



Family Businesses and COVID-19:

Our support and recommendations

Family businesses are inherently resilient – and yours should not be an exception, whether recently-founded or long-established. Newer family businesses have survived and thrived in tough environments. Older ones have ridden out world-changing events, from wars to recessions to natural disasters. Either way, resilience can be part of your family business DNA – underpinned by your deeply-held values and purpose, long-term horizon, agile decision-making, patient capital, and a deep commitment to your workforce and communities.

However, the COVID-19 pandemic is severely testing the attributes that give family businesses a competitive edge. The ability to survive and prepare for the “new normal” is critical to the future of your family, your business and all the people who rely on it. So, drawing on our current experience with family businesses worldwide, PwC would like to provide you with some practical advice about the key areas to focus on, and how to address the unique challenges your family business may be facing right now. We hope this helps you navigate through this difficult period.

“Right now, family businesses need strong unity of the family. The family owners need to stand united, define their commitment to their business and speak with one voice. They need to send a very strong message to their employees, business partners and public that they are backing the business. If they do this right and do not compromise their values, they will build trust and confidence, and this will help them when the economic situation improves.” Peter Englisch, Global Family Business Leader



Managing Ownership: The four key areas that family business owners should consider



Purpose and Values

For a family business, *values* are the connective tissue – the source of your success, commitment and longevity. But when survival is at stake and these values are challenged, cultivating them may not feel like a priority.

It should. Now more than ever, it's vital to embrace and live your values. Why? Because this can sustain confidence and trust in your business through the crisis and beyond.

PwC's recommendations:

- Stay connected and prioritise communication. Consider instituting regular virtual gatherings with your family, stakeholders and/or employees.
- Use social media to communicate your values clearly and effectively, and to stay connected with your ecosystem, communities and customers.
- Consider holding a family council and shareholder meeting to create transparency, consensus and support around next steps to address the crisis.
- Align any actions you take with your purpose and values – such as supporting wider community responses – and communicate about them clearly and consistently.
- Consider inviting the family business CEO to report to the ownership group on scenario planning and the measures that are being implemented.



Governance

Effective governance – both family and corporate – is of critical importance at any time. But it's even more vital during a crisis when the trust, transparency and clear expectations it creates can be a real differentiator, helping you manage current and future challenges.

That said some crises create governance risks that go beyond the usual challenges. So, you should keep leadership's duties front of mind to avoid any inappropriate action being taken. Be ready to seek external expertise if you're uncertain. To learn more, visit PwC's [COVID-19 microsite](#) and [COVID-19 client navigator](#).

PwC's recommendations:

- Your family council is the beating heart of your business: are there any other family members who should join who could bring unique, crisis-relevant skills and experience?
- Assess whether your leadership team and board of directors are fully equipped to manage the crisis and related risks. And ask yourself whether anyone else who could contribute further expertise should be included.
- Establish a cross-functional steering committee led by a C-suite member. It should include senior representation from business divisions and functions such as human resources, finance, legal, IT, operations, risk, business continuity, procurement, sales and health and safety.
- Consider using PwC's [COVID-19 Navigator](#) to assess where you are on your path toward COVID-19 preparedness and response.



Ownership Continuity

Succession is critical to the success and continuity of any family business. While it's usually a relatively drawn-out process, a crisis demands some quick and effective decisions. These include establishing emergency plans – both for the business and the family – and clear leadership transitions.

This also may be the time to turn to your next generation for leadership. The younger generation has a huge role to play both in the business and the family. In PwC's latest [Global NextGen Survey](#), they told us they're ready to make their mark, especially around digital transformation – but don't yet feel that they have the licence to operate. Now may be the time to bridge the generation gap, hand over that licence – and let them help drive your business through the crisis.

PwC's recommendations:

- Put clear plans in place for any losses in the family, including reviewing wills and setting out clear leadership/role transitions both at family and business level.
- Give your next generation the opportunity to apply their digital savvy to the business. This can make the difference between falling behind and staying ahead, as remote working and digital solutions become even more important.
- Involve your next generation in using social media effectively to have a clear and confident voice out there with all stakeholders.



Family Wealth

As a family business owner, you may find the COVID-19 pandemic requires you to change your strategy for protecting your personal wealth. You should make a full assessment of the impact on your estate and tax planning, as well as your private investments in the various asset classes. Also, many countries are putting emergency tax provisions in place, and it's important to establish how you may be affected. PwC is monitoring the changing tax landscape in real time [here](#). You may also want to reconsider your charitable giving/philanthropic activities.

PwC's recommendations:

- Consider whether your business will need additional capital, and how you might use your private wealth to help.
- In terms of philanthropic giving, you might wish to change your current approach to address more pressing issues generated by the pandemic. When assessing where you can help, start with your immediate community.
- Understand the [tax measures](#) being introduced in response to COVID-19 and their effect on your personal tax position and liquidity. Then consider how to allocate your assets most effectively.
- Assess how prepared your shareholders are to support the business's ongoing liquidity requirements.
- Communicate with your other stakeholders to ensure they are clear about what plans are in place, and on any sacrifices they may have to make, such as the reduction or suspension of dividends/returns.

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We would encourage you to use the **PwC Covid-19 Navigator**, a diagnostic tool for assessing the potential impact on your business and gauging your readiness to respond.

How PwC can help – find your local contact

With a global network of family business advisors, PwC is committed to help you protect your family and business.

Please visit:

www.pwc.com/familybusiness
to find your local advisers.

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This is a representation of our network. To see our full global network of family business advisors, please visit pwc.com/familybusiness to be connected with your local advisor.