

Family Business Survey 2018

Greece report



Agenda

- | | | |
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Organisation performance
Organisation challenges
Family involvement and succession plan
Values>Purpose>Impact>Legacy
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About the Family Business Survey

The Family Business Survey is a global market survey among key decision makers in family businesses within a number of PwC's key territories. The goal of the survey is to get an understanding of what family businesses are thinking on the key issues of the day.



2953

Semi-structured interviews conducted with key decision makers in family businesses with a sales turnover of \$5m+



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



Interviews conducted between 20 April and 10 August 2018



Across **53** countries

Greece



Headline findings

1

Growth among Greek family businesses over the last 12 months has increased compared with those answering in 2016 and is similar to the global average.

66% have seen growth (vs. 56% in 2016), including 41% who have seen double digit growth. Globally, 69% of family businesses grew. 91% of Greek family businesses expect to grow over the next two years, which is higher than the global average (84%). International sales currently account for 34% of Greek family business turnover and is predicted to account for 41% in five years' time.

2

Key challenges for Greek family businesses in the next two years are the need to innovate in order to keep ahead, access to the right skills and the economic environment.

Data management and **digitalisation** are issues for more than half. In terms of important personal and business goals, the **maintenance of the best talent** (via recruitment and retention) for the business and reward systems for employees are crucial (94% cite these). **Improving profitability** is also key.

3

Half say they have a **formal mid-term strategic plan** in place. 38% have no plan at all (higher than the global average of 21%). 34% of Greek family businesses expect to change their business model over the next two years (vs. 20% globally) and 75% say they will bring in professional expertise from outside the family (vs. 53% globally). There is a slightly higher level of diversification in Greece than average with a third (34%) operating in multiple sectors and markets (the global average is 26%).

Headline findings cont'd

4

56% of Greek family businesses feel they will have made significant steps in terms of digital capabilities in the next two years (similar to the 57% who say this globally). More businesses feel vulnerable to digital disruption (19%) than in 2016, but this is still lower than the global average. 31% of Greek family businesses feel vulnerable to a cyber-attack.

5

9% of businesses have a robust, documented and communicated succession plan in place (lower than the 15% recorded in 2016, and the global average of 15%). 44% of family businesses in Greece plan to pass on management and/or ownership to the next generation.

6

94% of Greek family businesses have a clear sense of agreed values and purpose as a company and 63% have these values or a company mission in a written format (vs. 49% globally). It is felt strongly that such values benefit the company; notably in areas of business reputation and increased sustainability. Seven in 10 feel their values have created a competitive advantage or increased profitability.

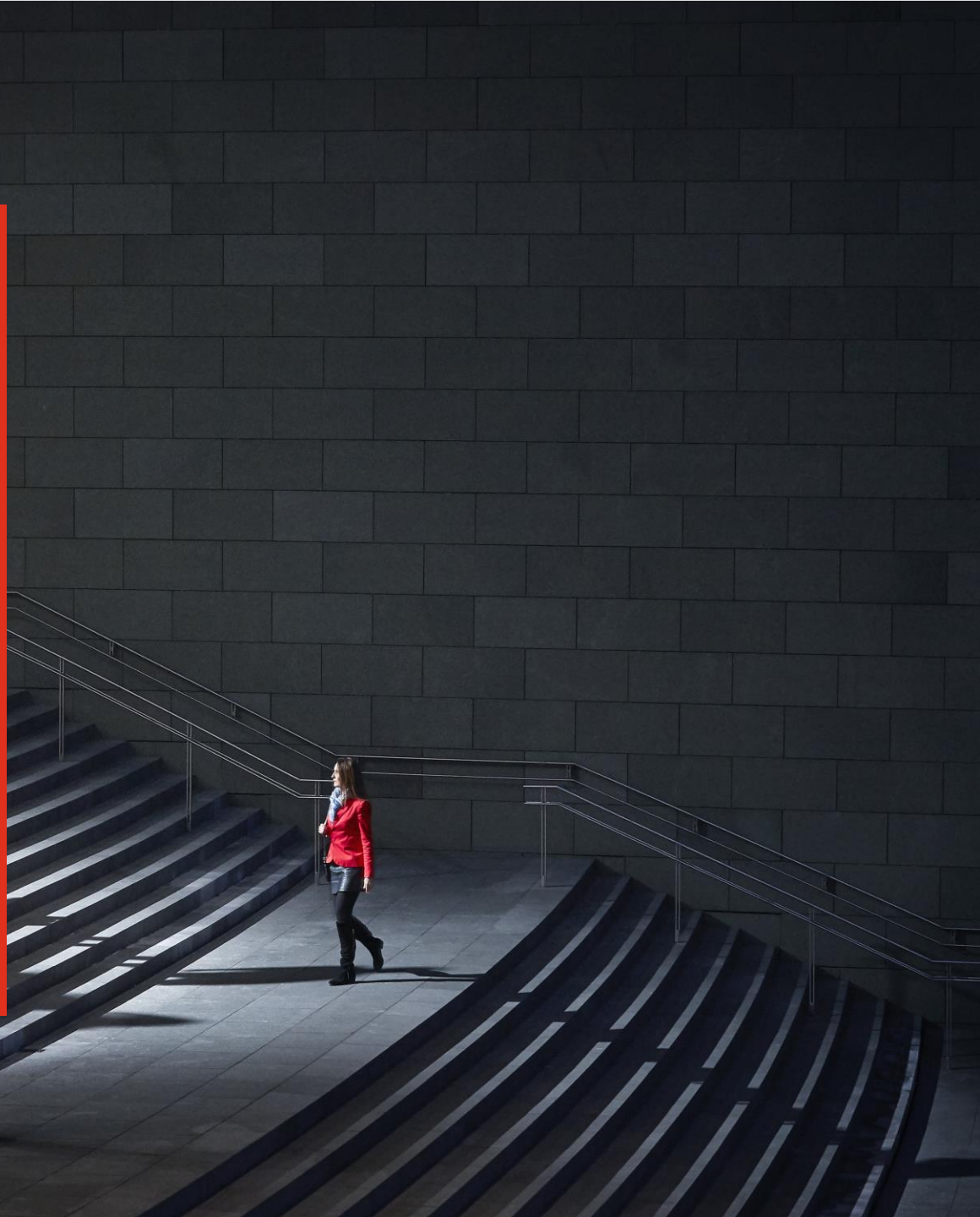
7

Women average 24% of board members in Greek family businesses (vs. a global average of 21%) and 30% of people on the management team (24% globally).

1

Organisation
performance

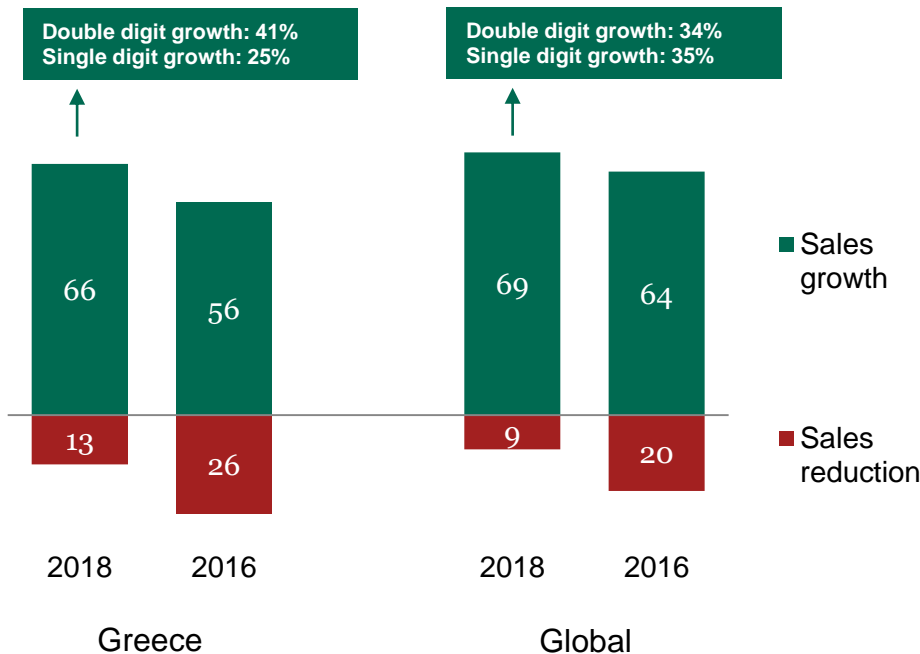
91% of Greek family
businesses expect to
grow over the next
two years



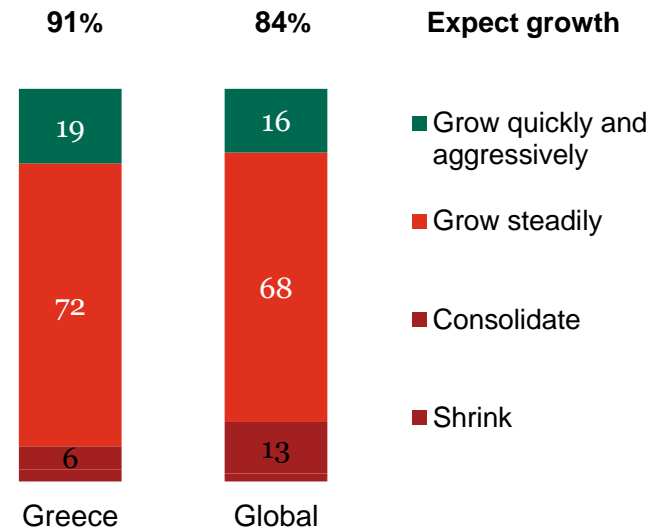
Growth among Greek family businesses over the last 12 months has increased

%

Growth in last financial year



Growth aims over the next two years

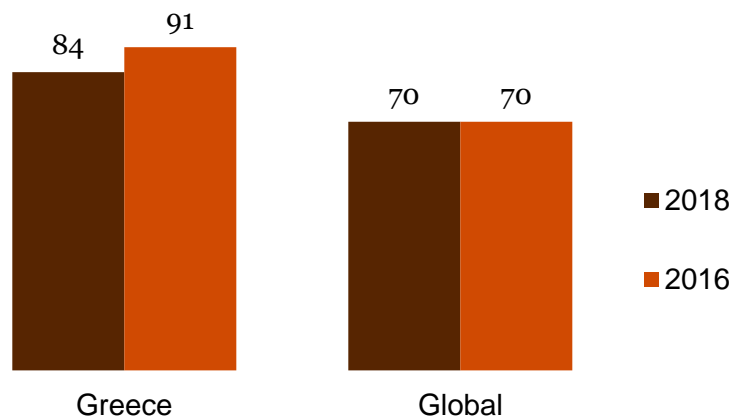


In 2016, 92% of businesses in Greece and 85% of Global businesses expected to grow over the next **five years**

84% of family businesses in Greece currently export their goods or services (down from 91% in 2016), higher than the global average

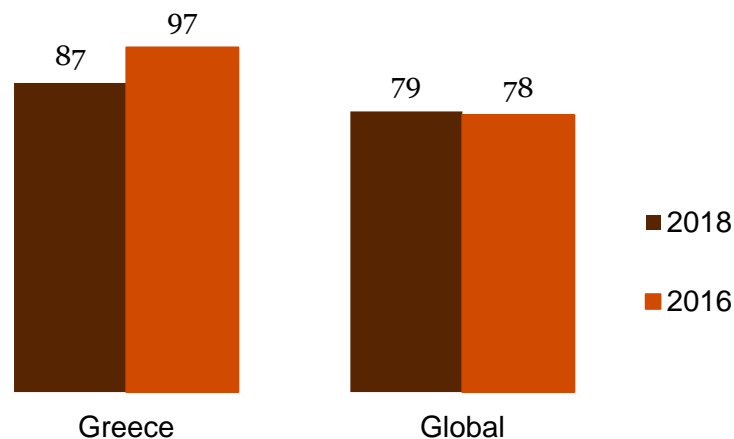
%

Any current international sales



On average, foreign sales accounts for 34% of turnover in Greece. This average includes all businesses (even those not exporting at all).

Any future international sales (five years' time)



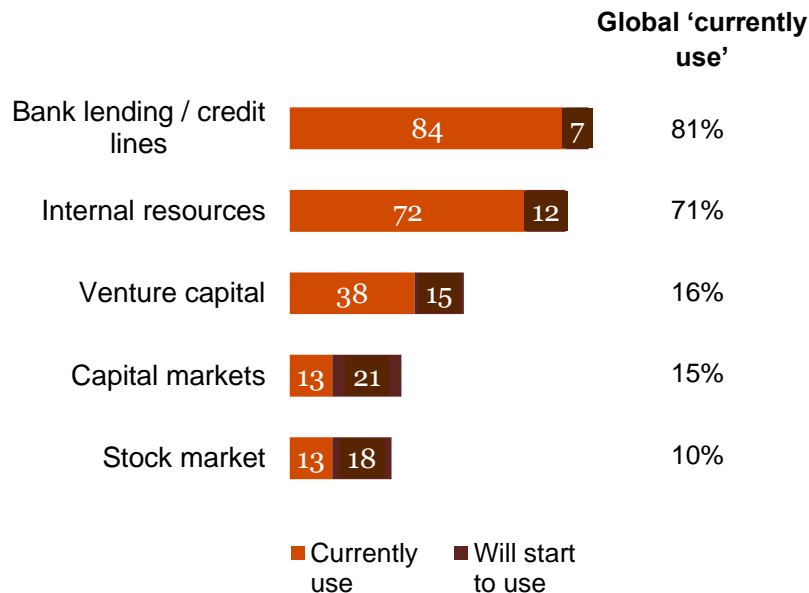
On average, it is estimated that foreign sales will account for 41% of turnover in Greece in five years' time. Again, this average includes all businesses (even those expecting that they won't be exporting at all in five years' time).

Bank credit and internal resources are mostly used to fund the business

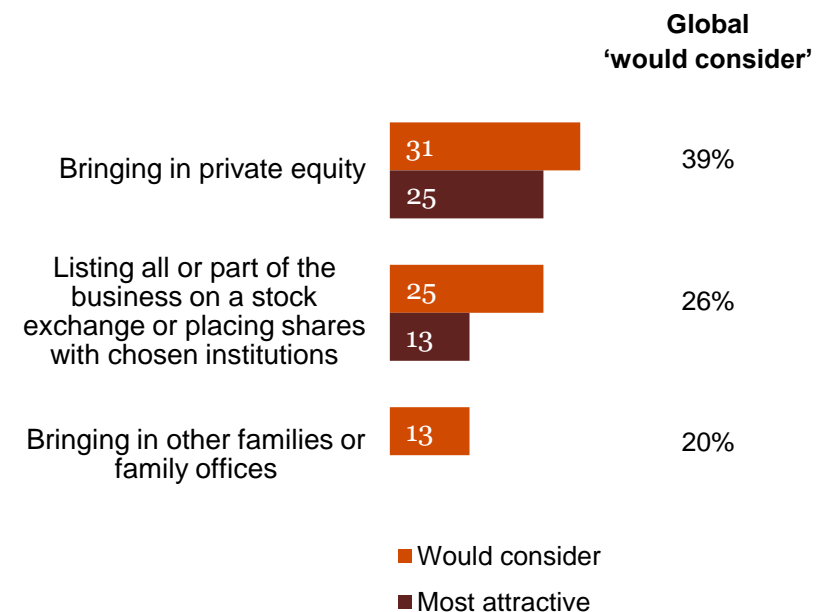
Around one in three Greek FBs would consider bringing in private equity

%

Sources used / will use to help fund the business



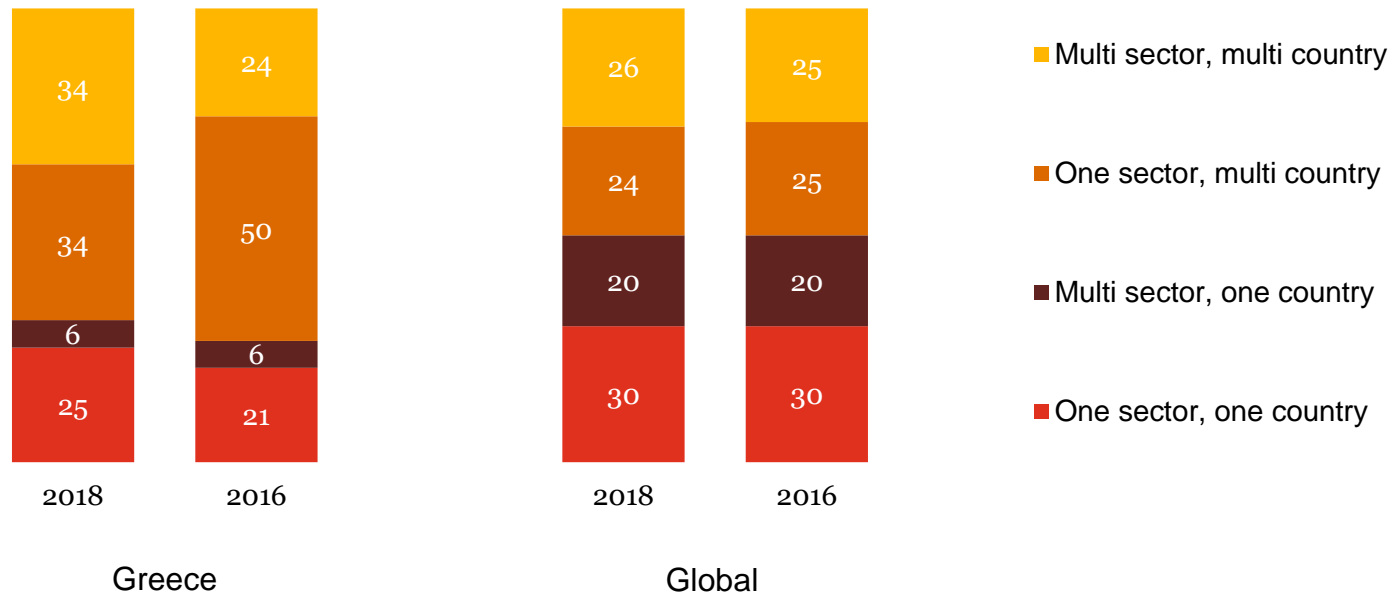
Actions would consider to help fund the business



More than a third of Greek businesses work in multiple sectors and multiple countries, compared with 26% globally

%

Family businesses diversification



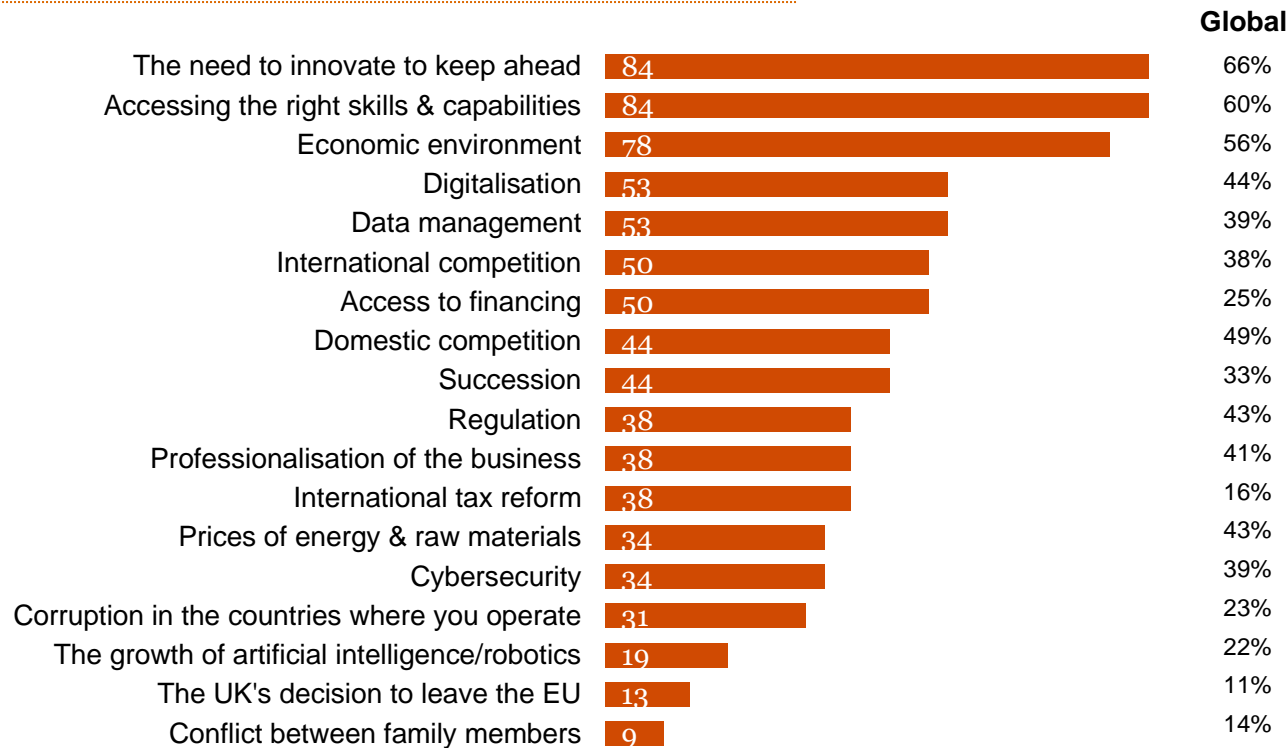
2

Organisation
challenges

Innovation, accessing skills & capabilities and the economic environment are the key challenges faced by Greek family businesses

%

Key challenges over the next two years (Top 2)



Similar hierarchy in 2016
(for next five years)

Retaining and rewarding talent and improving profitability are the key personal and business goals for the next two years

%

Important personal & business goals (Top 2)



“

56% think they will
have stepped up
digital capability in
the next two years



Almost half expect to be selling in new countries and a third expect to have significantly changed their business model

%

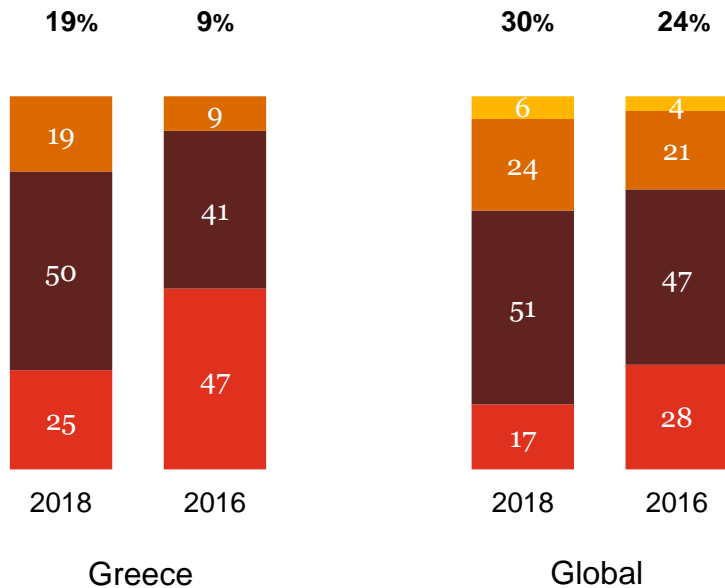
Likely true of business in 2 years (Top 2)



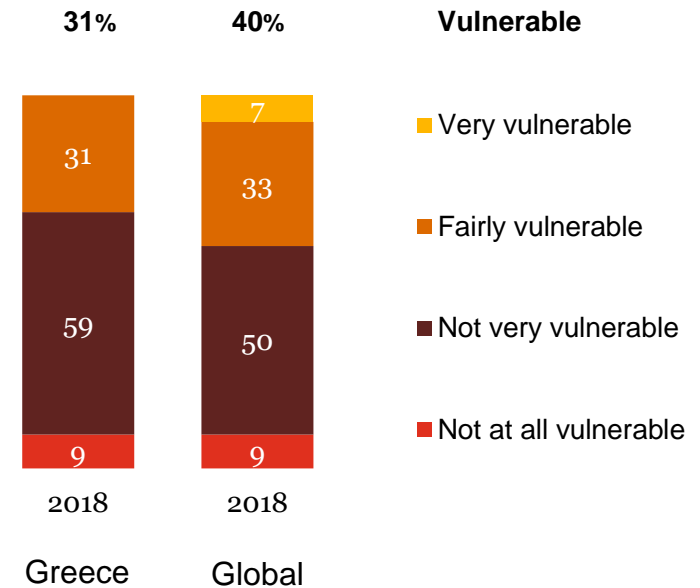
More businesses feel vulnerable to digital disruption (19%) than in 2016, but this is still lower than the global average. 31% feel vulnerable to a cyber-attack

%

Business vulnerability to digital disruption



Business vulnerability to a cyber-attack



A minority is 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 (e.g. Amazon, Google,)
- New entrants (large or small) with the skills and funding to disrupt the market and be digital from the outset (e.g. fintech, the next 'Uber', Google in construction)
- 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

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

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

Examples from Greece

"In technical intelligence and in digital advertising, and in general in distribution. Generally throughout the design and virtual world. The biggest challenge and the biggest danger is with Amazon fashion." (Greece)

"Information. The world is updated by other, means like Facebook." (Greece)

"Online shops which deliver at home the super market list." (Greece)

Half say they have a costed, formalised and documented mid-term plan

38%

of Greek family businesses have no plan at all (higher than the global average 21%)

%

Have a strategic plan for the next 3-5 years

Have a costed, formalised and documented plan

50

49

Have a plan - but not costed, formalised and documented

13

30

No plan

38

21

■ Greece

■ Global

3

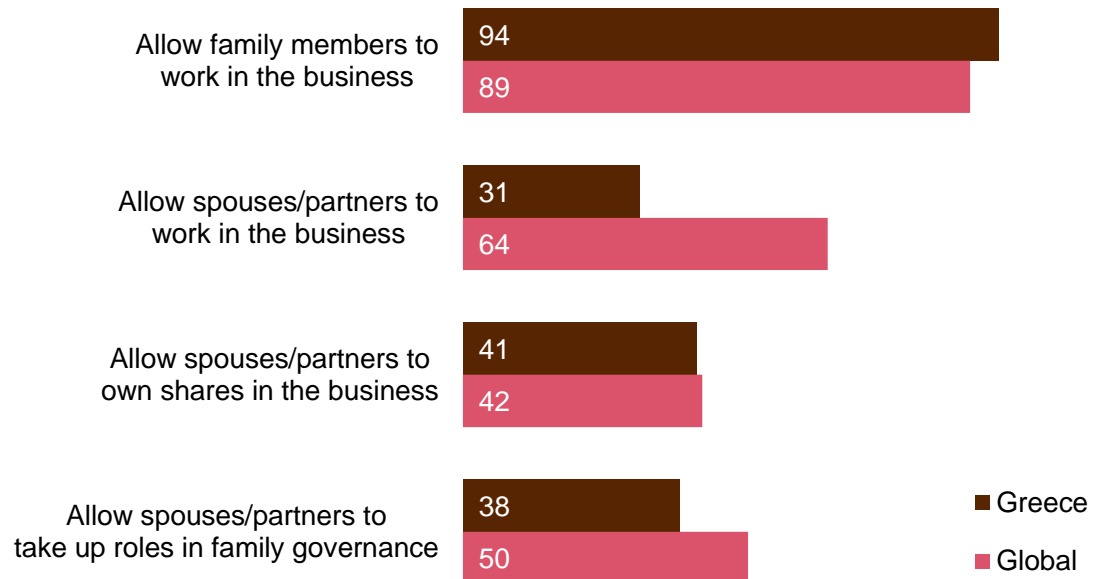
Family
involvement and
succession
planning

31% of Greek family businesses allow spouses/partners to work in the business

41%

Of Greek family businesses spouses/partners are allowed to own shares or take up governance roles

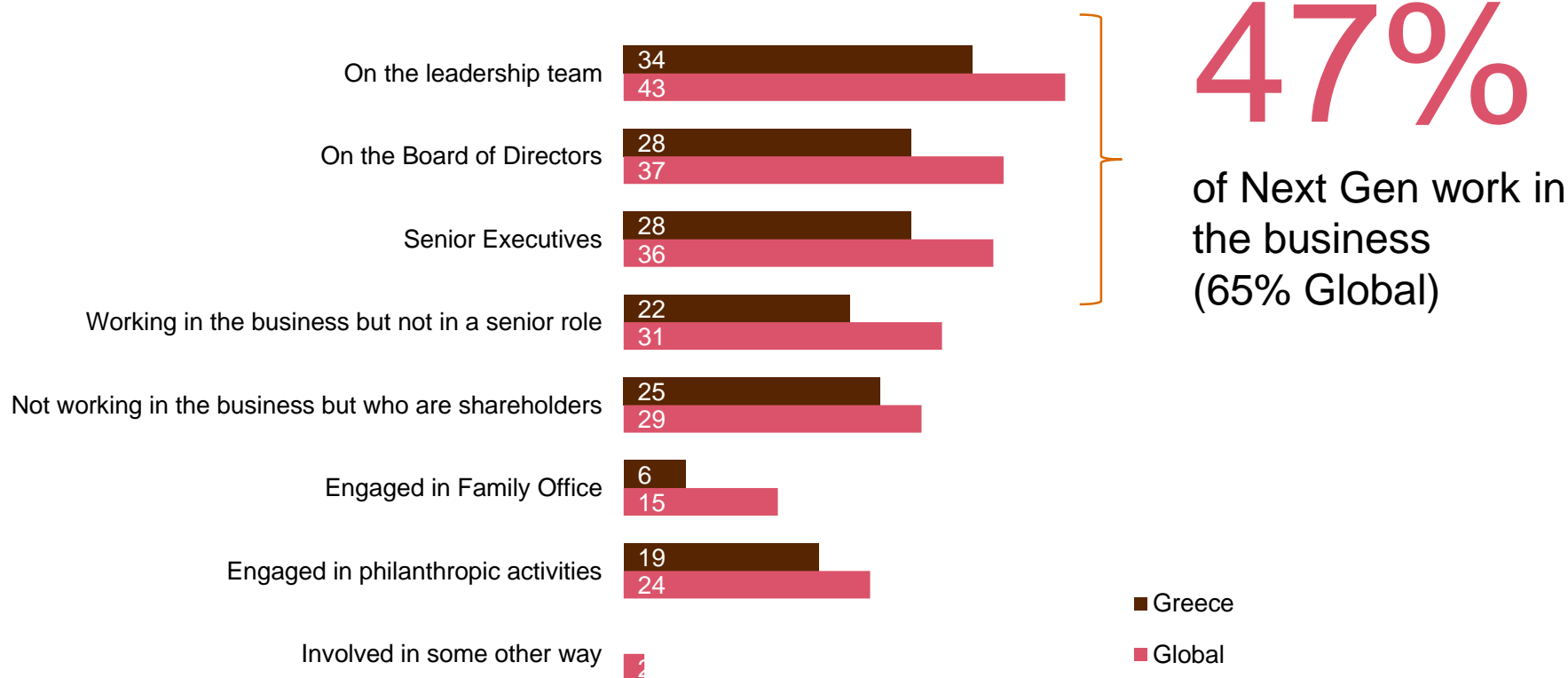
Family and spousal involvement in business



Next generation family members working in the business

%

Involvement of next generation in business



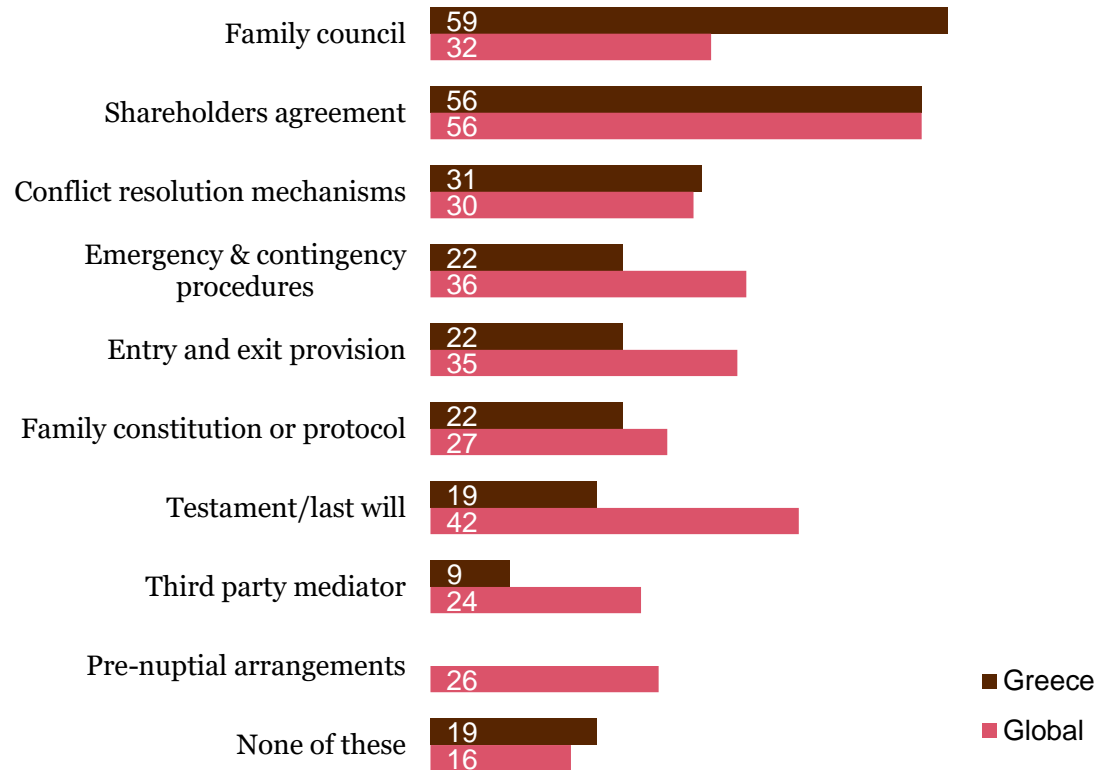
Policies and procedures within the business

81%

have some form of
policy or procedure in
place within the
business, close to the
global average (84%)

%

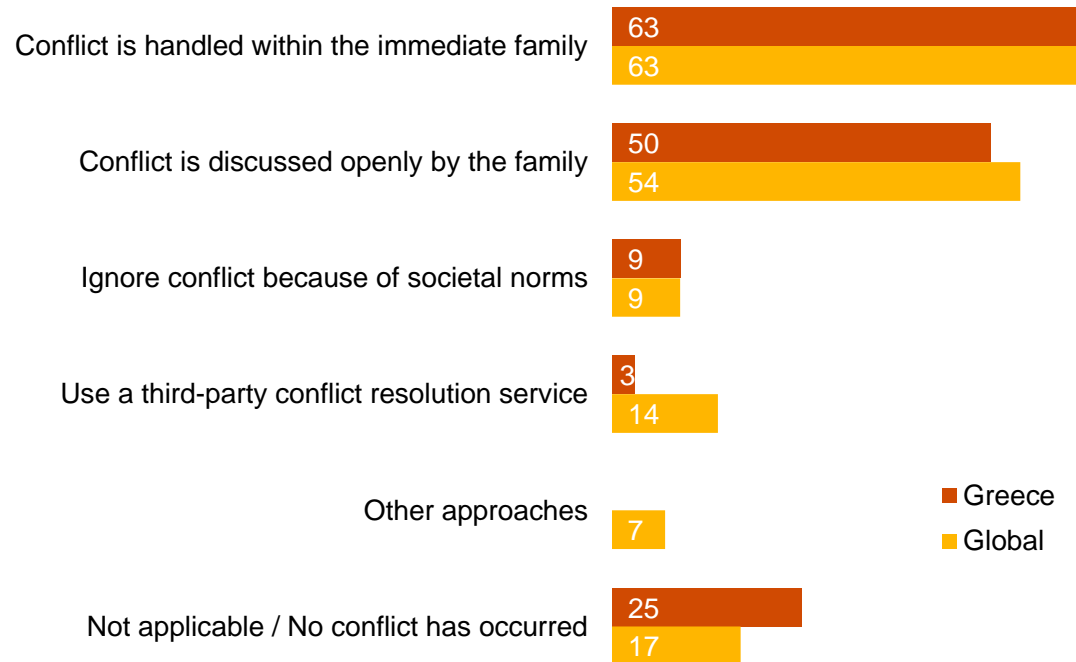
Policies and procedures in place



63% claim that family conflict is handled within the immediate family. Only 3% use a third party resolution service

%

Approaches use to handle family conflict

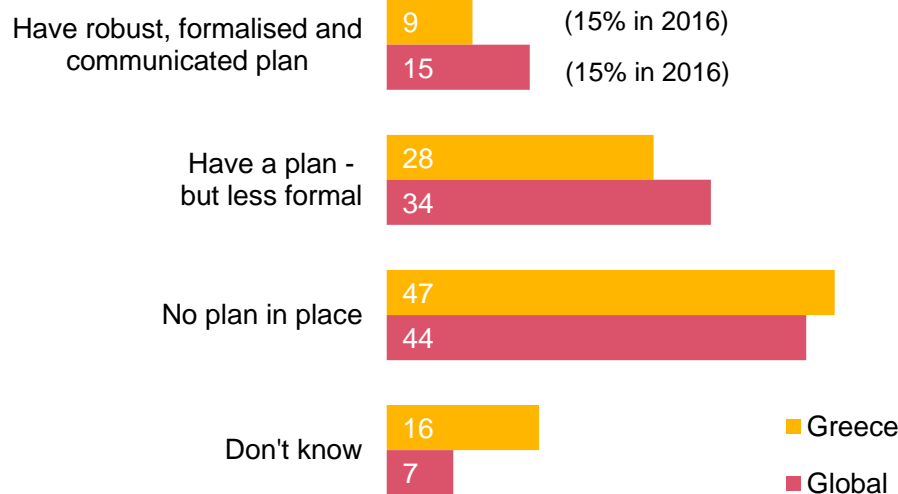


■ Greece
■ Global

Do Greek family businesses have a succession plan in place?

%

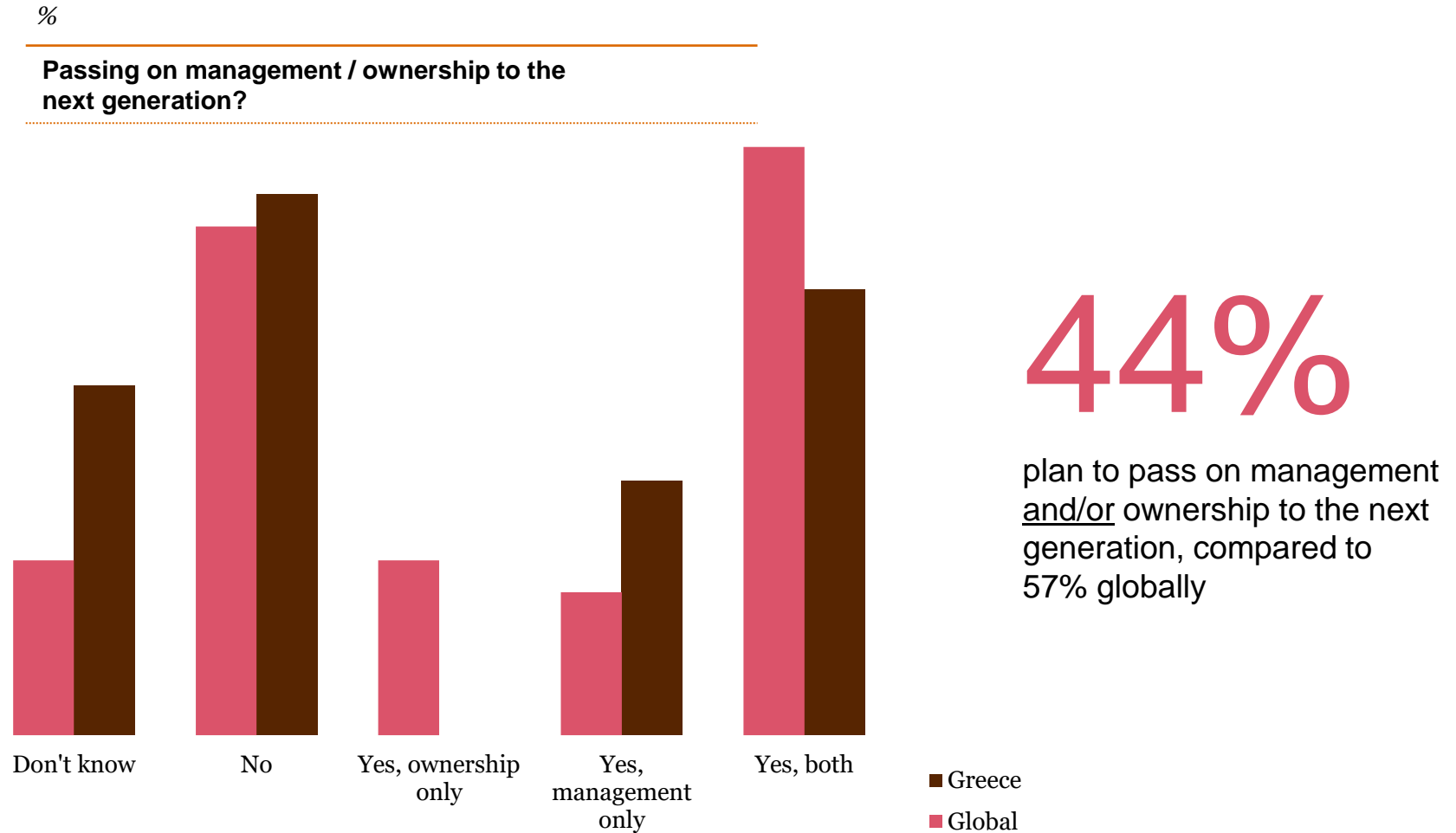
Have a succession plan in place?



9%

of Greek family businesses have a robust, formalised and communicated succession plan in place

Passing management to the next generation



4

Values, Purpose,
Impact, Legacy

“

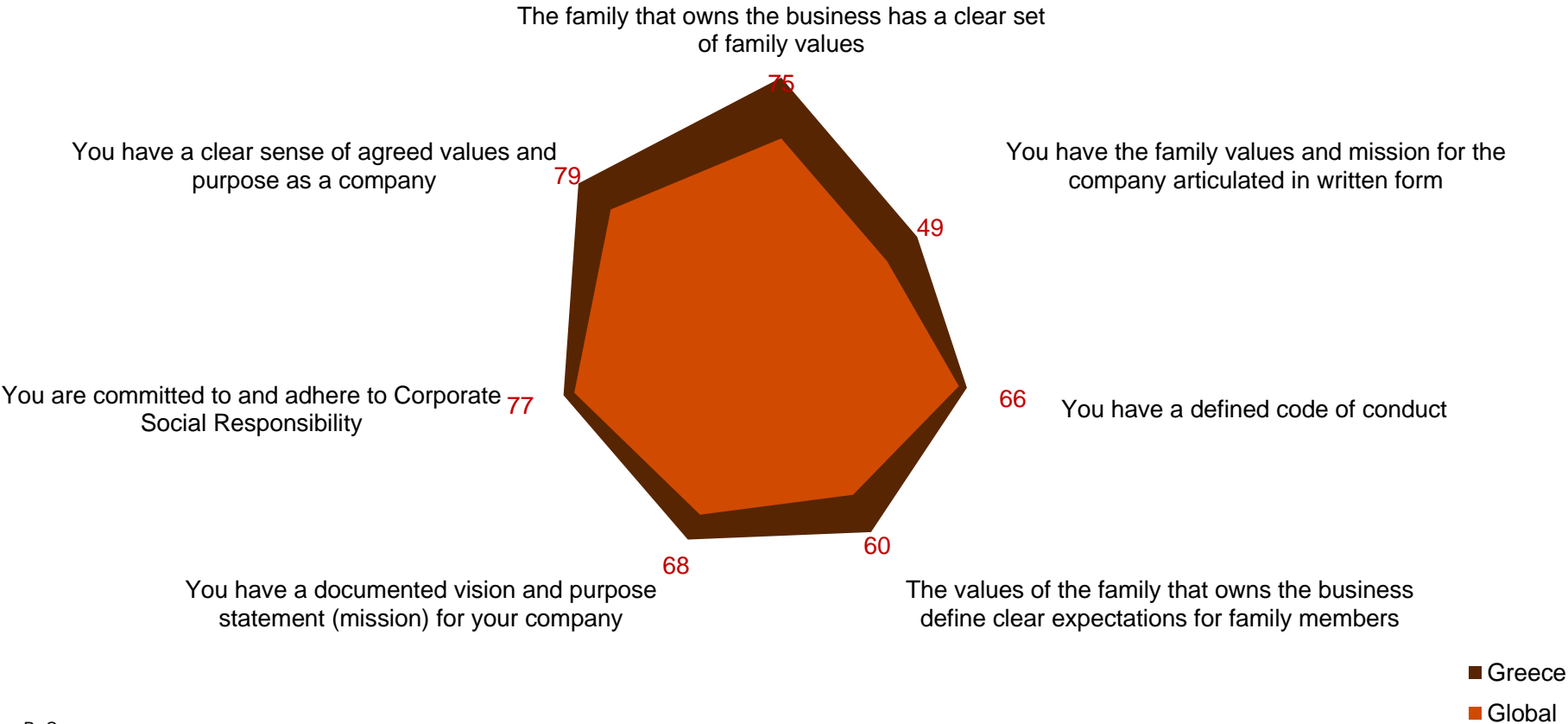
94% have a clear
sense of agreed values
and purpose as a
family



More than six in 10 have their values and company mission down in written form

%

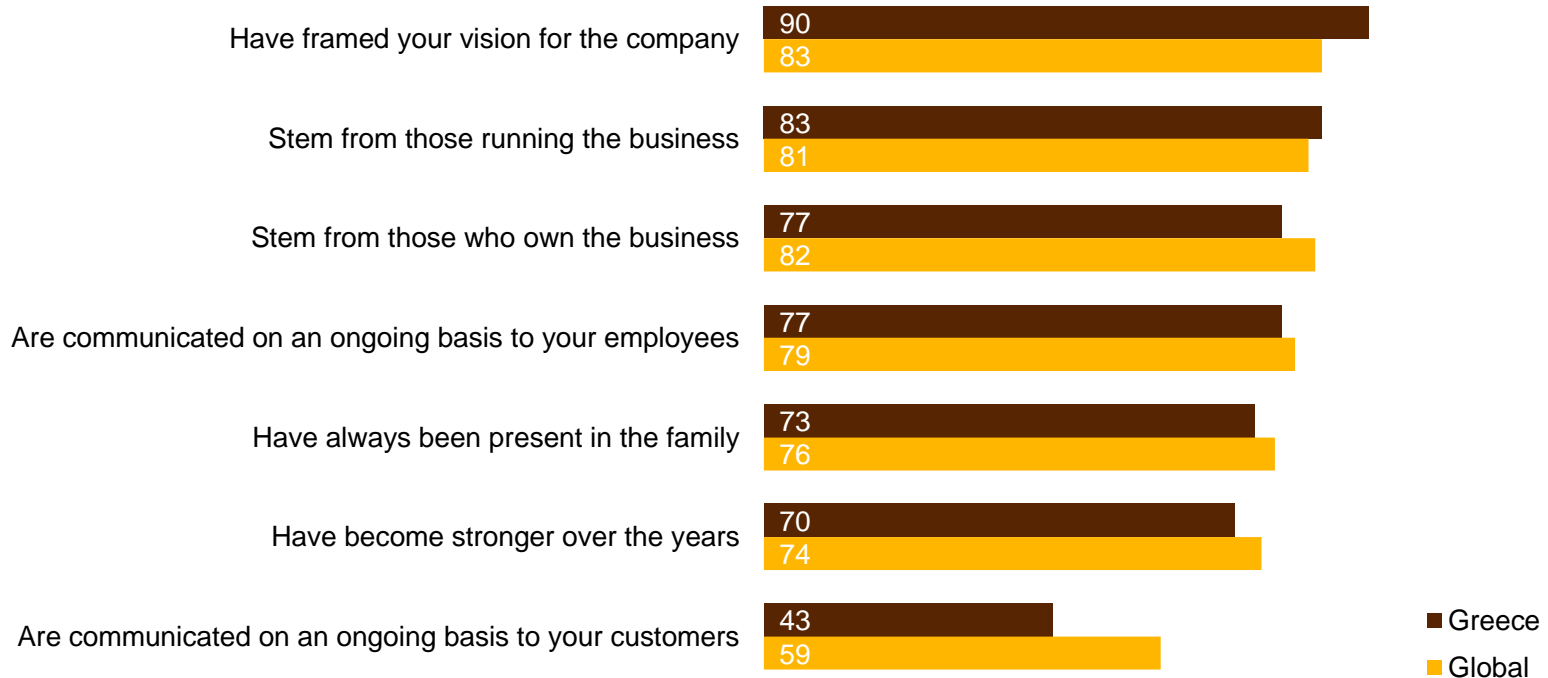
Agreement with statements



Values are more likely to be communicated to employees than customers

%

Would say that values and purpose...

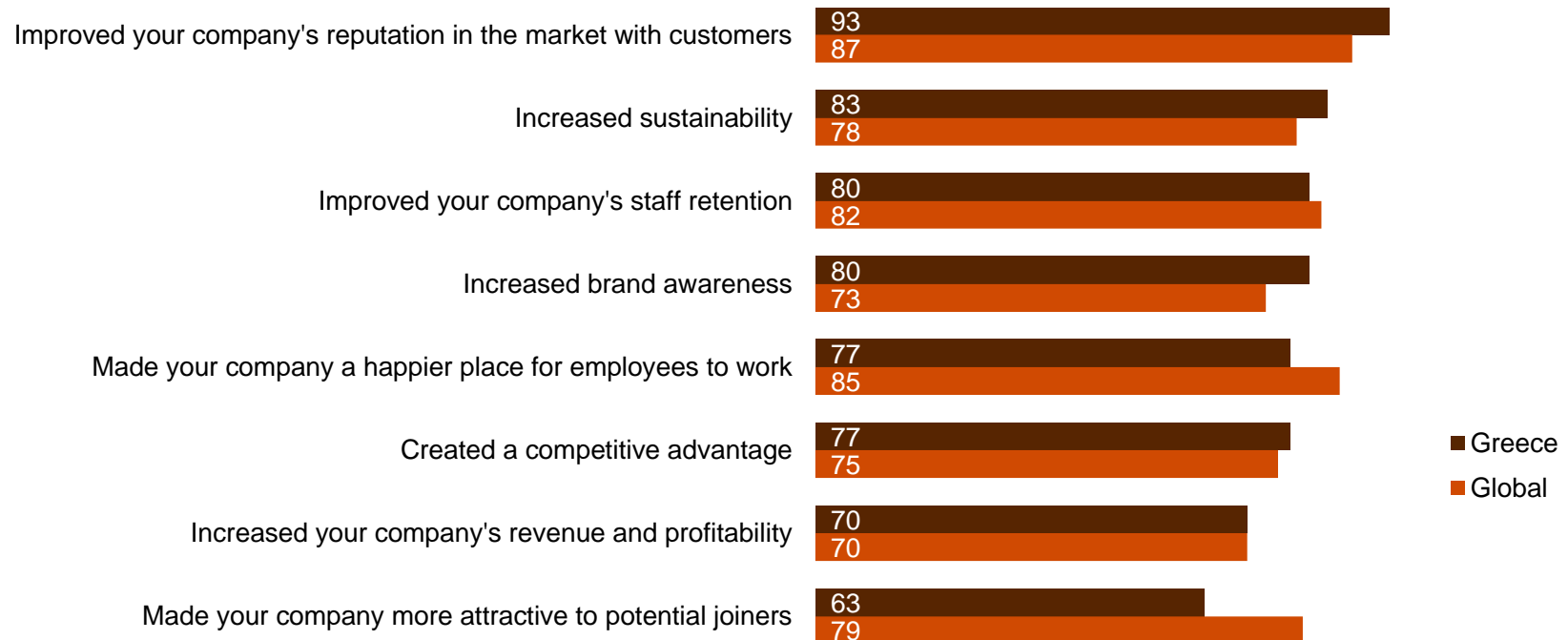


Those with a clear sense of agreed values feel strongly that these benefit the company in many ways

In areas of business reputation and increased sustainability. In “harder” areas too, seven in 10 feel their values have had positive effects on competitiveness or profitability

%

Would say that values and purpose...



The image shows a modern architectural interior. A large, bright blue wall dominates the center, framed by dark, grid-like panels on the left and right. The floor is also made of dark, rectangular tiles. A solid red rectangular overlay is positioned on the left side of the blue wall. On this red overlay, white text is written in a serif font. The ceiling is white with a grid pattern.

Globally 80% say
they have a clear
sense of company and
family values

When asked to describe what these values are, however, the answers tend to be rather thin and somewhat generic

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 two years
- Expect to grow in the next two years

Words that come up consistently include:

Honesty

Integrity

Hard work

Good value

Respect

Employee

Companies who have written down their family values and mission give richer and more detailed answers. More values, better articulated – evidence that the rigour of committing values to paper is a meaningful process.

Additional words that come up regularly include:

Community

Integral

Sustain

Trust

Customer

Committed

Innovate

Fair

People

Ethical

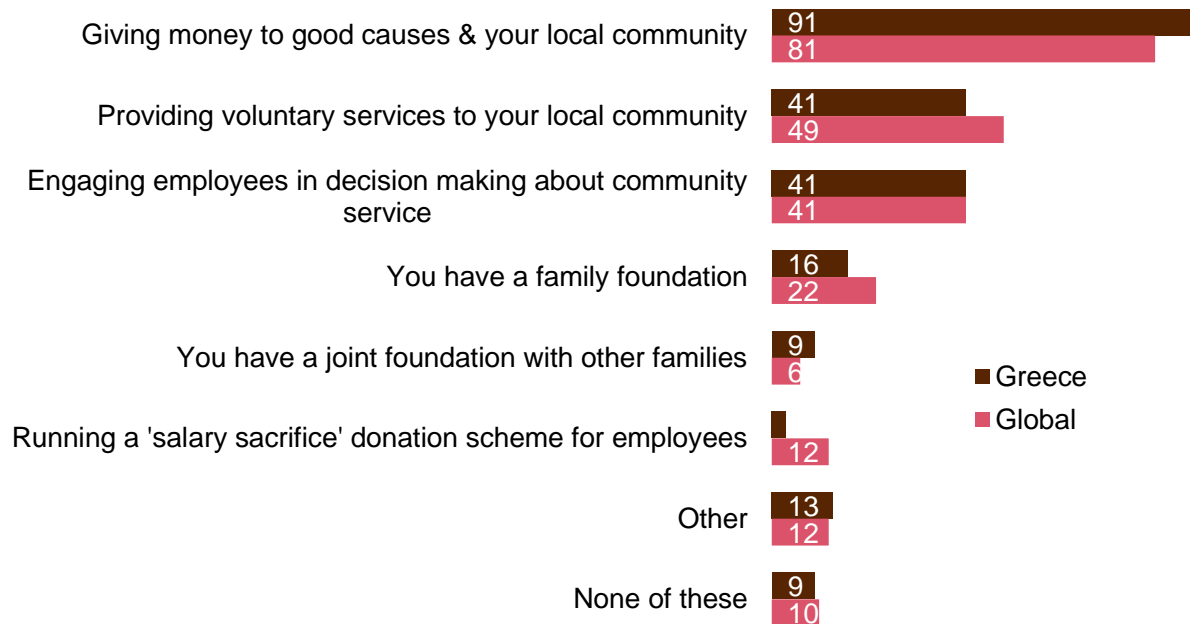
Quality

Open

Majority are engaged in some form of philanthropic activity

%

Engaged in any philanthropic activities?



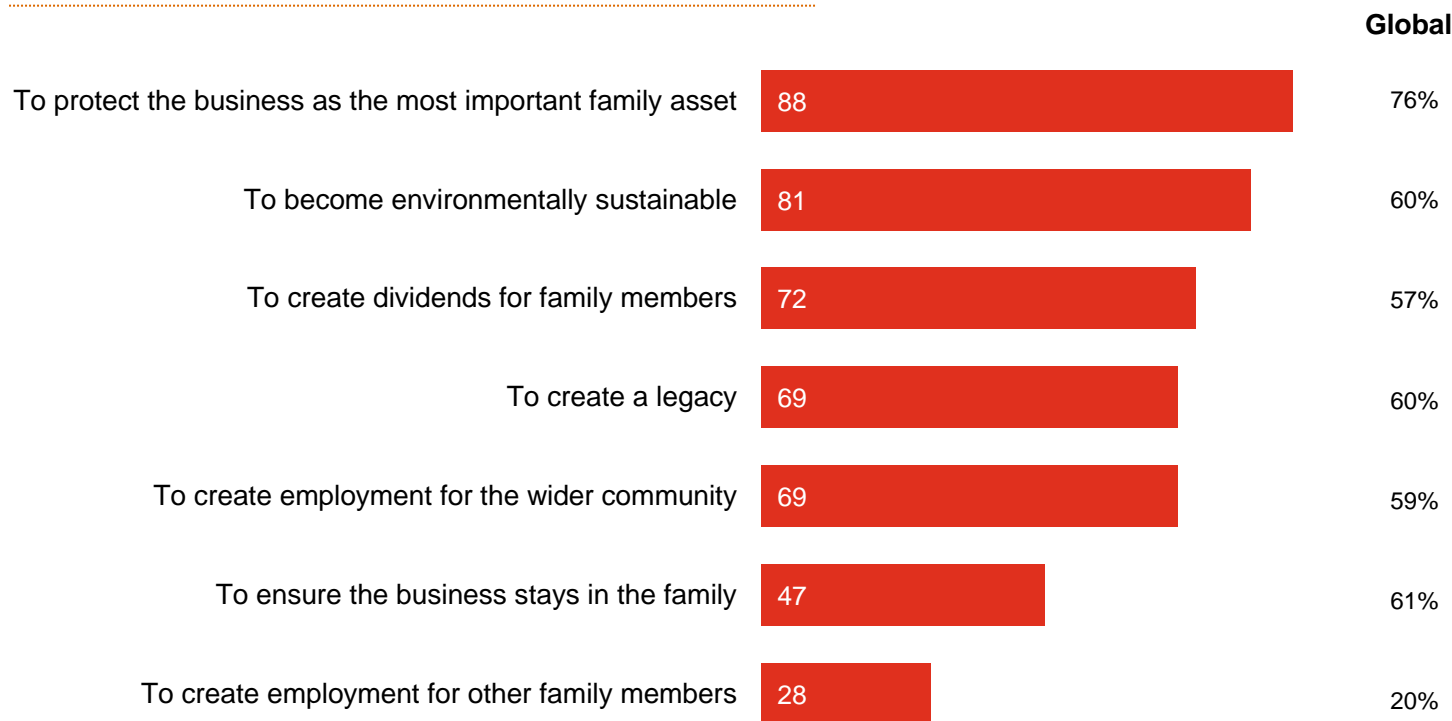
56%

are engaged in any philanthropic activity above giving money to good causes, whereas 68% global

88% want to protect the business as the most important family asset and 81% seek to become environmentally sustainable

%

Long term goals (Top 2)



“

Many family businesses define success not just in terms of financial wealth but in less tangible elements of personal growth and development, community and employee support and the upholding of core values.



Definition of lasting legacy

Global

Greece

Global Findings

For the Family / Community

- To be a well-respected, honourable employer, with happy and secure employees
- To maintain family values/feeling e.g. honesty, reliability, integrity,
- To have benefitted society – not taken advantage of it. To have made a difference in a positive way e.g. local projects, charity initiatives
- For children/family members and employees to have a good life/to thrive (financially and in a broader sense) as a result of the business
- To leave a source of wealth and employment for family, employees, shareholders and community

Examples from Greece

“A company that has always supported its local communities and that has evolved together with its community”

“Delivering results with integrity. Contributing to the community.”

For the Business

- To endure and remain a sustainable player in the market; to keep going and to keep growing. To leave behind a strong, profitable enterprise.
- To face and overcome challenges and changes, to stand up to pressure
- To have stewarded well so as to pass the business to next generations in a better shape than it was inherited
- To leave a legacy of quality products/services
- To have diversified and professionalised where appropriate

“A healthy and growing company. Be the ambassador in terms of Greek products abroad.”

“We are a visionary company trying to create jobs for the people around us and to grow our company by enhancing Greek exports.”

5

Gender equality

Presence of women in the business

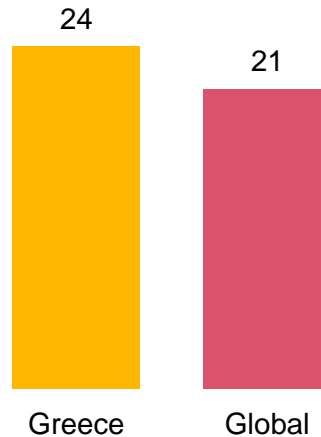
24%

Of board members in Greek family businesses are women

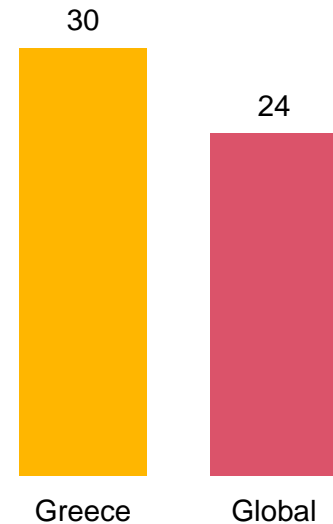
30%

Of people on the management team are women

Average % of people on the **board** who are women



Average % of people on the **management team** who are women

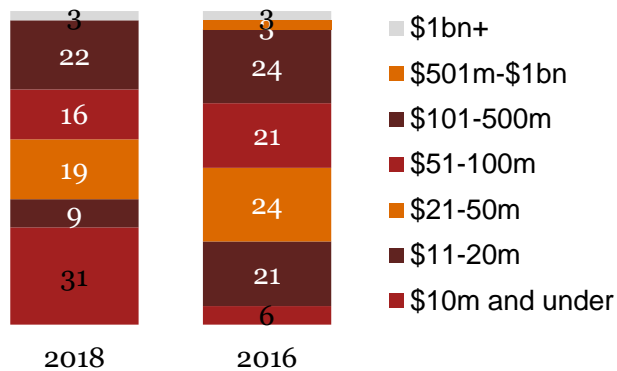


Appendix 1: Survey background

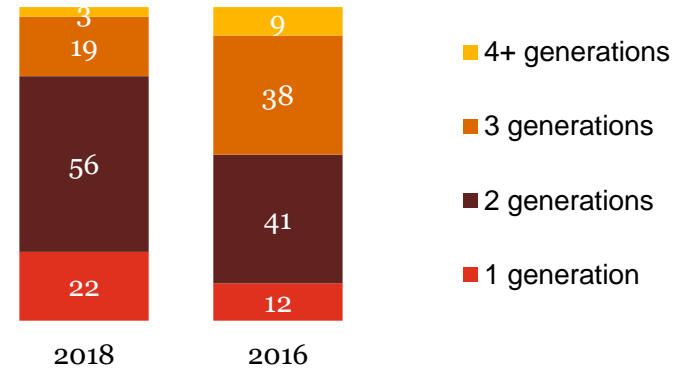
Greece company profile – what companies were included?

%

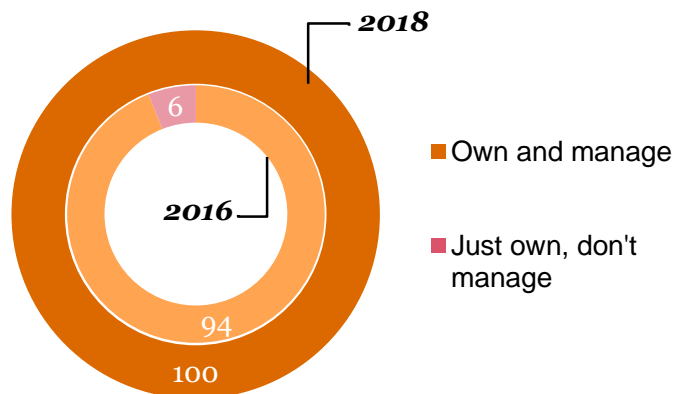
Turnover (sales) (US\$)



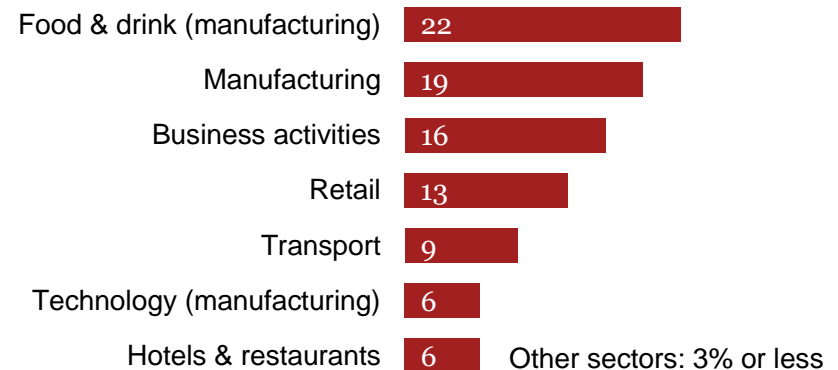
Number of Generations



Family's Role in the Business



Sector (2018)

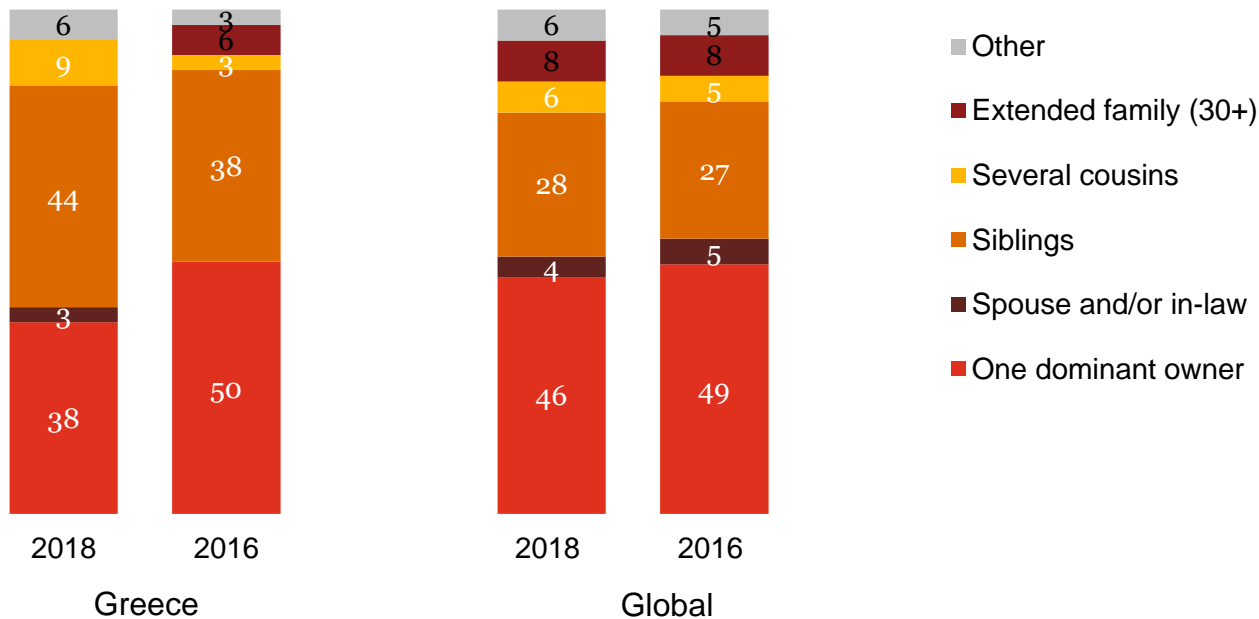


44% of Greek family businesses from the 2018 survey have sibling ownership

A further 38% have one dominant owner.

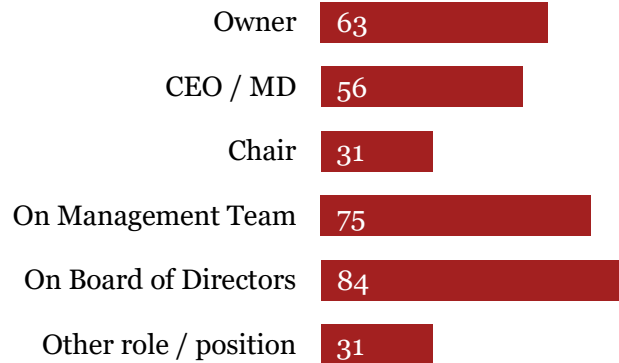
%

Family ownership structure

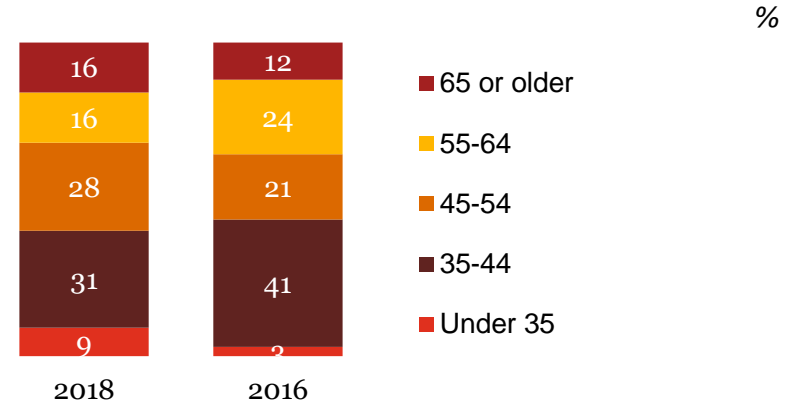


Greece respondent profile –who did we talk to?

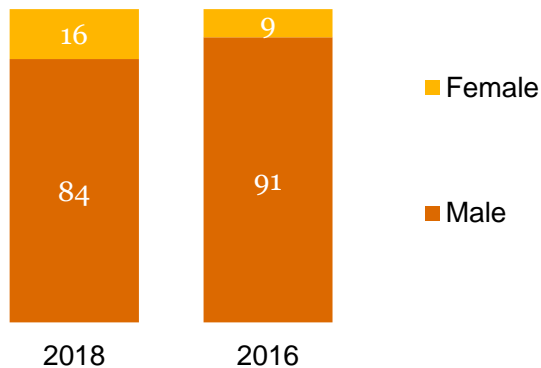
Current Job Role / Position



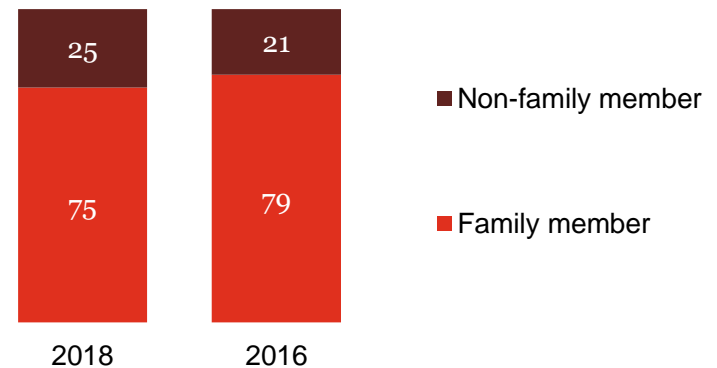
Age



Gender



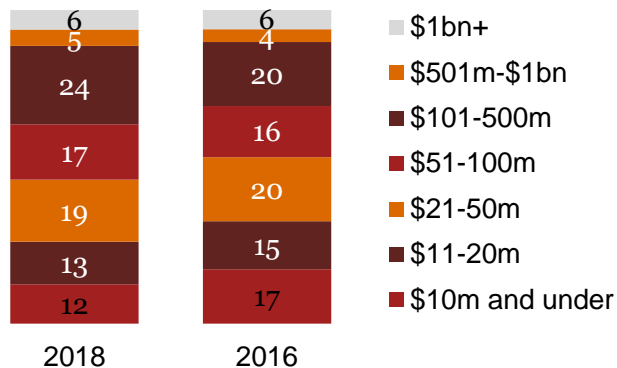
Family member



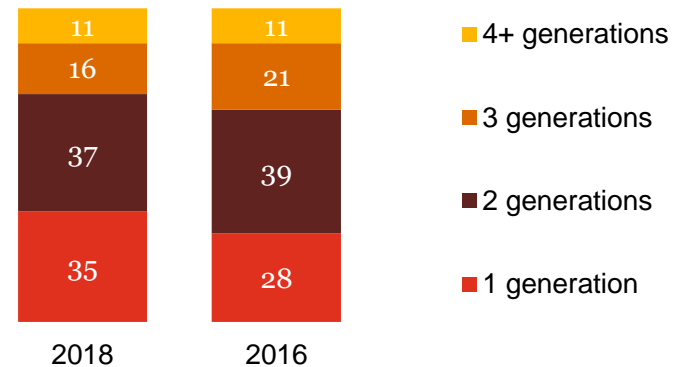
Global company profile – what companies were included?

%

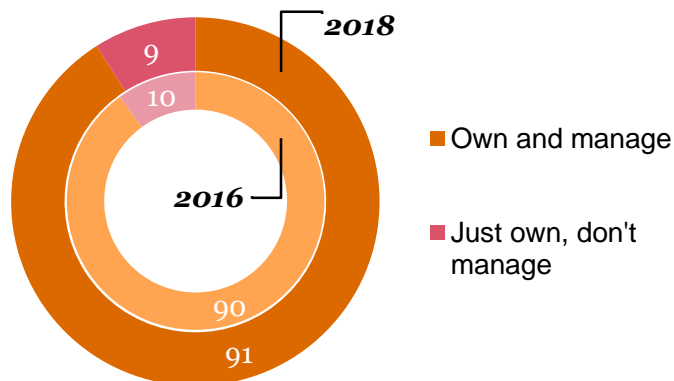
Turnover (sales) (US\$)



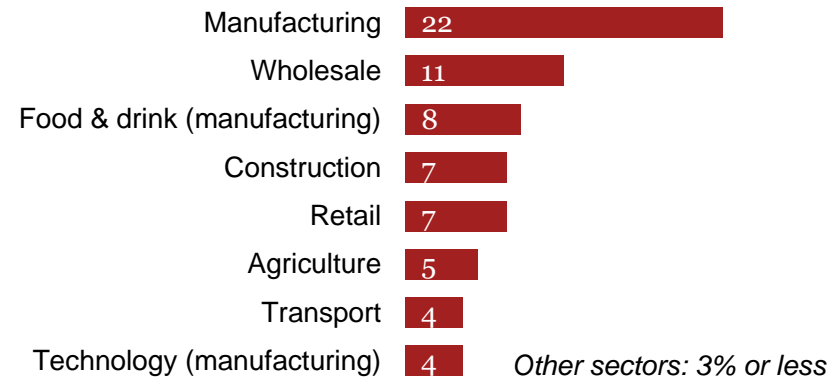
Number of Generations



Family's Role in the Business



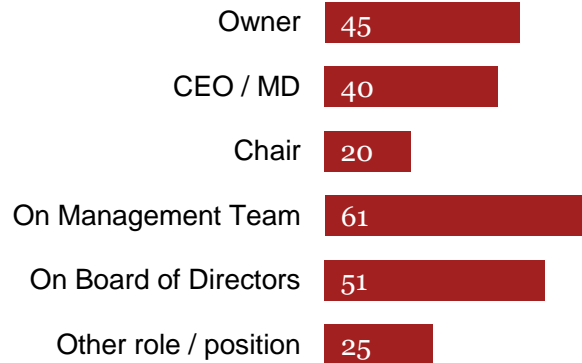
* Sector (2018)



Global respondent profile – who did we talk to?

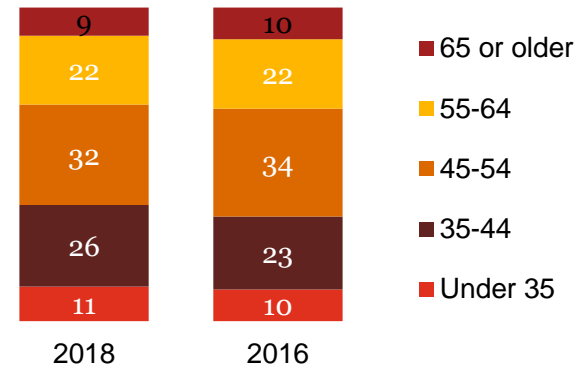
%

* Current Job Role / Position

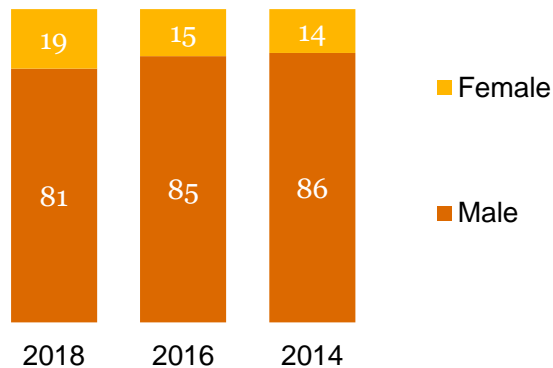


* Question changed from 2016 meaning comparisons not possible

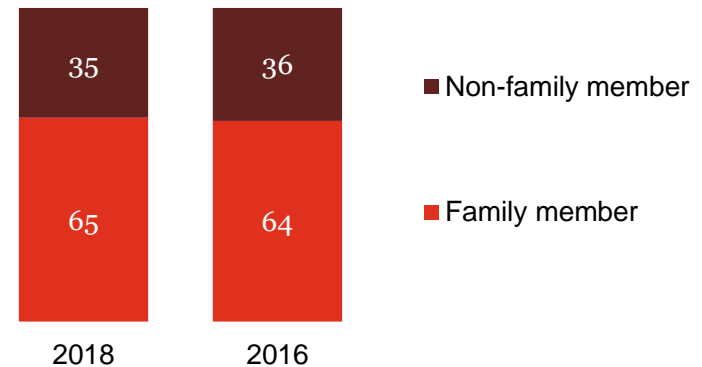
Age



Gender



Family member



Thank you

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