From this section, we can conclude that FBs in Bangladesh are driven by dynamic values and purposes often created by the by those who run the business (including owners) and have business acumen. While Bangladeshi FBs are likely to catch up with their global counterparts on the above parameters as they mature, professionalise and become more globalised, it is very important to ensure that the business values and purpose are communicated to customers on an ongoing basis to develop strong social assets.

While 80% of FBs globally say they have a clear sense of company and/or family values, when asked to describe these values, the responses tended to be rather weak and generic. The common words which came up included:

Integrity	Honesty	Employee
Hard work	Respect	

Companies with documented family values and mission are in a better position to communicate their values.

Additional words that came up regularly:

Community	Integral
Committed	Ethical
Customer	People
Sustain	Innovate
Quality	Trust
Fair	Open

The findings of PwC's ninth Global Family Business Survey suggest that companies who have written down their family values and mission are also more likely than average to:

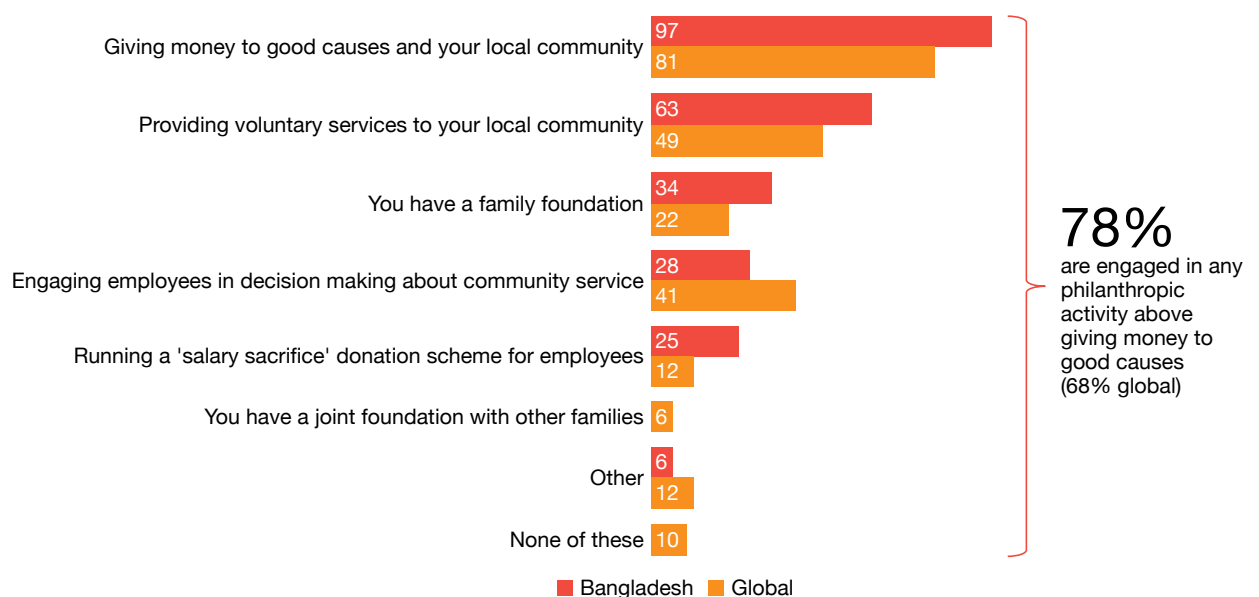
- Have a formal succession plan in place
- Have a fully costed, formalised and communicated mid-term strategic plan in place
- See cyber and AI as challenges
- Have grown in the last 2 years
- Expect to grow in the next 2 years.

Philanthropy: A tool for creating value

The vast majority of Bangladeshi FBs are engaged in some form of philanthropic activity; for most, this is related to a specific important cause or community focus. Culturally, families in Bangladesh are tightly bonded. Family members support each other to ensure they share the

same level of livelihood. These gestures are not limited to extended families; in fact, more and more businesses are concentrating on helping the communities they serve to build long-lasting social assets.

Engaged in any philanthropic activities?



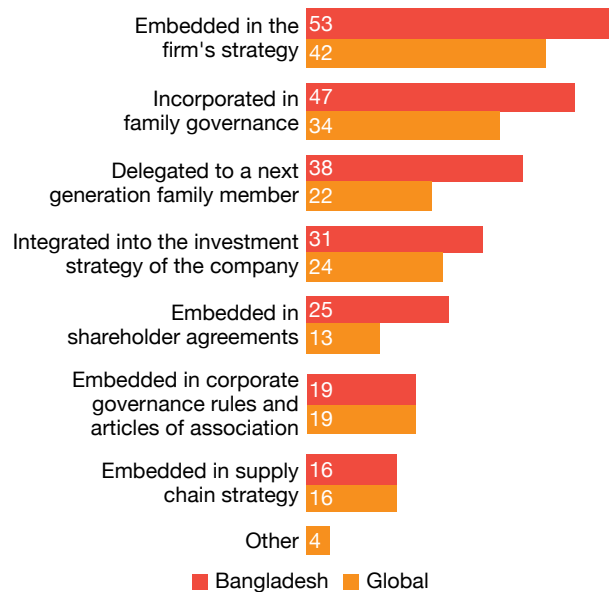
Those engaged in philanthropy use a variety of methods to ensure these activities happen. However, only 38% try to measure the impact of

their philanthropic activity, thus indicating there is room for improvement in evaluating the social assets they create.

Measuring the success/impact of philanthropy



Methods used to ensure philanthropy occurs



'I aspire to leave a lasting mark on the education systems within the communities the company serves, and to develop a culture of setting up charity funds within the business communities to elevate the livelihood of the people around us.'

First generation entrepreneur

'Leaving a positive impact on the local community and the world as a whole. To gain success through hard work and build on it.'

Second generation business owner



Values, the biggest driver: Meghna Group of Industries



economy. It went from being a trading entity to a manufacturing conglomerate that seeks to generate value for consumers, the organisation, stakeholders and society in general.

The Meghna Group of Industries was established with a value-driven culture, strongly inspired by the mother of Mr. Mostafa Kamal, the Chairman of Meghna Group, who instilled in him her strong sense of morality and work ethic. In the words of Mostafa Kamal, 'Due to my upbringing, there was always a considerable amount of appetite in me to face challenges with courage and passion. As an organisation, we always put respect, responsibility and relationships first to foster humanitarianism. Any beginning requires a great deal of curiosity, agility and simplicity to develop a mind-set of openness in the organisation.'

In its transformational journey, Meghna Group of Industries faced various challenges. 'We were convinced to take risks without fear of failure. Facing the unknown required resilience,' said Mr. Kamal of the initial years of growth. Having diversified into various industries such as shipping, consumer goods and cement, Meghna Group of Industries currently consists of 35 industry verticals, though they are pushing to make it 50 industry verticals by 2020. As Mr. Kamal put it, 'To make such colossal growth sustainable, we must count every paisa. Gradually, we are embracing every new concept, system development and automation with the aspiration of adopting the latest technologies constantly.'

Establishing a sense of family and community within the organisation has been an essential component of the company's success. Corporate strategy sessions are conducted on an annual basis with senior members of the organisation and family members to understand how best to implement the long-term vision of the company.

With the vision to 'be Bangladesh's most progressive and admired global conglomerate', Meghna Group of Industries believes the keys to success are customer focus, integrity, respect, teamwork and keeping promises. This focus on bringing the values to life is embedded in the corporate culture, as every Sunday 'value practising hours' are conducted to discuss and inspire the

Established in 1976 as the Kamal Trading Company, the growth and expansion of Meghna Group of Industries have made it one of the frontrunners and drivers of Bangladesh's emerging

actions of employees. Mr. Kamal focuses on putting the customer first, and always encourages his colleagues to go the extra mile to ensure satisfaction irrespective of the company's position and function. Identifying each employee's strengths and weaknesses has been essential in creating a cohesive work environment, as it has resulted in superior teamwork and engendered an atmosphere of trust, truth, and enterprise.

While revenues and profitability are core to any organisation, Mr. Kamal does not believe they do not outdo the company's focus on values. According to Mr. Kamal, 'When you fix values driven by thoughts, they can lead to better actions. Better actions often lead to better habits, and better habits allow us to form character and destiny. Value-driven intentions will always create better results and leave an enduring impression in all of our lives.'

Incorporating his children in the Meghna Group of Industries has been important for Mr. Kamal. Currently, three of his children have joined the business after having completed their higher education, but they are still learning the inner workings of the organisation in order develop a personal and professional connection with it. As Mr. Kamal put it, 'When I first acquired the land in Meghnaghat back in the late '80s, I used to take my eldest daughter along with me for her to see the pain, agony, dreams and hopes that go hand in hand. I usually spend at least a whole day in a week in the factory with one of my family members. This family tradition continues today, as Mr. Kamal's grandchildren also visit the office frequently, viewing the environment as both a playground and a place where important work is accomplished. This exposure helps create a link between the professional and personal perspectives of the organisation. 'Meghna Group of Industries will grow and excel based on a shared value system, which will distinguish us and give us a competitive edge,' Mr. Kamal added.



Understanding the family in a family business

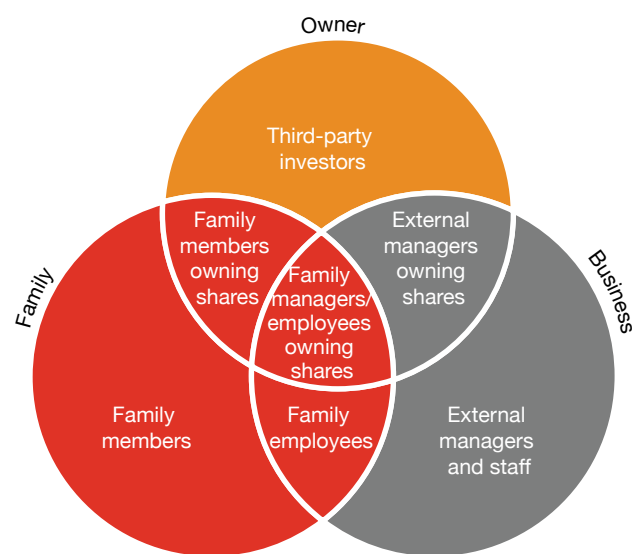
This section deals with the involvement of family members, the debate on management vs ownership, continuity and succession.

The Three-Circle model below illustrates the varying roles played by family and non-family members in an FB. The horizons of an FB and the intersection of relationships—personal and business—have a powerful impact on business strategies, outlook and success.¹⁵

This framework clarifies, the three interdependent and overlapping groups that comprise the family business system: family, business and ownership. The overlap between the groups creates seven interest groups, each with its own legitimate perspectives, goals and dynamics. The long-term success of family business systems depends on the functioning and mutual support of each of these groups.

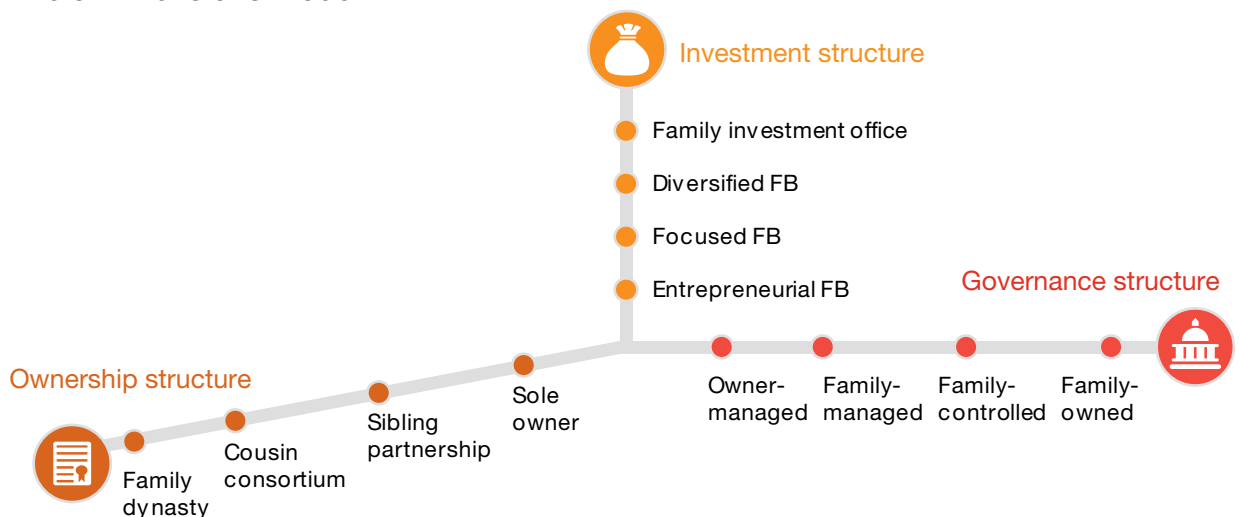
Structural challenges and concerns vary across companies based on the ownership structure, investment structure and governance structure. The 3 Dimensions Model developed by Peter May depicts the way a FB is organised, the number and roles of different members, the presence (or absence) of family offices,¹⁶ the management vs ownership structure and so on. All these factors greatly influence the ways in which an FB functions and is managed.

The Three-Circle Model



Source: Model by Renato Tagiuri and John Davis

The 3 Dimensions Model



15. <https://executive.mit.edu/openenrollment/program/multigenerational-family-enterprise-success-program/#.XBsrQmgvPIU>

16. Read more about family offices in our report 'Family, legacy and you: Perspectives on succession planning and business continuity' at <https://www.pwc.in/assets/pdfs/publications/2018/family-legacy-and-you.pdf>

The 3 Dimensions Model provides a framework to assess governance tools which are relevant for FBs. The assessment can be done on a case-to-case basis and governance tools can be identified depending on the ownership, governance and investment structure. For

example, a third-generation FB in a 'cousin' consortium needs a different model from a founder-driven organisation. The table below identifies the structural challenges faced by a typical FB.

Ownership structure 	Investment structure 	Governance structure 
Sole owner • Dependence on sole owner • Abuse of power • Succession • Emergency plan	Entrepreneurial FB • Dependence on founder • Business model • Scarce resources • Lack of professionalism • High risk	Owner-managed • Dependence on entrepreneur • Succession • Emergency plan
Sibling partnership • Sibling rivalry • Ownership competency • Entrepreneurial spirit	Focused FB • Life-cycle risks • Cluster risks	Family-managed • Conflicts of interest between active and non-active owners • Envy, jealousy, resentment • Foul compromises
Cousin consortium • Diversity • Old rivalries • Entrepreneurial spirit • Reduced owner identification • Cohesion	Diversified FB • Other competencies required • Professional portfolio management • Resource fragmentation • Reduced owner identification	Family-controlled • Finding and retaining qualified managers • Principal-agent problem • Reduced owner identification
Family dynasty • Reduced owner identification • Cohesion	Family investment office • Other competencies required • Reduced owner identification	Family-owned • Sole dependency on third parties • Reduced owner identification



Moving forward

Bangladeshi FBs clearly demonstrate a strong sense of confidence and enthusiasm for growth in the coming years. Along with profitability and growth, values and social responsibility tend to be on the list of priorities of businesses who aim to reap the dividends of their social assets. At the same time, Bangladeshi FB owners seem more open to tweaking their business models (28% compared to the global average of 20%) to be more competitive in the global market and a majority of them are poised to ramp up their digital capabilities as a part of their transformation. However, Bangladeshi FBs should meticulously assess the role of technology disruption to

ride the Industry 4.0 wave and safeguard themselves from technological and competitive risks.

Despite the various challenges Bangladeshi FBs face, they seem very optimistic about the future, which is clearly demonstrated by the heightened entrepreneurial activity in the country. To sustain such optimism, FBs in Bangladesh must lay down well-documented strategies, incorporate value for creating social assets, and develop clear actions to tackle current challenges as well as anticipate challenges that will arise in the next 2 years and in the not so distant future.

Some of the questions worth asking are:

Is my business fit to adapt to the evolving geopolitical uncertainties and global megatrends?

Have I considered how digital disruption abroad impacts my operations in the country? Am I aware of my local and global competitors and can I anticipate the emergence of new competition?

Am I considering the profitability aspects of my businesses or am I emotionally attached? Should I continue with my legacy business or should I lead by leaving?

Have I mentored and identified my succession to take my legacy into the future? Do I share my vision with my successors to ensure value and business continuity?

Have I been able to attract and retain high-skilled professionals in my company? Have I been able to establish definite roles for professionals and family members in the business? Am I able to address conflict neutrally?

Are the shared values and succession framework well documented, costed and communicated to the family and the business?

Am I able to differentiate between family and business in my organisation?

Are my next gen adequately prepared to take charge of my business or should they pursue their own aspirations? How do I ensure the next gen are receiving equal distribution of wealth from the businesses?



Looking ahead: Building businesses on a foundation of values

Ganesh Raju K
Entrepreneurial and Private Business Leader
PwC India



At the heart of every FB we have worked with are its set of values. These family values evolve into the business values, company vision and statement of purpose. The underlying values provide FBs with stability as they aspire to achieve double-digit growth while navigating geopolitical and economic changes, facing technological disruptions in digital and cyber, handling varying interests of family members and generations, and resolving business challenges centred around innovation and talent.

As with any business, leaving a legacy is important to family leaders and owners. But it is critical to ask here if FB leaders have done enough to ensure there is a sustainable business to start with—one which will exist and continue for the legacy to grow. In the previous section, we have shared some questions that FB leaders need to reflect on before they embark on a growth journey and build their legacy in Bangladesh and abroad. In PwC's Global Family Business Survey,¹⁷ my colleagues from across the world have shared their perspectives on the key principles for deriving value from values, building a digital legacy and developing a forward-looking legacy. I would like to share my five principles for pursuing purpose here:

1. Purpose defines your 'licence to operate' beyond making money. Be clear on which problems your business is committed to solving, and what kind of value you want to generate for your customers, employees, stakeholders and society.

2. Define the link between your products and services and the company's purpose.
3. Focus on real and sustainable value creation according to your defined purpose along the entire value chain. Consider the impact on your business model and leave room for necessary adjustments.
4. Apply and monitor corporate social responsibility (CSR) principles and define key non-financial performance indicators that support long-term decision making, enabling you to achieve your goals and bolster your FB brand.

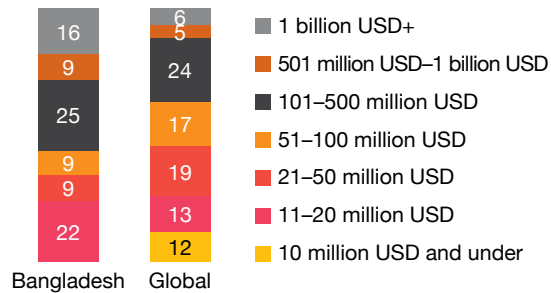
Communicate your defined purpose internally and externally, as well as what you are doing to achieve it. This will help you align and unify various stakeholders, strengthen your employer branding and bring your competitive FB advantage to life.

We hope you found this report useful and can apply the findings to strengthen your family and business strategies.

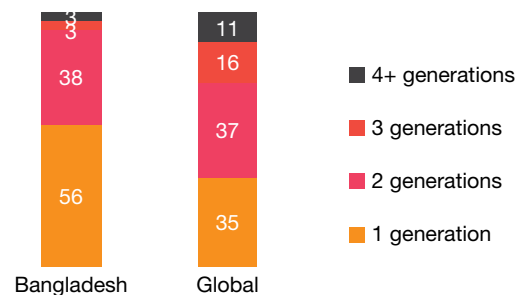
17. <https://www.pwc.com/gx/en/services/family-business/family-business-survey-2018.html>

Survey profile

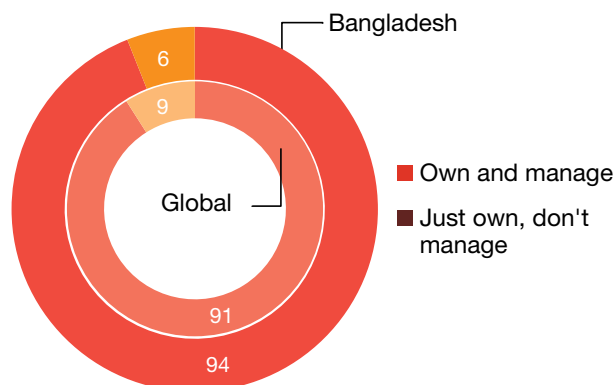
Turnover (sales) (USD)



Number of generations



Family's role in the business

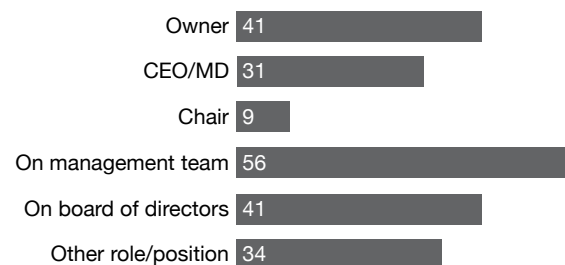


Sector

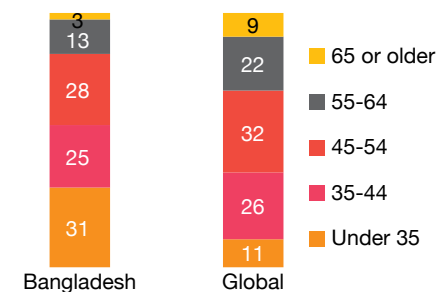


Whom did we speak to?

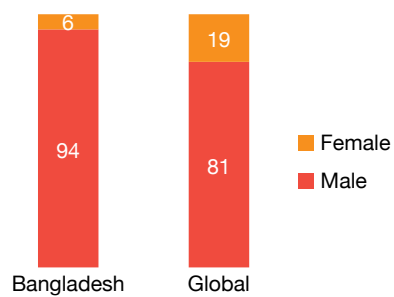
* Current job role/position



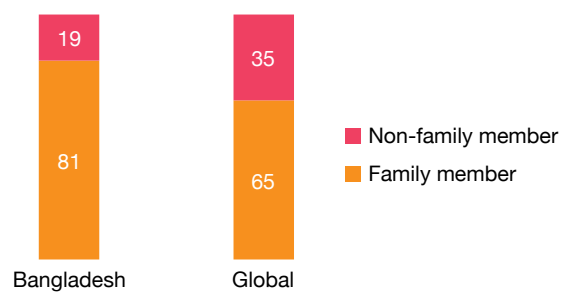
Age



Gender



Family member



Our Entrepreneurial and Private Business practice

Our services

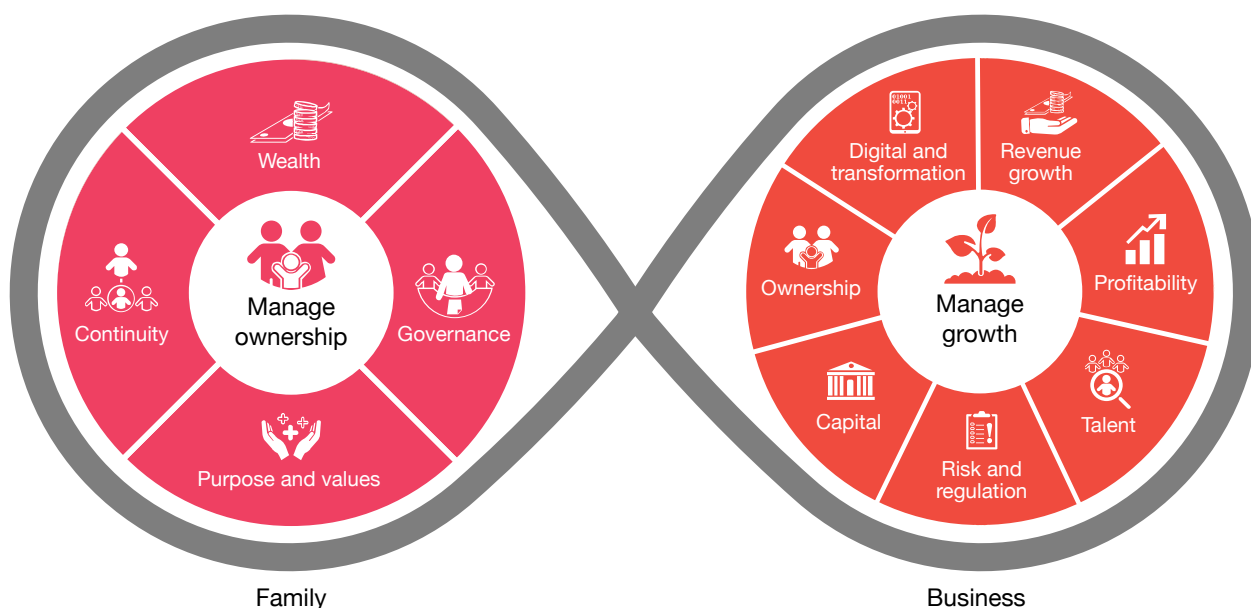
Our practice helps private business owners and individuals achieve their personal and business ambitions. We provide a range of tax and advisory services.

Our solutions

Using the 'Manage ownership' wheel, we can help our clients to identify and address the key challenges relating to their **owner strategy**.

Using the 'Manage growth' wheel, we can help our clients to evaluate the right strategy for innovative, sustainable **growth** and to develop an approach for systematically managing **profitability**.

PwC's integrated family business advisory



Wealth

- Investment strategy
- Assets and wealth management
- Family office
- Privacy and security
- Tax and legal structure
- Fragmentation of shareholding
- Exit planning

Purpose and values

- Identity
- Shared mission and vision
- Business and investment ethics
- Philanthropy and impact investing
- Family activities

Continuity

- Succession planning: Ownership and leadership
- Testament and emergency plan
- Next gen development and responsible ownership
- Generational transition and knowledge transfer
- Transfer of shares



Manage capital

- Financing options
- Reorganisation/restructuring
- Treasury/working capital

Manage risk and regulation

- Compliance and fraud
- Control intensity and regulatory requirements

Manage profitability

- Optimising costs
- Simplification of processes and structures, standardisation
- Optimising value chains
- Operational restructuring
- Corporate management/KPIs
- Cost calculation/transfer pricing: Reporting

Manage ownership

- Family governance
- Succession
- Asset management

Digital and transformation

- Digitalisation
- IT strategy, big data

Manage revenue growth

- Organic growth**
 - Strategy/business model
 - Internationalisation
 - Market strategy
 - Product and service innovations

Inorganic growth

- M&A
- Purchase price and contract design
- Holistic integration



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