

Asian Family Businesses Trust The Next Generation

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Global - Asian family businesses consider succession planning as a pivotal step in their management policies.

According to the 2013 study "Asian Business Families Succession - Going the Distance with the Next Generation", strong family traditions and a deep sense of familial responsibility has led to succession planning becoming a key priority in Asia. The study included respondents from Singapore, Indonesia, Malaysia, Thailand, the Philippines and Vietnam.

"89% of business families surveyed indicated that management succession is important to them. Additionally, 81% of them believe that their Next Gen will be able to take over the family business," the report, which was conducted jointly by Singapore Management University's Business Family Institute and Deloitte Southeast Asia, stated.

While 77% of first generation respondents said they wanted a family member to continue managing the business, 65% of second generation respondents indicated they are open to the possibility of either a family member or a non-family member having management oversight of the family business.

Consequently, the study identified next generation training and involvement of non-family management as issues critical to the succession planning process.

When it came to training, 60% of Singaporean business families said they were in the developmental stage, while 42% of Thai business families were in the transition stage. Indonesian business families were evenly split between the developmental and transition stages.

In terms of including non-family management, 82% of business families surveyed said non-family advisers are valuable in developing and mentoring their next generation for critical roles in the family business.

"The highest ranking 'benefit' of having non-family advisers was their ability and aptitude to mentor the Next Gen for critical roles in the family business," the report stated.

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