“Family businesses are the most resilient of all types of business structures. Whatever happens in the wider political and economic environment, they will continue to be crucial to the dynamism and growth of Europe’s economies.”
Is Europe at a crossroads? I think it is, because what happens in 2017 and 2018 will define the future direction and prosperity of the continent for many years to come. The European Union is dealing with the question of whether the countries that constitute it will stand together or fall apart, and the next two years will be crucial in deciding the outcome. Brexit has brought into sharp focus the fault lines within Europe, which center on the growth of nationalism in many parts of the continent. For Europe's family business community, these issues raise many questions. All businesses like certainty and, if Europe becomes more divided, economic certainty will be undermined. But, as we have seen so many times in the past, family businesses are the most resilient of all types of business structures. Whatever happens in the wider political and economic environment, they will continue to be crucial to the dynamism and growth of Europe's economies.

The role family businesses play in the wider community through their support of all of their stakeholders is a well-known phenomenon. But European family businesses are taking this a step further and becoming more value- and impact-based businesses. They are focusing on how they can contribute to a better Europe when it comes to issues such as jobs and supporting their communities through philanthropic and other efforts. This is particularly the case with many of the next-generation leaders of these businesses. They will move their businesses further down a socioeconomic imperative in the years ahead.

On the pure business front, Europe's family businesses are also becoming less conservative in how they grow. Of course, not all of them – many will continue to finance growth internally – but there is a definite trend toward some companies looking to bring in outside finance. This is helped by the low-interest environment that currently exists throughout the continent, which means borrowing from banks may work out cheaper than financing growth internally.

Also, Europe’s family businesses are considering private equity-type structures. This is largely because an increasing number of private equity firms are offering more long-term financing options and are willing to take minority shares in companies in return. They have listened to the concerns of family businesses when it comes to their business models, and they are acceding to their wishes. Nevertheless, family businesses in the region are not thinking about raising finances through a stock exchange listing. They see this as a step too far, as they would lose partial control and have to adhere to a new set of governance structures.

A shortage of skilled labor is still a big issue for many family businesses in the region, but particularly so in Germany. It is estimated that the lack of skilled workers costs German companies around €50 billion annually in unrealized revenues. In the short term, the influx of refugees coming into Europe, especially Germany, cannot solve the problem. Few refugees arrive with the necessary qualifications or language skills to fill these vacancies. In the longer term, refugees will help to fill these jobs but, for now, they are making little difference to the skill shortages confronting many of the region’s family businesses. And that is holding back growth.

Europe’s family businesses face many challenges, and they need support from governments to ensure they face minimal bureaucratic difficulties in order to do what they do best – creating great products and services, and employing millions of people in the process. They are the bedrock of the European economy. And, no matter what they have to deal with, they will continue to be so for many years ahead.

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