KPMG Private Enterprise

KPMG Global family business report 2026

Facing into the future, confident yet cautious

KPMG. Make the Difference.

Foreword

A defining moment for family enterprise and why it matters now.

In his 1926 book *The Long Waves in Economic Life*,[1] Soviet economist Nikolai Kondratiev proposed a theory that global economies move through long cycles of expansion and contraction. While the model is debated, the idea is useful: at certain moments, economic, social, and political conditions shift in ways that reset how businesses compete.

For family-owned businesses, external forces — accelerating AI adoption, social inequality, and geopolitical fragmentation — are converging with internal pressures, including intergenerational transition, governance uplift, and heightened risk. Together, these factors are reshaping operating models and the capabilities required to sustain performance.

How family businesses react to these pressures and manage the risks they are facing into the future may be of fundamental significance to the overall performance and well-being of the global economy. Family-owned businesses account for most enterprises in every major market, and the characteristics of family ownership — adopting a stewardship philosophy, investing patient capital, maintaining a long-term orientation and making values-driven decisions — have proven remarkably resilient through previous cycles of disruption. The COVID-19 pandemic, financial crises and technological revolutions have all tested family businesses, and most have endured and adapted.

Today, however, the pace of change is outstripping preparedness in several areas. AI is being embedded into operations faster than governance frameworks are being built to oversee it. Talent expectations are shifting faster than many traditional employment models can adapt. By 2035, many family businesses expect to operate as family-owned enterprises with professional management, rather than family-run businesses.[2]

[1] Nikolai D. Kondratieff, "The Long Waves in Economic Life," Archiv für Sozialwissenschaft und Sozialpolitik, 1926, vol. 56, no. 3, pp. 573–609.|

[2] McKinsey & Company, The secrets of outperforming family-owned businesses: How they create value and how you can become one, November 28, 2023, View article.

The KPMG Global family business report 2026 is designed to learn how family businesses are reacting to these changes, to take their pulse, and to understand what they believe the future holds. Conducted by independent research firm Meridian West with contributions from 1,927 senior leaders in 41 jurisdictions, it is one of the most geographically comprehensive surveys of its kind.

The findings reinforce the resilience of the family-centric model and the benefits it can confer. Consistently, family businesses report being strategically confident, values-aligned and clear about where they want to go. At the same time, many also note gaps between current capability and the level of governance, technology, talent and risk readiness the next decade is likely to require.

This report distils those findings into actionable insights for family business leaders, board members and owners. It highlights gaps in governance confidence, AI readiness, talent, and risk management capability. It also includes the direct words of business leaders, including leaders of organizations that have operated for a century or more.

This report is intended to do more than describe the sector's current position. It is designed to prompt practical conversations about governance, risk management, technology adoption, innovation, and investment — so family enterprises can strengthen resilience and competitiveness through 2035 and beyond. The enterprises most likely to succeed are not necessarily the largest or oldest, but those that combine the strengths of family ownership with the discipline to evolve.

The KPMG/Meridian West survey, covering **1,927** leaders across 41 countries, provides a uniquely global view of family businesses.

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Robyn has advised private clients for more than 30 years and is a trusted adviser to family businesses, family offices, startups and growing private groups. She provides strategic financial, tax and estate planning advice. Working with KPMG's Australian and Global Private Enterprise networks, Robyn helps clients navigate tax-effective structuring, succession and private capital investment. She joined KPMG in 2014 and became a partner in 2017.

Executive summary

1,927
family business leaders

41
countries

Six findings that matter

Three themes stand out immediately: family businesses are confident in their direction, many expect to shift from family-run to professionally managed models by 2035, and governance is not yet keeping pace with AI, talent, and risk demands.

A central insight from the report is a structural shift: many family enterprises expect to move from being family-run operating businesses to family-owned enterprises governed through boards and led by professional management. In the following sections, the **headline** gives the core finding in one sentence; the **signal** explains why it matters and what leaders should take from it.

Results are based on 1,927 responses across 41 countries. While differences by age, scale, industry, and geography are explored in local analysis, the global patterns are consistent enough to surface six headline findings, their potential implications, and practical calls to action.

1. Strategic confidence

83% have a clear growth strategy

79% report strong leadership alignment

The signal

Family businesses know where they are going — but 59 percent acknowledge the path will be harder than before. This holds regardless of geography, industry sector, scale, or age.

2. The family business advantage

Top value drivers

89% Shared values

87% Family reputation

83% Patient capital

The signal

The intrinsic advantages of family ownership remain powerful, but these advantages should be reinforced across transitions.

Family businesses should build confidence around decision-making and governance processes.

3. Structural revolution

Family business leaders project a shift – on average they expect the share identifying as 'family-run' to decline from

49% to ~12%

by 2035 (with most moving to professionally managed models).

The signal

Professional management and holding structures are expected to be more prevalent by 2035.

This has significant ramifications in how family business leaders manage a transition from being 'on the tools' managers to 'on the board' owners.

4. AI governance gap

64%

actively deploying AI, but

38%

have no governance framework.

The signal

AI adoption is accelerating faster than governance readiness. As deployment scales, oversight gaps can increase exposure to operational, compliance, and reputational risk.

5. AI and talent

AI is the predominant business driver for family-owned enterprises.

Attracting external talent is now the #1 people challenge.

The signal

Family businesses are shifting away from family-led management, but the talent proposition to attract professionals needs urgent strengthening.

Managing professional talent is a skill that family boards should enhance as their preferred structural model changes.

6. Risk readiness gap

Just

33% have a comprehensive enterprise risk management framework. Fewer than 20 percent strongly agree risk roles are clearly defined.

The signal

Risk management readiness is declining as threat intensity rises.

Risk exposure is less likely to stem from lack of awareness and more likely to arise when responses are developed only after risks materialize.

Overall, the data describes a resilient sector entering a period of significant transition. The family enterprises most likely to perform well through 2035 are those that can strengthen governance, build AI oversight, invest in talent, and mature risk management in parallel with technology and operating-model change.

What to do next:

The findings point to an urgent governance challenge for family enterprises. Boards and owners should use the six findings to pressure-test their future operating model, clarify the family's role as owners versus operators, and assess whether governance, AI oversight, talent strategy, and risk discipline are evolving fast enough to support professionalized management. The most resilient enterprises are expected to make these decisions deliberately, rather than incrementally, over the next 12–18 months.

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Introduction

The family business model remains resilient, but the next decade is expected to favor enterprises that professionalize governance at the same pace they adopt AI, evolve their operating model, and transition leadership. Family businesses face a convergence of pressures, and decisions made in the next three to five years will help shape performance, control, and continuity for a generation.

What makes this report different:

Unlike many family business studies that focus only on current sentiment, this report highlights a projected structural transition to 2035, combines survey evidence with voices from the field, and translates the findings into implications for boards, owners, and professional management.

This report is for leaders, board directors, owner families, and advisors navigating accelerated change. It distills six global findings, outlines shifts expected through to 2035, and translates them into practical actions across governance, technology and AI, talent, capital structure, and Enterprise Risk Management. Taken together, the results show strategic confidence alongside structural strain.

Methodology at a glance: The KPMG Global family business report 2026 was conducted by Meridian West in January–February 2026. It captures responses from 1,927 senior leaders and significant shareholders of family and privately owned businesses across 41 countries. Findings are based on aggregated survey results and are supplemented with verbatim open-text responses. Percentages are rounded.

The report follows the logic of the survey: it sets the strategic context, examines structural and capital forces shaping evolution, explores the technology, talent, and governance investments required to help future-proof the enterprise, and then provides role-based recommendations for boards, owners, and management teams.

“The unique characteristics and strengths of family-owned enterprises regardless of their age, scale or geography shine through in the data captured in this report. From Australia to Canada, Germany to Japan, family enterprises find ways to be resilient and confident in their relationships with key stakeholders.

However, this capacity for resilience, in the face of broad disruption and heightened global risk, is likely to be tested over the next decade. In our view, family businesses will be required to adapt to a fast-changing environment that has less tolerance for tradition and places more emphasis on speed and efficiency.”

Conor Moore
Global Head of KPMG Private Enterprise
KPMG International

01

Strategic priorities and the challenges ahead

Family businesses report strong alignment and confidence in their strategy, while recognizing that execution will be harder in the decade ahead.

Strategic confidence: High conviction alongside sober realism

Asked to rate their agreement with six statements about their growth strategy, family business respondents present a picture of high conviction alongside a sense of pragmatism, borne of experience. More than four in five have a clear growth strategy and report strong internal alignment.

At the same time, nearly three in five (59 percent) simultaneously acknowledge that growth will be harder to achieve and sustain over the next decade. That percentage increases to 64 percent of those respondents working or owning family businesses that are over 100 years old.

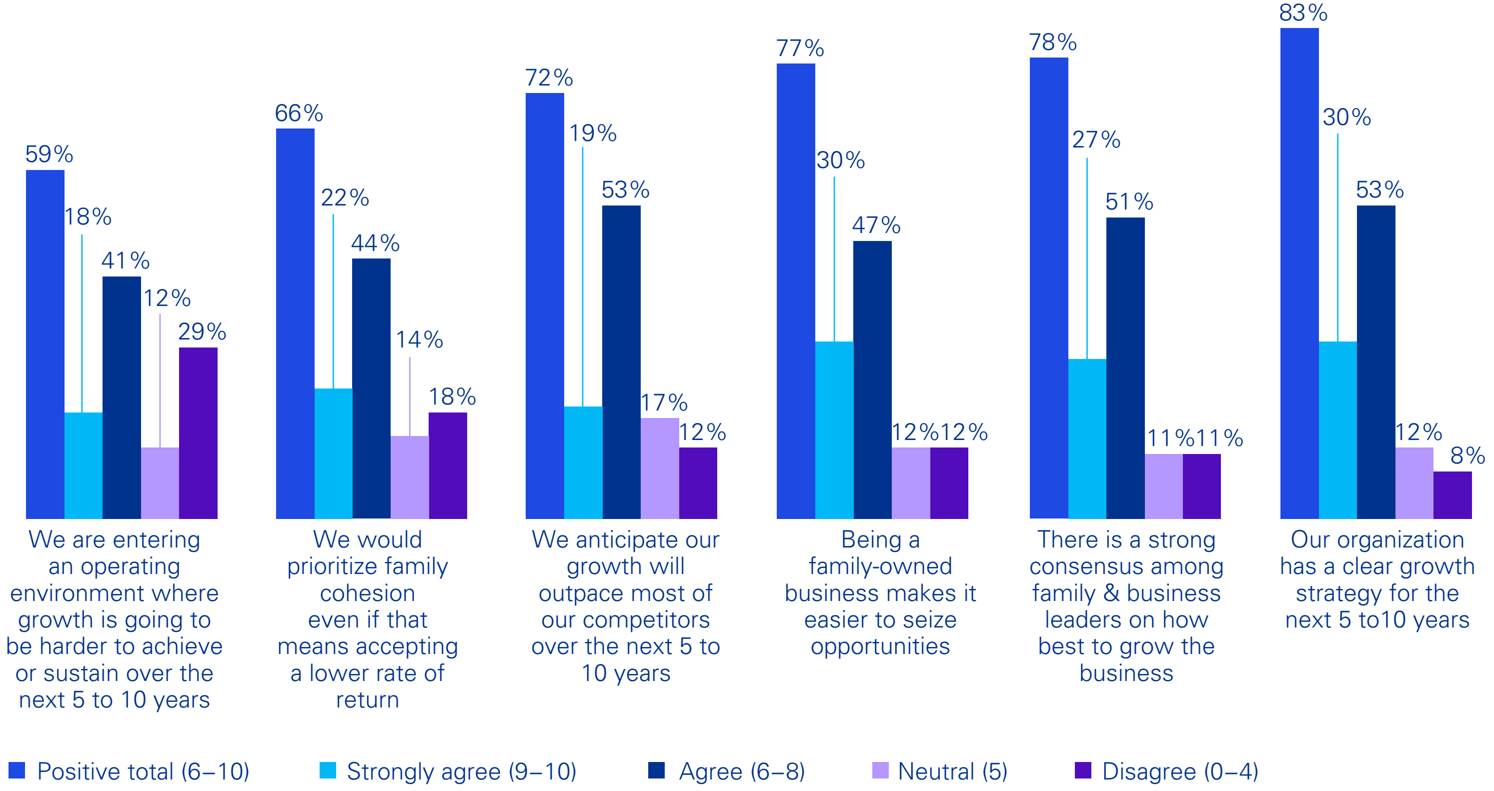
The fact that 69 percent of participants from the Technology & Software sector perceive that growth will be harder to achieve and sustain over the next five years is probably a reflection of their experience of strong growth in the sector in the five years leading up to this point.

It should be noted that globally 29 percent disagree and scale would seem to influence confidence. Over 44 percent of businesses employing between 10,000 and 25,000 employees disagreed with the idea that growth would be harder to achieve over the next 5 to 10 years.

In family businesses, misalignment on growth direction can quickly become an operational constraint. Only 11 percent disagree that there is strong consensus among family and leaders on the growth agenda, a pattern consistent across generations. This suggests many enterprises recognize that disagreements at ownership and leadership levels are not abstract risks; they can directly affect decision speed and execution.

The 66 percent who prioritize family cohesion over returns reflects a values hierarchy that can be a competitive advantage through long-term orientation, but it can also create governance tension when cohesion and value creation diverge. Making decision principles explicit — what is negotiable and what is not — helps reduce ambiguity when trade — offs arise.

Strategic priorities



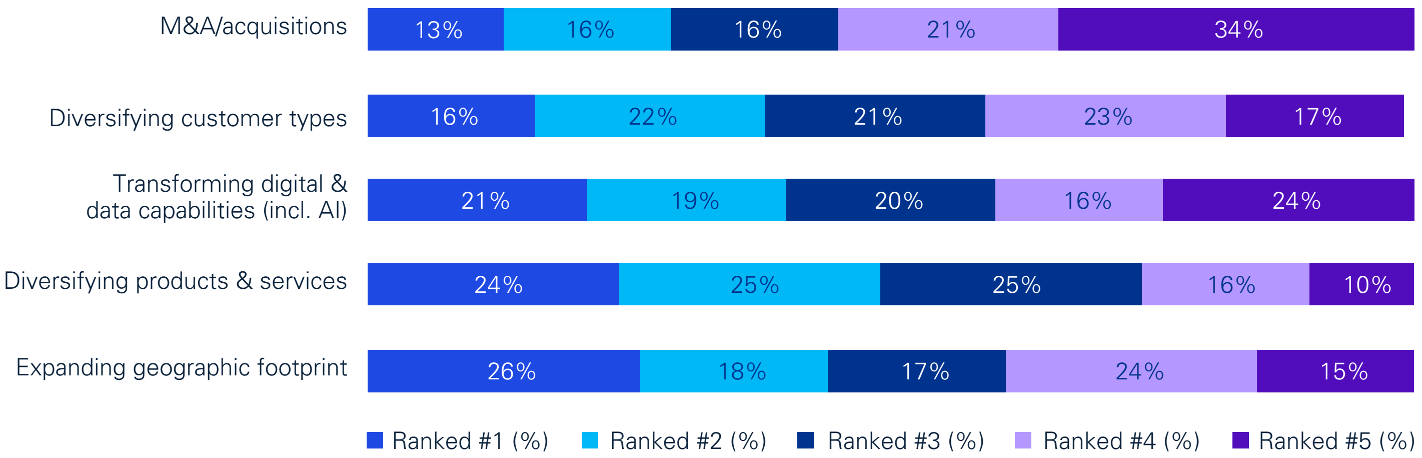
Growth priorities to 2035

Respondents ranked five growth drivers by anticipated impact. Geographic expansion is most frequently selected as the top driver (26 percent), narrowly ahead of diversification of products and services (24 percent). Digital and AI transformation ranks third (21 percent), but is significantly higher in sectors where digital capability directly drives revenue.

A separate survey of private company CEOs[3] provides important context here. The [2025 KPMG Global private company CEO Outlook] suggested that 73 percent of private company CEOs are either actively pursuing strategic expansion or expecting to do so in the near term, with 48 percent planning to explore new markets or regional opportunities. Geographic ambition is not unique to the family business segment; it is a defining feature of private enterprise growth strategy in 2025–26.

Industry patterns add granularity. Financial Services (34 percent), Media & Telecommunications (31 percent), and Technology & Software (29 percent) each show well above-average ranking of digital/AI transformation as the top growth driver reflecting sectors where digital capability is a direct revenue driver. M&A appetite is highest in Automotive (24 percent) and Media & Telecommunications (20 percent), sectors experiencing structural disruption that makes organic growth strategies insufficient.

Growth drivers



However, it is not the case that family-owned businesses are keen to explore acquisitions as a means of generating growth. In fact, over one-third suggest mergers and acquisitions (M&A) activity would have the lowest impact as a driver of growth over the next 10 years.

The relatively low ranking of M&A is analytically significant considering the findings in the private company CEO survey. While 85 percent of private company CEOs show some appetite for M&A, only 30 percent report enthusiasm for 'high-impact' transformative deals.

This caution is broadly consistent with the family business data, where M&A ranks last as a top growth driver among most respondents. In a highly volatile world, where economic forecasts can change rapidly in response to tariffs and geopolitical events, there is a sense that private company leaders place greater trust in their capacity to generate organic growth.

[3] KPMG Global Private Company CEO Outlook, November 2025, KPMG International

The geopolitical and macroeconomic context

The survey was conducted in January–February 2026, during a period marked by tariffs and trade disputes, international conflict, inflationary pressure, regulatory change, climate events, and ongoing supply-chain disruption. These conditions provide context for the risk perceptions reflected in the results.

> In a world where separating signal from noise is increasingly difficult, this survey provides clear alignment on the long-term direction of travel.
>
> Family businesses should act now — responding to today's strategic imperatives while deliberately planning for inevitable ownership transitions and the impacts of systemic change."
>
> **Ruth Todd**,
> Partner and National Leader
> KPMG Private Enterprise
> KPMG in Canada

Business challenge	Family business survey global %	ASPAC %	EMEA %	Americas %	Australia %	Germany %	US %
AI adoption & governance	38%	45%	33%	40%	50%	41%	47%
Talent attraction & retention	36%	38%	35%	37%	40%	20%	34%
Cybersecurity	31%	32%	28%	33%	37%	39%	39%
Macroeconomic disruption & uncertainty	31%	25%	36%	28%	19%	38%	23%
Changing customer demand patterns	29%	32%	29%	27%	26%	21%	25%
Geopolitical trade & tariffs	25%	20%	27%	27%	12%	39%	26%
Regulatory complexity	24%	22%	27%	21%	29%	42%	24%
Governance & strategic decision-making	23%	22%	23%	25%	26%	14%	21%
Business succession & next-gen readiness	20%	19%	20%	23%	24%	12%	25%
Ownership structure & capital deployment	15%	17%	14%	14%	16%	9%	16%
Family cohesion & alignment	15%	14%	16%	15%	11%	9%	9%
ESG expectations & compliance	12%	15%	11%	9%	11%	15%	12%

When 59 percent of family businesses acknowledge that growth will be harder to sustain, and when 25 percent cite geopolitical trade and tariffs as a short-term challenge, they are operating in an increasingly uncertain macro environment. Geopolitical risk considerations are not unique to family businesses. Private company leaders are also navigating similar uncertainty, with 26 percent ranking geographic diversification as the highest-impact driver of future growth.

2025 KPMG Global private company CEO Outlook

AI adoption and governance is the largest short-term concern globally cited by 38 percent of respondents and ranking first in major regions and within several of the most well represented countries and regions in the survey.

The convergence across this dataset, regardless of geography, scale, industry or age, suggests AI is among the defining short-term challenges of 2025–26.

Two structural observations deserve attention. Germany's distinctive profile, leading on macroeconomic disruption (38 percent), cross-border trade and tariff concerns (39 percent), and regulatory complexity (42 percent) reflects the exposure of an export-led, industrial manufacturing economy to changes in trade conditions and evolving regulatory requirements across major markets. This is consistent with the CEO Outlook's finding that some private companies are considering additional market presence and governance structures as part of their approach to managing trade and tariff-related uncertainty.

Long-term business challenges (to 2035)

Business challenge	Global % long term	Global % short term	Movement in sentiment
AI adoption & governance	35%	38%	▼3%
Business succession & next-gen readiness	31%	20%	▲11%
Talent attraction & retention	30%	36%	▼6%
Macroeconomic disruption & uncertainty	29%	31%	▼2%
Changing customer demand patterns	29%	29%	–
Cybersecurity	26%	31%	▼5%
Governance & strategic decision-making	24%	23%	▲1%
Regulatory complexity	24%	24%	–
Ownership structure & capital deployment	21%	15%	▲6%
Geopolitical trade & tariffs	21%	25%	▼4%
Family cohesion & alignment	19%	15%	▲4%
ESG expectations & compliance	11%	12%	▼1%

The relatively low short-term global ranking of business succession (20 percent) relative to its long-term importance (31 percent) exemplifies the 'urgent vs. important' dynamic. Succession planning is explicitly identified as one of the key pressures unique to family businesses and family offices, alongside whether there is a desire to, and a confidence in, passing the business on to the next generation. These are strategic choices with long lead times, and the data suggests they are being deferred more than engaged.

Ownership structure and capital deployment also rise significantly (+6 points). At the same time, more respondents recognize governance and strategic decision-making, and family cohesion and alignment, as long-term priorities. These are structural challenges that require long lead times.

The relatively low long-term concern relating to ESG (11 percent) is worth noting in the context that family businesses have historically been strongly values-aligned with their communities. Notably, concern with regards to ESG diminishes to just 6 percent for family businesses over 100 years old. The low ESG ranking may reflect the fact that it is seen as being something 'implicit within their social contract' and thus already 'factored in' rather than an expression of indifference, but it may also reflect under-attention to the formalization and reporting requirements that are increasingly expected for businesses of scale.

The most significant increases occur more by reference to industry sector with participants in the Energy & Natural Resources sector placing a higher sense of importance on ESG as a challenge and placing higher emphasis on regulatory complexity as a challenge both in the short (29 percent) and long term (27 percent) as against the global percentage.

KPMG perspective

As families consider more complex capital options (including private equity or venture capital), the governance question is as important as the valuation. What decisions change, what information rights shift, and how will alignment be sustained between owners and professional management? Structuring these answers upfront can help reduce friction later.

Key takeaways

- Strategic confidence is strong (83% believe they have a clear growth strategy and 79% believe they have leadership alignment) yet 59 percent expect growth to be harder, signaling a need to translate conviction into execution discipline.
- Growth priorities through to 2035 skew toward geographic expansion (26 percent as the top growth driver), diversification (24 percent), and digital/AI transformation (21 percent) — these choices increase cross border complexity and place demands on internal communication and co-ordination.
- The short-term challenge profile is concentrated: AI adoption and governance (38 percent), talent attraction and retention (36 percent), and cybersecurity (31 percent) sit alongside macroeconomic disruption (31 percent), suggesting leaders face concurrent transformation and risk pressures.
- Succession shifts materially over time: it rises from 20 percent (short-term) to 31 percent (long-term), reinforcing that transition planning requires longer lead times than many other priorities.
- ESG ranks relatively low as an explicit concern (11 percent long-term), which may reflect implicit values-led practice; however, larger or cross-border enterprises may need to make ESG governance, metrics, and disclosures more explicit as expectations evolve.

02

Resilience and the family business advantage

Family-owned enterprises don't just believe in their competitive edge, they have the data to back it. Maintaining the strength of the model in the wake of anticipated changes to the family's perception of the appropriate structural model (see section 3) suggests that cultural and relational strengths will need reinforcement.

KPMG has consistently found that family businesses have demonstrated stronger resilience than their publicly listed peers on measures of long-term resilience. The 2026 survey reinforces that finding. Respondents show high confidence in the enduring competitive advantages of their ownership model, while simultaneously signaling awareness that structural professionalism must keep pace with cultural strength.

Value creation levers: How successfully are they leveraged?

Respondents rated how well their organizations use six intrinsic competitive advantages — all value drivers received over 78 percent combined 'successful' and 'highly successful' ratings. Such broad confidence is rare and highlights family business leaders' strong belief in their ownership.

Two specific patterns merit attention. First, governance and decision-making processes are the lowest-rated driver overall (78 percent). This reflects a real-world dynamic in which the complexity of managing growing, multi-generational businesses needs to ensure that the governance structures in place are sustainable and robust.

Second, for businesses over 100 years old, individual family member skills (67 percent) and family networks (66 percent) are rated significantly lower than the global average, while governance (73 percent) holds up better. This pattern suggests that as businesses mature across generations, the competitive advantage shifts from the personal influence of the family to the structural framework. In other words, it is the institution that sustains the business, not any individual family member. This is a critically important transition insight.

Value driver	Not successful (0–4)	Neutral (5)	Successful (6–8)	Highly successful (9–10)	Total 6–10	100+ years businesses
Shared values & purpose	4%	7%	49%	39%	89%	87%
Family reputation & brand equity	5%	8%	45%	42%	87%	87%
Financial capital & patient investment approach	8%	9%	51%	32%	83%	81%
Individual family member skills & expertise	8%	11%	51%	30%	81%	67%
Family networks & relationships	8%	12%	49%	31%	80%	66%
Strong governance & decision-making processes	12%	10%	50%	28%	78%	73%

If I could start over, I would address some things more consciously and earlier — particularly around clear structures, transparency, and professionalization at the interfaces between family, ownership, and operational management."

3rd generation owner,
Germany — over 100 years in operation,
other industry

As family businesses professionalize, next-generation readiness is shifting from operational control to ownership and governance capability. Strong family governance does not hinder development — it can create the structure, clarity, and confidence needed for the next generation to lead as effective owners."

Alan Barr
Partner, Head of Family Business
KPMG in South Africa

Building intergenerational capability

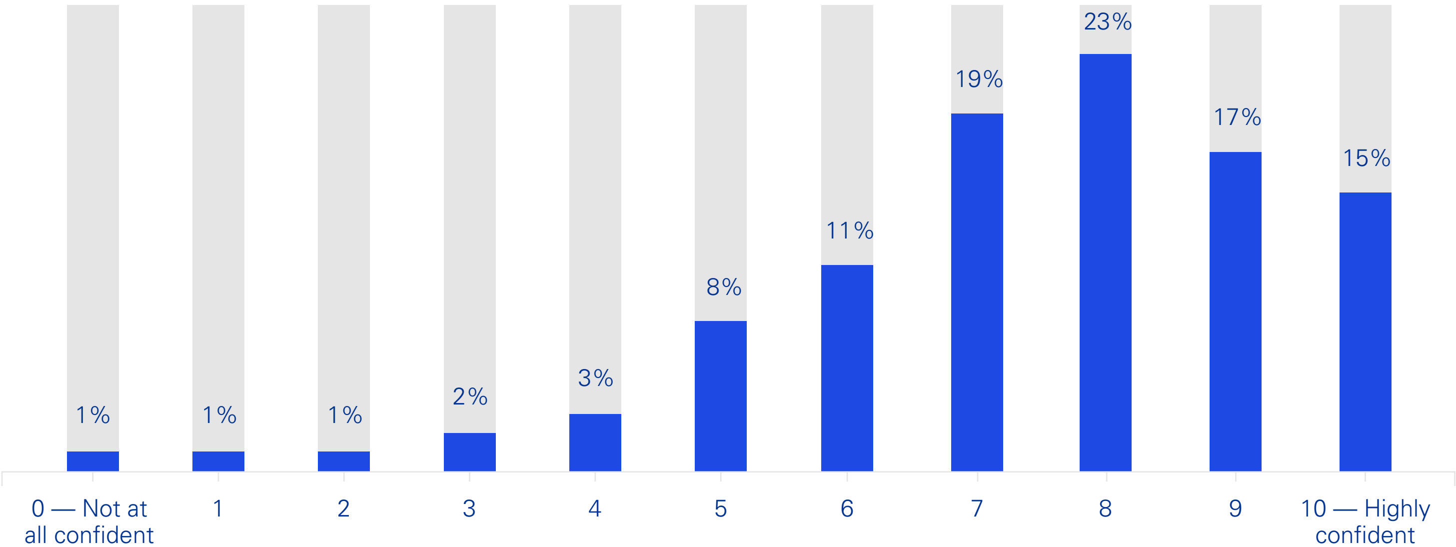
When asked about the most significant talent-related challenges, 30 percent of respondents identified next-generation readiness and capability development as a key issue.

The survey also indicates relatively high confidence in next-generation readiness: nearly three-quarters of respondents report they are comfortable with the next generation's capability to assume leadership. This is higher than in some prior succession-focused studies and may reflect the broader shift toward governance-led roles rather than day-to-day operational leadership (see section 3).

There are, however, over one-quarter expressing less confidence.

How one may define 'readiness' is obviously subjective. It is quite possible, that allied to the sense of a 'structural' model change, discussed in Section 3, that confidence in the capacity to act in a 'governance' capacity may be higher than as the manager of business operations.

How confident are you in the next generation's readiness to assume leadership responsibilities in your business?



The confidence in the 'readiness' of next generations may be because of the deliberate steps being taken to enable next-generation success. Among the survey respondents, for example, 60 percent stated that they had already put in place processes allowing for 'on-the-job' learning, in the businesses. One half had initiated mentoring arrangements whereby experienced leaders in the business were working closely with younger family members. Less common were more structured approaches to next-generation development, with only 37 percent deploying targeted in-house programs.

However, in this area, specifically, 40 percent were planning to instigate mentoring programs internally over the next 3 years and 43 percent were considering using third parties to help develop formal programs.

The shift toward a deliberate development of the next generation has been promoted as an important element of successful transition processes by advisors to family-owned businesses and typifies a sense of the drive to 'professionalization' that has been long been advocated.

KPMG perspective

Next-generation readiness is strongest where development is treated as a system: on-the-job learning (60 percent) and mentoring (50 percent) are common, but fewer enterprises use structured in-house programs (37 percent). The opportunity is to connect these approaches into a single progression, so capability development is consistent, measurable, and aligned to future governance responsibilities.

Key takeaways

- The alignment of family businesses behind their values and purpose is strong: shared values (89 percent), family reputation (87 percent), and patient investment approach (83 percent) are the highest-rated value drivers.
- Among 100+ year businesses, ratings for individual family skills (67 percent) and family networks (66 percent) are lower than the global averages, suggesting longevity depends less on individual influence and more on durable systems and stewardship practices.
- Governance and decision-making is the lowest-rated value driver (78 percent), indicating a practical ceiling on performance unless decision processes keep pace with scale, complexity, and professional management.

03

Capital structure and operating model

The 2026 survey points to a projected shift away from family-run operating businesses toward professional management under family governance by 2035.

Business structure: Today and 2035

A central structural finding in the 2026 survey is the projected change in operating model. Across regions and industries, respondents anticipate a shift away from family-run operations toward professional management structures, with a projected decline of 37 percentage points, from 49 percent of businesses identifying as family-run today to 12 percent expecting that structure to continue through to 2035. In Australia, family-run operations are projected to decline from 53 percent today to 9 percent by 2035.

The direction of travel is clear, but the drivers are more complex than assuming it is a function of a drive toward increased 'professionalization'. Several other factors are converging at this specific moment.

Firstly, with an increase in their broader experience, many next-generation family members are identifying more with governance roles to operational ones.

Secondly, managing the increasing complexity of multi-stakeholder enterprises in a more regulated environment can be a daunting task. There is a recognition that future growth and scale require professional management capability that family talent pools cannot always provide.

Lastly, we may be witnessing a natural structural evolution that comes with multi-generational ownership.

Changing the business structure — Now to 2035

> "The shift in how family businesses define themselves — from operators to owners — has been underway for some time.
>
> Since COVID, the growing prevalence of broadened investment portfolios and the emergence of "embedded" family offices has accelerated this transition.
>
> As a result, governance frameworks — and the board composition and skill sets required to oversee increasingly diverse subsidiary interests — should be reconsidered."
>
> **Tracey Spivey**
> Global Head of Family Office & Private Client, KPMG International & National Practice Leader, KPMG in the US

For businesses over 100 years old, the transition has already commenced with the percent of family-run operating businesses falling from a lower starting point (40 percent) to 13 percent, while holding company structures nearly double. This pattern suggests that century-old businesses have already learned, through experience, that institutional durability requires structural evolution.

As one respondent remarked in considering what they may have done differently:

> To transfer operational management to non-family members more quickly and to focus more strongly on overarching strategic issues."
>
> **5th generation Energy & Natural Resources owner**, Germany — over 100 years in operation (reflecting on what they would do differently)

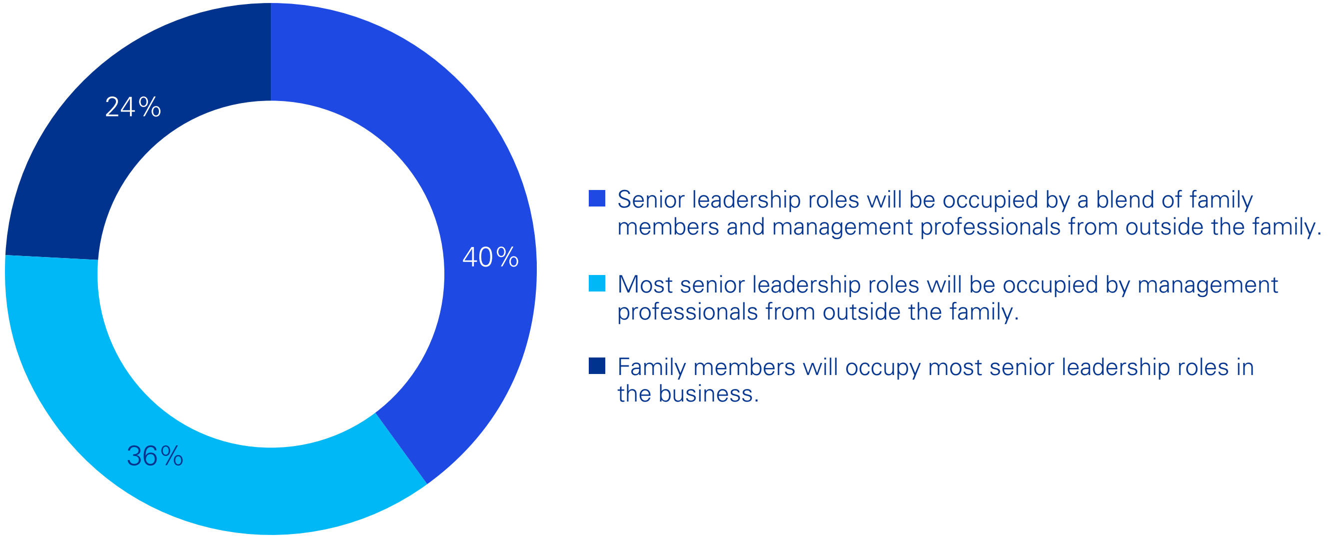
The transition toward professional management was emphasized by the responses to the question as to the likely future leadership of the business.

Over three-quarters anticipated that leadership roles would be occupied either in whole, or in part, by management professionals from outside the family.

Twenty-four percent suggested that family members would continue to occupy most senior leadership roles.

Based on the earlier analysis as regards to the likely future structure of their model, family-owned businesses should ensure that they have developed a strong alignment with professional management to help ensure that the advantages of the family-owned model are not dissipated unduly.

What is most likely to happen to the leadership of the business over the next decade?



If not family run, what...

For family-run businesses, shifting toward a model focused on ownership and governance will require careful planning, greater emphasis on sourcing outside talent, and broader investment across multiple ventures. Survey results indicate that by 2035, the proportion of enterprises structured as multiple operating businesses under a holding company is expected to rise from 10 percent to 25 percent.

Dependent upon the preferred future model, the board of family-owned enterprises will need to re-engineer their agenda to support such a transition.

Fundamentally, the strategic rationale and readiness for adoption of either model needs to be debated and the reasons for a shift in the model clearly understood and appreciated.

The following table outlines some of the key issues that family run business boards will need to grapple with.

Professional management with family board oversight	Multiple operating structures under a holding company
What is the strategic rationale and how ready is the organization for a change in the business model?	What is the driver behind a shift toward a holding company structure?
How are the family management boundaries defined? Where does the board's authority end and management's begin?	What is the right structural form and how does this flow through to ownership? How would the structure be affected by the ownership of globally diverse businesses and what are the legal, tax and regulatory implications in each jurisdiction?
What, if any, role do family members play in the operating business? Could they one day run the business again?	What are the responsibilities of the board of the holding company? How is autonomy delegated at a subsidiary level?
How does the business attract third-party professional management and how are they held accountable?	How is capital allocated across subsidiary interests? What is the dividend and distribution policy that is congruent with family demands and business imperatives?
How does the culture, values and legacy of the family and its business cascade?	

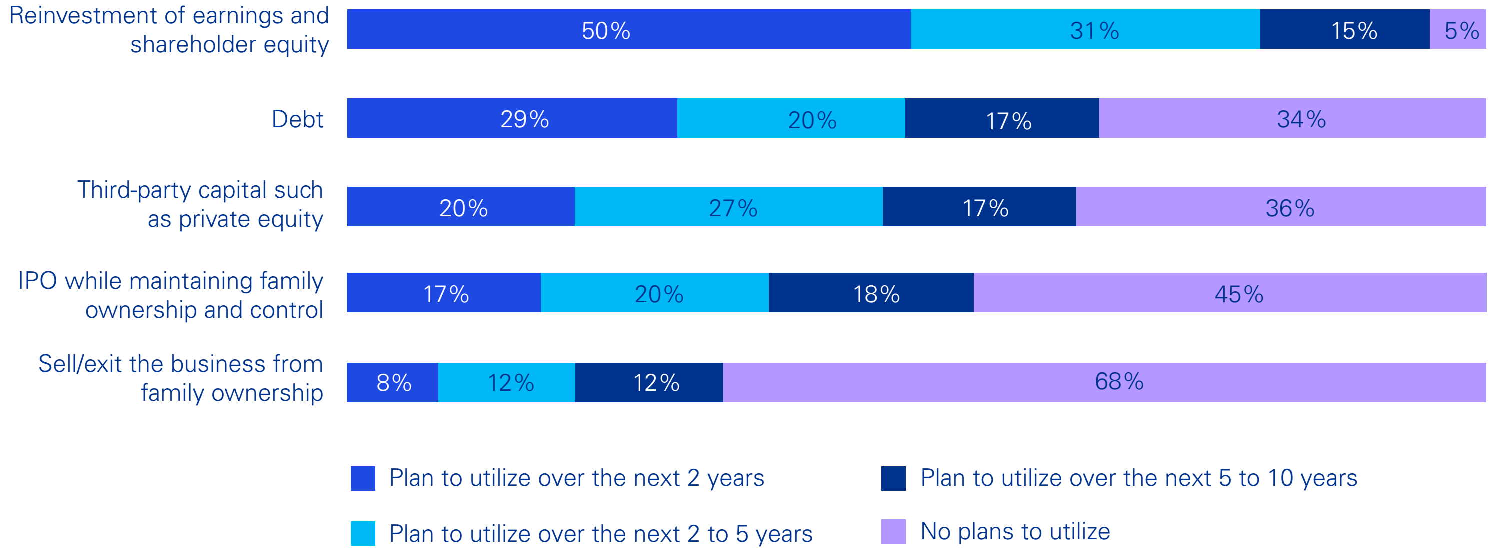
KPMG perspective

The projected shift from 49 percent to 12 percent "family-run" by 2035 implies an operating-model redesign, not just a leadership change. Families can help reduce execution risk by explicitly separating (1) owner decisions, (2) board oversight decisions, and (3) management decisions — then aligning incentives and reporting to that split.

Funding growth: Plans over the next 10 years

Reinvestment of earnings remains the dominant near-term funding strategy, consistent with the patient capital ethos of family enterprise. There is an appetite for considering a role for external capital. However, caution should be exercised around the impact of dilution and a reassessment of the governance implications of external capital in an uncertain macroeconomic environment.

How are you planning to fund the growth of your business over the next 10 years?



How does business age affect funding decisions?

The contrast between century-old businesses and businesses under 25 years old is insightful. Century-old businesses are substantially more conservative: 63 percent have no plans to pursue third-party capital (vs. 36 percent globally), and 67 percent have no IPO plans (vs. 45 percent globally). This reflects both the accumulated financial strength of long-established businesses and a deep cultural preference for ownership independence.

Funding source	Global No plans	Over 100 yrs old No plans	Under 25 yrs old No plans
Third-party capital (PE)	36%	63%	23%
Initial public offering (IPO) while maintaining family ownership	45%	67%	35%
Sell/exit from family ownership	68%	77%	62%

Deployment of external capital: Where would it go?

Technology and AI investment leads globally as the preferred deployment for external capital (54 percent), with high significance in India (71 percent) and the US (72 percent). The gap in expectations between the global average and India and the US stands in contrast to China (43 percent). These differences may reflect a range of factors, including market maturity, sector mix, investment conditions, and differences in regulatory and infrastructure environments.

Other geographic differences emerge, including Australia's comparatively low score on next-generation leader development (15 percent vs. 23 percent globally) and overseas expansion (26 percent vs. 33 percent) which may reflect both the smaller average scale of Australian respondents and a historically more domestic strategic orientation.

Key takeaways

- By 2035, the survey projects a major operating-model change: the share identifying as family-run is expected to fall from 49 percent to 12 percent, with increased prevalence of professional management and board-led oversight.
- Where external capital is contemplated, intended deployment priorities cluster around technology and AI (54 percent), followed by diversification (46 percent) and core growth (45 percent), indicating that investment choices are increasingly technology-shaped.
- Century-old businesses are markedly more conservative on external capital and IPO pathways, reinforcing that preserving ownership independence remains a deliberate strategic choice for many long-established families.

04

Cybersecurity as a strategic priority

Just 24 percent of respondents experienced cyber-attacks in the last 12 months. Our perception is incidents may be more frequent than reported. This low level of reporting may be a function of the importance attached to the management of cyber risk and the relatively low percentage that regard it as being a business strategic and operational risk requiring board attention, or potentially a wish to not highlight that the incident has occurred.

Not elevating cyber as a significant risk within family-owned enterprises can increase exposure, particularly as many are developing their AI strategy and deepening their technology investment.

Cybersecurity: A board issue, not an IT issue

Twenty-four percent of family businesses experienced a cybersecurity incident in the past 12 months. It is our view that this figure likely understates total exposure within privately held enterprises.

In the KPMG Global tech report 2026,[4] 77 percent of private companies reported planning increased cybersecurity investment in the coming year[3], and 36 percent pointed to better cybersecurity management as the single most expected benefit of achieving their technology goals, ranking it above revenue growth.

Putting aside this contrast between data sources, when leaders rate security benefits higher than growth benefits from their technology programs, cybersecurity has crossed from an operational concern to a strategic priority. A point underlined by 51 percent of family-owned enterprises confirming that their approach to cybersecurity was seen as both a strategic and operational risk issue.

> Cyber security is no longer just an IT issue — it is also a board-level risk. For family businesses, a cyber breach threatens not just operations, but legacy, trust, and brand reputation built over generations."
>
> **Jesus Luna**
> Lead Partner, KPMG Private Enterprise
> KPMG in Mexico

How family businesses currently approach cybersecurity

Cybersecurity approach	Family business survey %	Commentary
As both a strategic business risk and an operational/technology issue	**51%**	Adopting a dual-lens approach helps to reinforce effective governance protocols.
Primarily as a technology/IT concern managed by IT function	**43%**	Treating the issue as primarily a concern of the IT function leaves board accountability undefined.
As a board-level business continuity and resilience risk	**37%**	While this is a leading practice, only just over a third have reached this level.
Outsourced to third-party providers	**25%**	Effective if properly governed and contractually structured. However, ensuring there is appropriate accountability at a board level is key.
Not sure how best to approach/not a significant concern	**7%**	This posture can indicate limited visibility of exposure. Few enterprises are truly unexposed, so it may be important to validate assumptions through basic risk assessment and reporting.

Q. How does your organization approach cybersecurity risk management? (Multiple responses allowed)

However, for some, the issue may remain siloed within their IT function.

Forty-three percent of respondents regarded cybersecurity primarily as an IT concern. This represents the most consequential governance maturity gap.

While, IT, security and risk teams operate in silos this creates what the KPMG Global Tech Report 2026 describes as an 'uncontrolled environment' that becomes redundant and costly as vendors multiply.

For family businesses, where these functions are often smaller and less specialized than in large public enterprises, the imperative to break down these silos is more pressing, not less.

As family businesses deploy more AI in customer-facing functions (see section 5), financial processes, and operational management, the attack surface can expand and the consequences of a breach can become more severe.

[4] KPMG International, KPMG Global Tech Report 2026: Leading in the Intelligence Age. Excelling today, shaping tomorrow, January 2026 (which reported that over 80% of respondents experienced increased cyber threats).

Post-incident response: Rising sophistication

Among the 24 percent of family businesses that experienced an incident in the past 12 months, post-incident response demonstrates rising sophistication. The pattern of actions taken illustrates a sector beginning to move from reactive to structured cybersecurity governance.

These post-incident actions are encouraging — particularly training and software updates — but leading practice is to reach this level of readiness before an incident occurs. Building baseline controls, monitoring, and response playbooks in advance can help reduce business interruption and reputational damage.

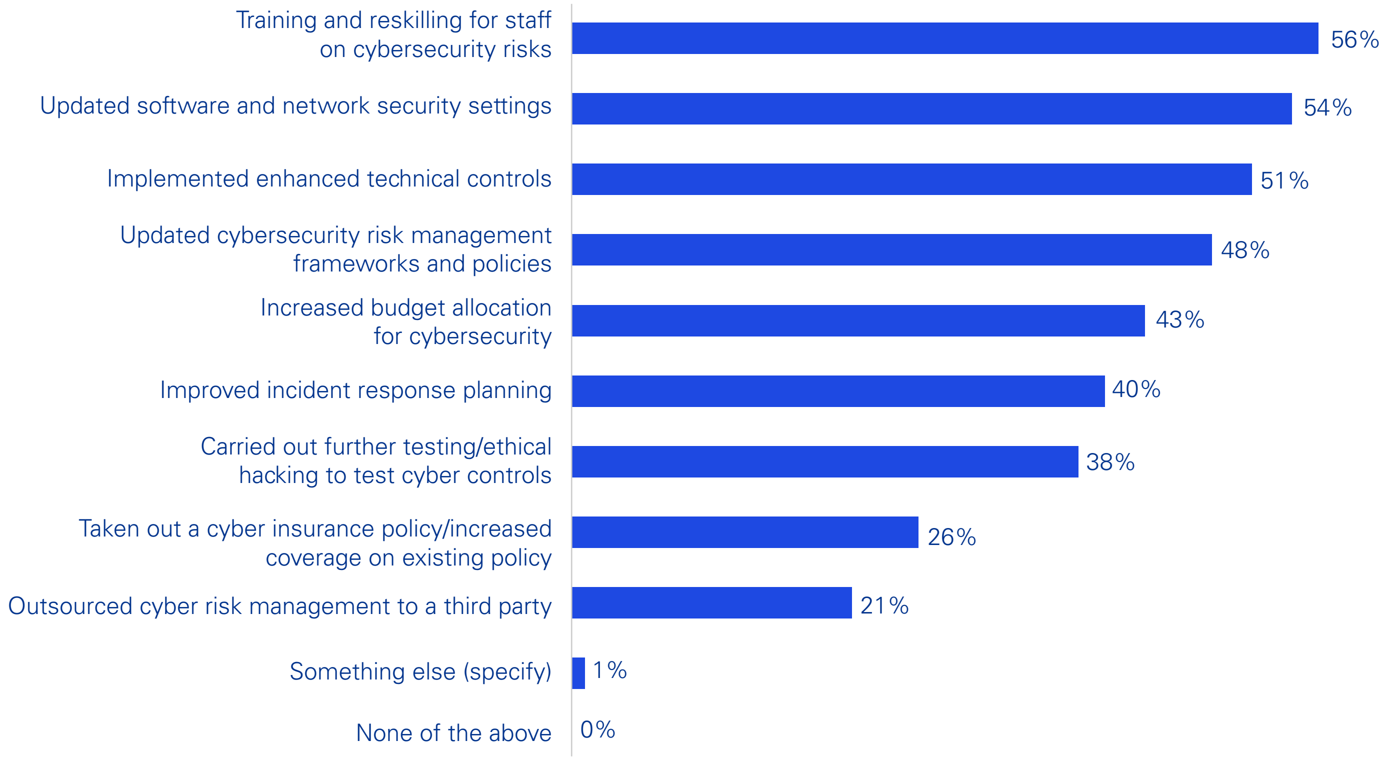
As the KPMG Global tech report 2026 states: "The faster you can understand and respond to governance and security needs, the farther ahead you can be in the critical areas of efficiency, speed and competitiveness."

KPMG perspective

A board-ready cyber posture starts with clarity: who owns cyber risk, what metrics get reported, and what thresholds trigger escalation. Establishing this cadence early helps move from “IT-managed controls” to enterprise resilience — especially as AI and digital initiatives expand the attack surface.

Resilience investments (identity, access, backups, and incident readiness) can protect the value family enterprises place in reputation and continuity, and help reduce the likelihood that a cyber event derails strategic change programs.

What steps have been taken to better prepare for cyber incidents?



Total number of responses: 445

05

Future-proofing: Enhancing productivity and building skills

Family businesses are adopting AI quickly and expect productivity gains, but skills and governance are not keeping pace, creating what the KPMG Global tech report 2026 describes as 'intelligence debt'.

Survey results show 64 percent of family businesses are actively deploying AI, but governance maturity lags. Moving from pilots to scale without clear oversight can increase operational and reputational exposure and compound the 'intelligence debt' created by poorly understood, weakly controlled AI use.

AI adoption: Accelerating faster than governance

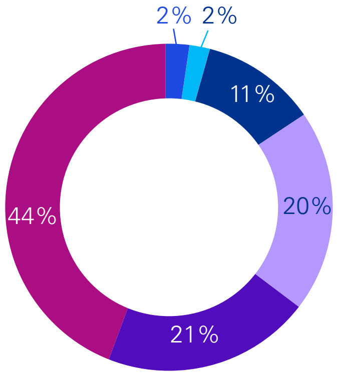
The data offers a note of caution. With only 20 percent of family businesses having implemented AI at scale and 11 percent not yet started, the family business segment appears to be operating as 'fast followers', keeping pace with the advances in AI but struggling to adjust to the governance imperatives.

Adoption is material: 44 percent are piloting use cases and 20 percent have implemented AI at scale, but governance is uneven. Thirty-eight percent report no AI governance framework, indicating that oversight, controls, and decision rights are not yet aligned to the pace of deployment.

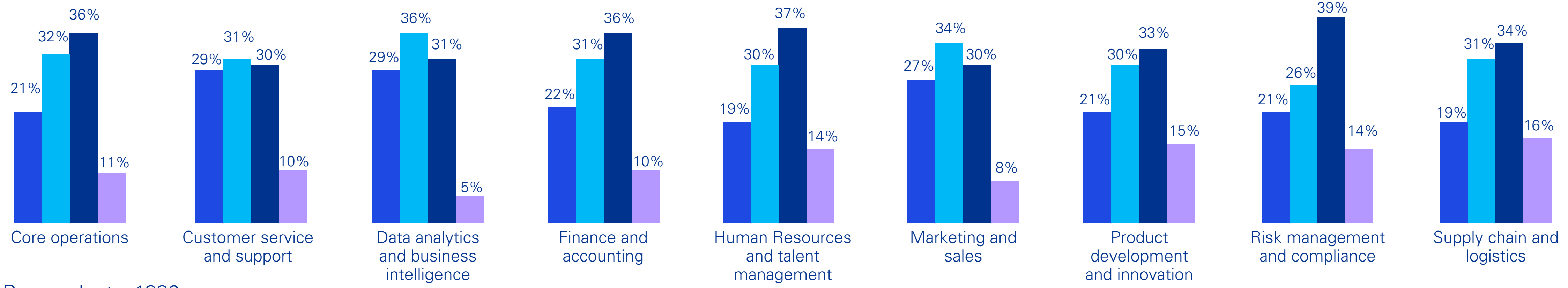
Where AI is being deployed

Adoption is strongest where productivity gains are most immediate: customer service, analytics, marketing/sales, and finance. Activity is lower in core operations and risk management, where weakly governed AI can create more direct business-continuity exposure.

AI adoption



In which business functions are you implementing or planning to implement AI?



Respondents: 1886

Already implemented at scale | Piloting today | Looking to pilot in the future | No plans to pilot in the future

The revenue horizon: AI as a business engine

For businesses still in pilot or planning, AI decisions made now can help shape future competitiveness and revenue opportunities, not just near-term efficiency.

Some respondents report limited clarity on return on investment (ROI) for current initiatives, which can slowly scale-up or dilute focus across low-value use cases. Clear prioritization criteria and governance can help align investment to measurable outcomes and risk oversight.

Talent: Attracting and building the AI-era workforce

The talent challenge facing family businesses has shifted structurally in 2026. Attracting high-quality external talent to a family-owned business is the top people challenge globally (39 percent), displacing the urgency around next-generation development (30 percent).

The underlying dynamic is directly connected to the structural transformation identified in section 3. As family-run operating businesses give way to professional management structures, the ability to attract, develop, and retain professionals who are not family members becomes foundational to business performance.

> To combine openness to technological change — especially AI — with the traditional values of the family business. Only those who digitally transform in a timely manner will remain competitive in the long term."
>
> **3rd generation Technology & Software owner**, Germany — 26–50 years in operation

> "I would invest in our digital transformation earlier and more consistently. We should have established data-driven decision-making processes in an earlier growth phase to react even more agilely to market changes."
>
> **3rd generation owner**, Germany — 26–50 years in operation, other industry (what they would do differently)

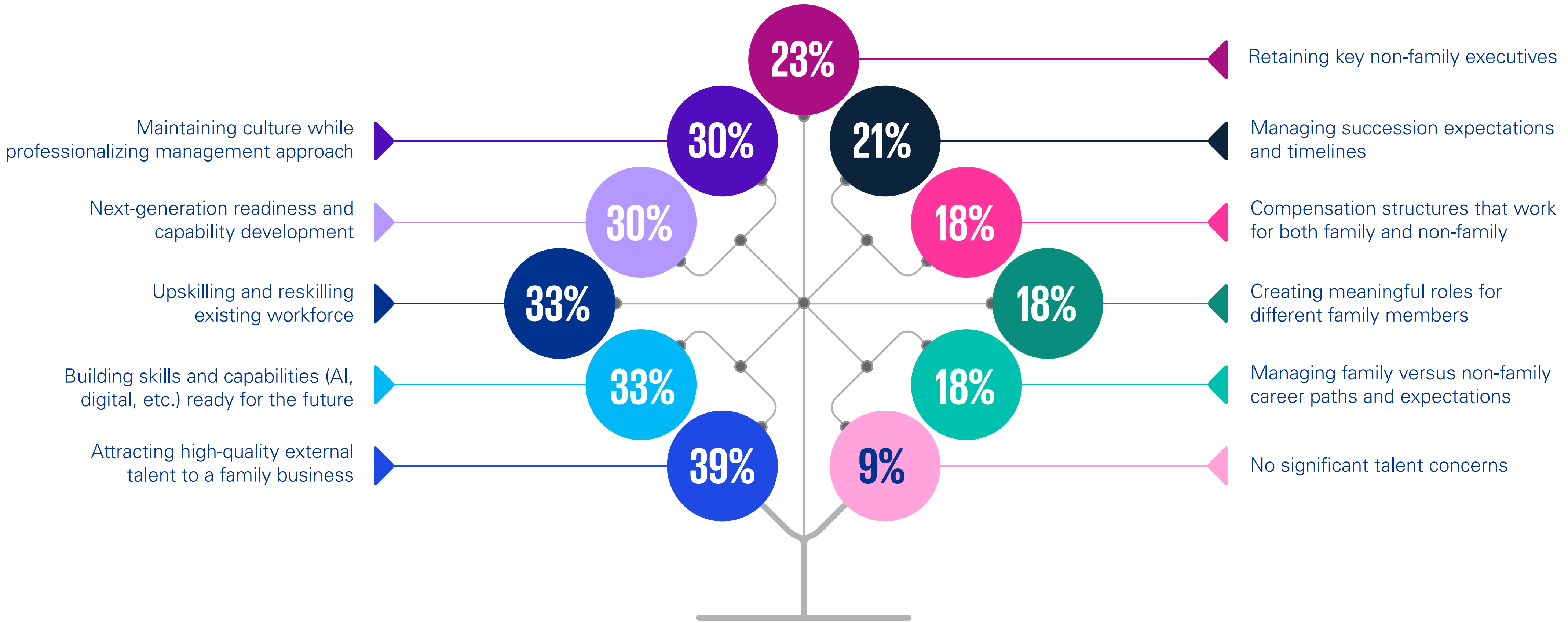
KPMG perspective

As AI moves from pilots to scaled deployment, governance should keep pace with the lifecycle: define what "approved to use" means, document models and data sources, monitor performance and drift, and establish clear accountability for outcomes. This is how enterprises can avoid scaling value and scaling risk at the same time.

A second challenge is building, skills in AI, digital, and technology that are ready for the future. The KPMG Global tech report 2026 provides context: in that report 53 percent cite talent shortages as a barrier to digital transformation, reinforcing that this is a capability and operating-model issue, not recruitment alone.

The capability gap: AI fluency is now essential

What are the most significant talent-related challenges?



AI strategy and deployment is the largest capability gap identified by family businesses (43 percent) by a margin of 13 points over the next-ranked gap. This is a direct consequence of accelerating AI deployment into organizations where the workforce has not been prepared to work alongside, manage, or govern AI systems. The KPMG Global tech report 2026 crystallizes the stakes: 93 percent of private company leaders say managing AI agents will be an essential workforce skill within five years. The entire organization's 'AIQ' (artificial intelligence quotient) may need to be developed across the enterprise, not just within a small technology team.

Reskilling, not just recruitment

The labor market for AI-fluent professionals is highly competitive. A practical response blends targeted external hiring with reskilling through training programs, internal academies, upskilling pathways, and partnerships with technology providers.

For family businesses, this distinction carries resonance and offers a potentially significant opportunity. The workforce of a family enterprise often includes long-tenured employees with deep institutional knowledge, strong cultural alignment, and genuine loyalty. These are not people to replace with AI-native external hires; they are people to develop into AI-augmented contributors. Reskilling programs that leverage loyalty and culture can build a sustainable competitive advantage that external recruitment alone cannot replicate.

Top capability gaps in family businesses

Capability gap	Family business survey %	Strategic implications
AI strategy & deployment	43%	A highly urgent gap, required for both competitive adoption and responsible governance. If left unaddressed, this gap can contribute to entropy and competitive underperformance.
People leadership	30%	Critical as professionalization accelerates and leadership transitions multiply.
Driving execution & operational excellence	29%	Foundational capability. Technology investments require execution capability to deliver returns.
Developing strategy/ entrepreneurial mindset	29%	In an environment where the family becomes owners rather than managers, developing a family member's higher-level strategic thinking and entrepreneurship can be harnessed for future growth.
Technology strategy (non-AI)	26%	Digital infrastructure underlies AI deployment and cannot be skipped.
Cybersecurity	26%	Directly compounds the AI governance gap as the two deficits reinforce each other and need to be seen as closely connected to protect inherited intellectual propery (IP).
New product development	23%	Constrained by AI and technology strategy gaps upstream. New product development and marketing will rely heavily on technology and AI.

Next-generation leaders should be AI-fluent

As ownership and governance responsibilities shift to the next generation, AI fluency becomes a governance requirement. Development programs should explicitly include AI risk, data governance, and technology strategy so future owners and directors can provide informed oversight.

The anticipated shift in senior leadership composition (referred to in section 3) mirrors the structural transformation in operating models. Most respondents anticipate a blend of family members and external professionals in senior roles over the coming decade, but a growing majority expect external professionals to occupy most senior positions.

> Family enterprises built on loyalty and shared values face a stark choice: buy talent or rebuild capability. Investing in reskilling is no longer optional — it is central to sustaining culture, competitiveness, and long-term relevance."
>
> **Abdullah Akbar**
> Partner, Head of Private Enterprise and Family Business & Head of Board Leadership Center
> KPMG in the Middle East

For family businesses appointing professional CEOs, CFOs, or operational leaders from outside the family, AI fluency and demonstrated capability in governing technology-driven change should be explicit selection criteria alongside traditional leadership competencies.

> I would focus more on professional staff development from the outset. For too long, we relied too heavily on familial intuition instead of systematically building skills and fostering talent."
>
> **Multi-generational Automotive owner**
> US — over 100 years in operation, >$5bn revenue (what they would do differently)

> "Understand and listen to your employees. We're all one family, and we all want the business to continue. We all need to share that sentiment."
>
> **5th generation Industrial Manufacturing owner**
> Germany — over 100 years in operation, >$1bn revenue

Key takeaways

- AI adoption is widespread but uneven in maturity: 44 percent are piloting use cases and 20 percent report AI implemented at scale, while a further 21 percent are still exploring.
- Governance lags deployment: 38 percent report no AI governance framework — raising operational, compliance, and reputational exposure as AI use scales.
- Talent pressure is two-sided: attracting external talent is the top people challenge (39 percent), while AI strategy and deployment is the top capability gap (43 percent) — pointing to simultaneous hiring and upskilling needs.
- As more advanced AI use (including AI agents) is introduced, governance requirements increase rather than decrease — making clear approval, monitoring, and accountability mechanisms non-negotiable.

06

Enterprise Risk Management

Just one-third of family businesses have a comprehensive Enterprise Risk Management (ERM) framework. Risk management readiness does not seem to be keeping pace with the level of threat intensity. For family businesses, closing the gap between current ERM maturity and the operating environment is a priority focus area highlighted in this survey.

Enterprise Risk Management (ERM) is how organizations identify, prioritize, and manage risks that could undermine strategy. For family businesses, ERM supports clearer governance, faster decisions, and greater resilience as complexity increases.

The risk environment is intensifying: What family businesses should act on now

In KPMG's Future of risk report (July 2024),[5] out of 400 executives surveyed inside and outside the risk function, 61 percent expect to see a significant increase in the level of risk they will be responsible for in the next three to five years, most notably in operational risk, regulatory and compliance risk, and strategic risk.

The data points to a similar increase in perceived complexity, as AI, cyber, macro disruption, and regulatory change appear repeatedly across short and long-term concerns, yet only one-third report comprehensive ERM. This gap helps explain why risk oversight is rising on board agendas.

"Today, managing risk is riskier than ever. Enterprises are facing an array of reputational, environmental, regulatory and societal forces... Merely increasing the scale of your risk operation is no longer viable. The way forward requires the C-suite change its mindset to completely embrace risk as an enabler and an asset that can drive stakeholder value." (KPMG's Future of risk report)

The risk landscape facing family businesses

Risk area	Family business survey
Geopolitical	25 percent see this as a short-term concern, with Germany and Canada, reflecting higher concerns locally, the concerns reduces slightly but remains 21 percent in the long term.
Technological	AI adoption and governance is the #1 short-term challenge (38 percent); a substantial share of adopters report no governance framework.
Macroeconomic	31 percent short-term concern; 29 percent long-term; century-old businesses most concerned.
Regulatory	24 percent consistent concern across both the short and long term.
Reputational	Implicit in the value attached to family brands (87 percent regard reputation as a key value driver and highly sensitive to AI governance failures).
Climate/ESG	Only 11 percent long-term concern significantly understated relative to stakeholder expectations.
Cost pressures on risk	Explains why ERM investment lags despite acknowledged need.
Tech debt	Legacy digital infrastructure constrains AI adoption and risk data integration.
Talent limitations	AI skills #1 capability gap (43 percent); cybersecurity skills gap (26 percent).
Competing transformation	AI adoption, structural evolution, and succession all competing for investment simultaneously.

[5] Future of risk, July 2024, KPMG International

ERM framework maturity: The current state

The data reveals an ERM landscape where levels of risk management readiness are not keeping pace with intensifying threats. Only a third of family businesses have a comprehensive ERM framework in place, and just 27 percent strongly agree their organization has clearly defined risk roles and accountabilities.

Across the distribution, around two-thirds of family businesses report either no framework, a developing framework, or one that is not yet comprehensive. In the context of AI adoption without governance, rising cyber incidents, macroeconomic volatility and succession complexity, this represents a practical capability gap that can affect day-to-day resilience and decision-making.

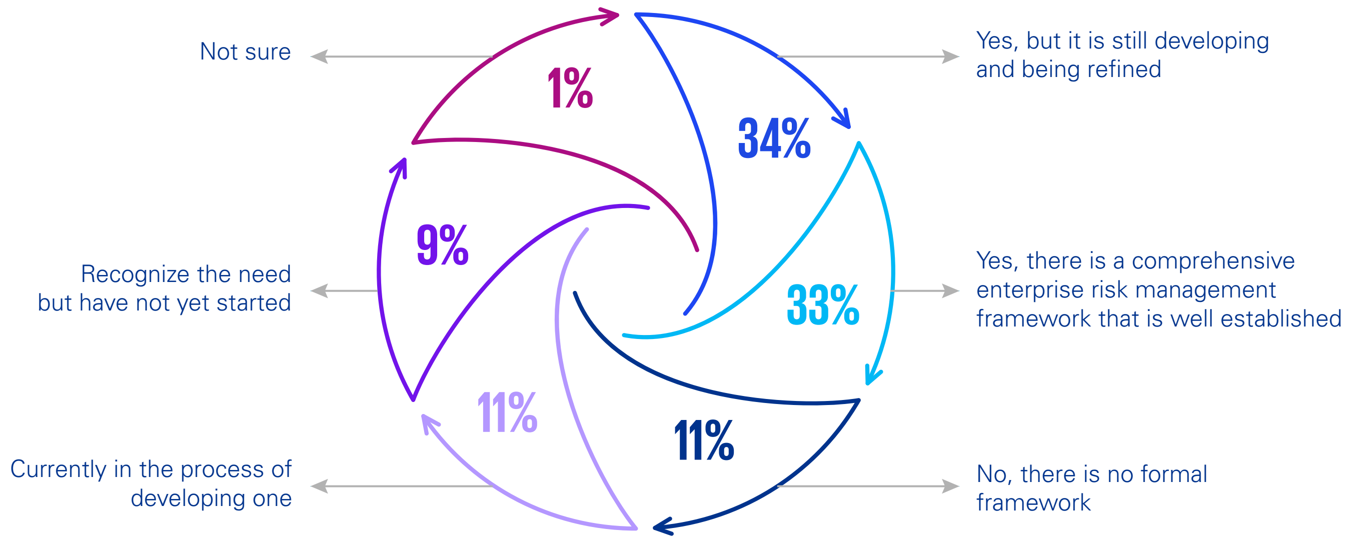
What this means in practice

Just **33%** are positioned to proactively manage the intensifying risk environment

Over two-thirds are not yet sufficiently protected from the complexity of emerging risks

Risk awareness is high but structural capability is **12–24 months** away

Does your organization have a formal enterprise risk assessment process in place?



Risk culture and organizational capability: The six dimensions

Respondents rated their agreement with six statements about risk management maturity in their organization.

These results indicate that while many organizations report a generally positive posture toward risk management, strong confidence is limited. Only 27 percent strongly agree that risk roles and accountabilities are clearly defined. Closing this gap is vital: without clarity about ownership and accountability, ERM frameworks may not function effectively, regardless of how well they are designed.

For the one-third of family businesses that are either building out their ERM framework, and the one-third that have yet to commence, ensuring that roles and accountabilities are defined and agreed is vitally important.

KPMG perspective

With only one-third of respondents reporting a comprehensive ERM framework, the priority is to make risk management: a shared taxonomy, a small set of board-level metrics, and clear ownership for top risks. Done well, ERM can become the mechanism that keeps strategy, capital allocation, and major change programs aligned under uncertainty.

“

As complexity increases, the risk-return equation is being reset. Inadequate ERM can amplify downside exposure, while unanticipated risks can constrain growth, diminishing the upside essential for long-term value creation.”

Dr Jan-Hendrik Gnandiger
Global Lead, ESG Reporting,
KPMG International & Head, ESG and Sustainability Reporting and Governance,
KPMG Germany

Risk culture maturity across six organizational dimensions

Risk culture dimension	Family business survey, strongly agree (9–10) %	Positive total (6–10) %	Implications for family-owned enterprises
Leadership promotes a risk-aware culture throughout the organization	27%	78%	For C-suite executives, the #1 factor in successful risk transformation is leadership that fosters a risk-aware culture.
Clearly defined roles & accountabilities for risk	27%	76%	Build a risk-centric workforce that breaks down silos. Without clearly defined roles and accountabilities, risk ownership may not function effectively.
Shared understanding of risk appetite across leadership	26%	77%	Shared risk appetite requires a ‘collective mindset from the top’. Family businesses should adopt a ‘top-down’ approach to risk that cascades across the organization.
Risk management integrated with strategic planning	26%	75%	Integrate risk into decision-making. Integration of systems and processes can significantly enhance risk-related decision-making.
Robust crisis management & business continuity plans	24%	71%	Resilience is a significant differentiator. Quantitative enterprise resilience frameworks are the current leading practice standard.
Early warning systems to identify emerging risks	23%	71%	Family businesses currently lack the data infrastructure for effective early warning leveraging technology.

Priority risk areas for board agendas

Respondents identified the risk areas they anticipate adding to board agendas in the next 12 months. The concentration of AI governance, cybersecurity and data protection, and digital transformation at the top is consistent with the broader trend toward boards owning technology risk (see section 4) and with KPMG's Future of risk report finding that a priority focus for risk leaders is adapting to new risk types such as AI, geopolitical, reputation, ESG, IT and cyber risk.

Board risk priorities are shifting toward technology, talent and resilience

Board risk priority (Next 12 months)	Family business survey priority rank	Implications at a board level
AI governance and strategy	1	Forty-five percent are anticipating building AI governance and strategy into their board agenda. With 38 percent currently deploying AI with no framework, this is a highly urgent gap to be filled.
Cybersecurity and data protection	2	Less than one-quarter reported a cyber incident in the last 12 months. Forty-two percent recognized the need to elevate this onto the board agenda in the next 12 months.
Digital transformation	3	Rounding out the top three areas of risk to be added, digital transformation illustrates the importance of having a board whose members both appreciate the role of technology and understand the implications of digitization.
Talent attraction and retention	4	For 38 percent, the board agenda will incorporate talent attraction and retention as a key issue. The dynamic of AI adoption and its implications on the workforce will become a significant issue for family-owned enterprises as they grapple with adopting AI and the flow on implications this has for their workforce and local communities.
Capital structure and funding strategy	5	For 31 percent of respondents, the future funding strategy for their business will be a key consideration.
Succession and leadership transition	6	In a family-owned business, it would be expected that succession and leadership transition would already be high on the board’s agenda. Yet 30 percent of those surveyed are looking to add this to their agenda reflecting an impending ‘transition’ event.

The convergence of governance deficits across ERM, AI governance, cyber security, digitization and talent is the defining theme of this report and. closing the gaps, should be the center of attention for family-owned businesses.

Board risk priority (Next 12 months)	Family business survey priority rank	Implications at a board level
Regulatory compliance	7	Regulatory and compliance requirements continue to evolve across jurisdictions, including in areas such as tax reporting, customs and trade measures, and broader corporate compliance expectations.
Geopolitical uncertainty and trade risks	8	The need to assess geopolitical risk at a board level is symptomatic of the increase in external shocks to the operations of businesses globally and locally and the need to assess the risk impact on supply chains, costs of manufacturing and certainty of customers.
Family governance and alignment	9	One-quarter are anticipating the need to review family governance and alignment. How family governance is separated from the governance of the business at a board level will become an increasingly important dynamic as the nature of the business model changes.
Supply chain resilience	10	Recent global disruptions have highlighted the need to map critical supply pathways end-to-end and stress test them for alternative sourcing, logistics constraints, and demand volatility.
Climate change and ESG risks	11	Only 18 percent expect to add climate change and ESG to their board agenda in the next 12 months. As disclosure and compliance requirements evolve across jurisdictions, some organizations may need to elevate climate and ESG oversight to manage regulatory risk and reporting obligations.
Not planning to add to the board agenda	12	For the 8% not planning to add any new items to the board agenda, now would be a good time to reassess the risks the board is overseeing and whether it has the right skills at board level to address them effectively.

Critically, these businesses show lower emphasis on individual family member skills ratings (67 percent vs. 81 percent globally) and lower family networks ratings (66 percent vs. 80 percent globally), suggesting that the passage of time redistributes competitive advantage from the personal to the institutional. The century-old business rarely fails because of any individual family member; it tends to succeed because of structures, values, and processes that have been tested and refined across generations.

07

Voices from the field: Peer wisdom and lessons learned

With over 1,900 verbatim responses and six thematic clusters, one consistent message emerges: the businesses that tend to endure are those that professionalize governance early, build talent systematically, and treat their values as a strategic asset, not a comfort blanket.

Among the most valuable outputs of the 2026 survey are the verbatim responses to two open questions: 'What advice would you give to other family-owned businesses as they face into the future?' and 'If you had your time over again, what is one thing you would do differently?' Analysis of these 1,900 plus responses reveals remarkable consistency of message across geographies, industries, and generations.

The quotes below are organized into six thematic clusters. Attribution reflects business characteristics, not individual identity. All quotes are reproduced as submitted.

Governance: Think about how decisions are made before they need to be

Governance is the single most consistent theme across all verbatim responses, and the most urgently recommended area for investment. The pattern of regret is almost exclusively in one direction: 'We should have formalized earlier.'

"They must always find the right balance between professional executives and the governing body. Executive-governance-ownership alignment is key."

5th generation owner, Spain — over 100 years in operation

"Ensure business strategy is aligned with the family's north star — mission and vision — but allow the board to run the business without interference."

5th generation owner, UK — over 100 years in operation

"Professionalize early with clear governance, defined roles, and outside perspective — don't rely on family ties to run a modern business. Adapt fast, plan succession early, and protect family relationships, because legacy means nothing if the business — or the family — doesn't survive."

3rd generation Financial Services owner, Canada — 51–100 years in operation

"If I had my time over again, I would formalize governance and succession planning much earlier. Clear structures, defined roles, and open conversations upfront would have helped reduce uncertainty and made growth and transitions smoother."

1st generation Technology & Software founder, South Africa — 10–25 years in operation

Succession: A program, not an event

Succession rises sharply as a long-term concern in the quantitative data (from 20 percent short-term to 31 percent long-term). The verbatim responses explain why: respondents consistently describe succession as being treated too late, too informally, or as a source of avoidable conflict.

“Don’t spare any money or time in developing your successor. Also, surround yourself with people who will give you honest advice.”

Industrial Manufacturing owner, Japan — over 100 years in operation, >$5bn revenue

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“Above all, family and generational succession issues should not hinder the creation of the strategic lines that will shape the future of the company.”

4th generation owner, Spain — over 100 years in operation

“I recommend involving the next generation early and giving them real responsibility. This is the only way to build trust and ensure the company remains capable of acting in the long term, even when leadership changes.”

Multi-generational Automotive owner, US — over 100 years in operation, >$5bn revenue

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“During the succession process, we hope you will objectively evaluate your successor’s capabilities and secure sufficient preparation time.”

5th generation Life Sciences owner, South Korea — over 100 years in operation

Technology: Move earlier, govern carefully

AI and digital transformation feature in over 40 percent of substantive verbatim responses. The direction of regret is unanimous: respondents across all age groups, industries, and geographies wish they had invested in technology earlier. None regret moving too fast.

"Focus on embracing digital transformation early, invest in training the next generation of leaders, and maintain strong communication across family and non-family staff. Be open to innovation while preserving your core values."

4th generation Industrial Manufacturing owner, Germany — over 100 years in operation

"Those who don't move with the times get left behind. Unconditional curiosity for new things. Constantly question your own abilities. If necessary, delegate leadership — because it's not about your own ego, but about your people."

4th/5th generation Technology & Software owner, Germany — over 100 years in operation

"The technological lag — my grandfather always maintained a traditional business, and using new technology would have saved us years of lagging growth."

Life Sciences business, Mexico — 51–100 years in operation (reflecting on inherited inertia)

Talent: People before products

With attracting external talent ranked as the number one people challenge, the verbatim responses reveal a broader conviction: the quality of the people, inside and outside of the family, is foundational to everything else.

"Understand and listen to your employees. We're all one family, and we all want the business to continue. We all need to share that sentiment."

5th generation Industrial Manufacturing owner, Germany — over 100 years in operation, >$1bn revenue

"Sometimes the best people for the job are not family."

Infrastructure & Transport business, Australia — over 100 years in operation

"Surround yourselves with good people — both ethical and technically qualified — who bring multidisciplinary vision and experience. This adds value to decision-making and challenges existing thought models."

Industrial Manufacturing business, Brazil — over 100 years in operation

Family unity: A strategic asset

Family cohesion featured in 46 percent of substantive verbatim responses, the highest frequency of any thematic reference. Respondents consistently describe family unity not as a nice-to-have, but as a precondition for strategic execution.

“The most important thing is to treat all family members equally and distribute tasks fairly. Competition within the family is the beginning of the end.”

5th generation Consumer, Retail & Leisure owner, Germany — over 100 years in operation

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“Blood is thicker than water. If things are good within the family, the company will also be in good shape.”

4th generation Media & Telecommunications owner, Switzerland — over 100 years in operation, >$1bn revenue

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“Communication at all levels, careful balancing of different priorities, and maintaining alignment with core family values in younger generations are critical.”

4th generation Consumer, Retail & Leisure owner, South Africa — over 100 years in operation

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“Family business culture is a very strong advantage, but at the same time could be a serious disadvantage in the case of no common strategy between family members.”

2nd generation Industrial Manufacturing owner, Cyprus — 26–50 years in operation

Long-term thinking: Patience as competitive advantage

The patient capital ethos that characterizes family business at its best is vividly emphasized in the verbatim data. Long-term orientation is not a nice-to-have but a condition precedent for high performance.

“Recognize and consistently seize opportunities, be aware of risks, act with a long-term perspective, reduce/keep complexity low.”

4th generation Industrial Manufacturing owner, Germany — over 100 years in operation, >$1bn revenue

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“Keep the legacy but do not lose the focus on improving and developing the business.”

4th generation Industrial Manufacturing owner, Portugal — over 100 years in operation

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“Family-owned businesses need to evol ve continuously in order to combine resilience with reinvention. New risks and new market challenges must be managed with anticipation, innovation and purpose, adapting the strategy.”

2nd generation owner, Portugal — 51–100 years in operation

“Stay resilient, stay on course and remember your core values that were handed down from past generations.”

4th generation Consumer, Retail & Leisure owner, Canada — over 100 years in operation, >$5bn revenue

Recommendations for family business leaders

The following six recommendations are designed to be actionable without external support, though KPMG stands ready to assist where internal capability gaps require external capabilities.

1. Close the governance gap

Independent board composition, structured family councils, clear family constitutions, and explicit separation of ownership, governance, and operational management roles are the infrastructure of durable family enterprise.

The data shows this gap is widening. For family businesses of all sizes, the governance gap carries compounding risk: it can limit AI adoption, constrain talent attraction, and create succession vulnerability simultaneously.

The verbatim evidence from century-old businesses is unambiguous: those that have endured professionalized governance early.

2. Build AI governance

Technology investment without accountability structures can create reputational, regulatory, and operational risk that is disproportionately damaging for family businesses whose brand equity is a core competitive asset.

For family businesses, particularly those that are family-run and reputation-sensitive, the ethical dimension of AI carries weight.

Before expanding AI deployment, establish a clear AI policy statement; define roles and accountability for AI oversight; develop an ethics and risk review process for new AI applications; and establish a monitoring mechanism for AI performance against defined parameters. Businesses that govern AI well are often better positioned to adopt it faster, not slower, than those that must retrofit governance retrospectively under regulatory pressure.

3. Redesign the talent proposition

The family business model can offer a fast-moving entrepreneurial environment where younger workers can take on responsibilities earlier than their peers in larger corporations. These possibilities should be broadcast to potential recruits as part of the brand proposition. Long-term career trajectories, ownership participation pathways for key executives, culture and purpose alignment, and meritocratic advancement are all features that can help differentiate family businesses as employers of choice.

The challenge is to make these advantages visible and credible in talent markets that are highly competitive for the exact professional profiles family businesses now need.

4. **Treat succession as a program**

   Begin formal next-generation capability assessment and development at least a decade before any planned transition. Require external work experience before entry to senior family roles. Establish formal mentoring structures. Create a family employment policy that sets clear criteria for family member involvement in the business. Build the family council as the governance forum for alignment on ownership, values, and strategy, not just succession. Good governance frameworks can facilitate this progression; the absence of such frameworks can compound it.

5. **Build your ERM framework**

   Start with the basics: a formal risk register; defined risk appetite statements; clarity on who is accountable for which risk; and an early warning mechanism for emerging threats. Integrate risk management into strategic planning cycles so that risk appetite can inform growth decisions, capital allocation, and technology investment.

6. **The transition as opportunity**

   The shift from family-run to professionally managed does not necessarily mean losing family identity. Some of the most enduring family businesses use structural transition as an opportunity to embed values more deeply into institutional processes, governance documents, and leadership culture, helping to ensure that what made the business distinctive survives the departure of any individual family member.

Key message

The family businesses most likely to thrive through 2035 may not be the largest or the most technologically advanced. They are likely to be those that combine the enduring advantages of family ownership with the structural discipline to evolve deliberately. In practice, that means strengthening governance, governing AI and cybersecurity with intent, attracting and developing the right talent, managing succession as a long-term program, and embedding family values into the systems that can outlast any one generation.

How KPMG can help

KPMG helps owners, boards and management teams address the gaps identified in the report. By moving from diagnosis and prioritization to design and delivery, through focused workstreams, our clients enjoy measurable outcomes that help them remain competitive and relevant through times of change and transition.

Priority action	What should be done	KPMG's service capabilities
Strengthen governance and decision-making discipline	Review board effectiveness and clarify governance roles, decision rights, and information flows to enable more focused oversight, enhanced decision-making, and stronger accountability as structures become more formalized.	**KPMG Board Advisory/Private Enterprise:** KPMG can support board reviews, governance design, role clarity, and decision-rights frameworks to strengthen oversight and accountability.
Stabilize operating model and capital structure	Assess current operating and group structures to support the transition from family-run to family-owned, helping to improve scalability, clarity, and performance discipline across the business.	**KPMG Private Enterprise/Deal Advisory:** KPMG can assess operating and group structures, identify options for transition, and help align performance management with future ownership models.
Elevate cybersecurity to a business priority	Conduct cyber risk and maturity assessments and define board-level oversight so cybersecurity is treated as a core enterprise risk rather than only an IT issue.	**KPMG Cyber Security Services/Risk Consulting**: KPMG can perform cyber maturity assessments, define governance models, and help embed cyber risk into board and enterprise risk discussions.
Set a clear, governed AI direction	Define priority AI use cases, assess data readiness, and establish initial governance guardrails so AI investments are targeted, measurable, and responsibly deployed.	**KPMG Connected Enterprise/Trusted AI**: KPMG can help identify high-value AI use cases, assess data readiness, and design governance guardrails for responsible adoption.
Address critical talent and capability gaps	Develop workforce strategies focused on priority skills, including digital and AI, so the organization can support ongoing transformation and professionalization.	**KPMG People and Change/Private Enterprise:** KPMG can help define workforce priorities, assess capability gaps, and shape talent strategies to support transformation and future leadership needs.
Assess enterprise risk and regulatory readiness	Evaluate ERM maturity and control environments to enhance visibility of enterprise risks and strengthen decision-making in a more complex environment.	**KPMG Risk Consulting/Internal Audit, Risk & Compliance**: KPMG can evaluate ERM maturity, strengthen control environments, and build practical risk frameworks suited to family business complexity.

Priority action	What should be done	KPMG's service capabilities
Embed governance and align ownership structures	Operationalize governance models and formalize family governance frameworks to help strengthen alignment, reduce conflict risk, and ensure governance actively drives business performance.	**KPMG Private Enterprise/Family Business Advisory:** KPMG can help design family governance frameworks, clarify ownership structures, and operationalize governance so it supports both alignment and performance.
Advance group structure and performance management	Refine holding company structures, reporting, and key performance indicator (KPI) frameworks to enhance transparency, strengthen control environments, and enable more effective oversight across the organization.	**KPMG Private Enterprise/Deal Advisory:** KPMG can refine group structures, reporting frameworks, and KPI design to help improve transparency, control, and strategic oversight.
Build cyber resilience and incident readiness	Strengthen identity, data protection, and response capabilities to protect critical operations and help improve preparedness for cyber incidents.	**KPMG Cyber Security Services**: KPMG can help strengthen cyber resilience through identity and data protection reviews, incident readiness planning, and response capability uplift.
Scale AI with trusted governance	Move from pilots to enterprise-wide AI adoption by embedding governance, controls and change management to deliver sustainable value and close governance gaps.	**KPMG Trusted AI/Connected Enterprise**: KPMG can support enterprise AI scaling through governance design, control frameworks, change management, and implementation support.
Strengthen leadership continuity and succession planning	Advance CEO and Chair transition plans and prepare next-generation leaders to help reduce leadership risk and build confidence in long-term continuity.	**KPMG Private Enterprise/People and Change:** KPMG can help structure succession planning, assess leadership readiness, and support transition planning for key family and executive roles.
Integrate risk, ESG, and regulatory priorities into strategy	Embed risk, ESG, and regulatory considerations into planning, capital allocation, and reporting to enhance resilience and meet evolving stakeholder expectations.	**KPMG ESG Advisory/Risk Consulting**: KPMG can help integrate risk, ESG, and regulatory priorities into strategy, reporting, and governance to help improve resilience and stakeholder confidence.

Research collaborator

This research was conducted by Meridian West, an independent research and advisory firm specializing in professional services market intelligence. Meridian West managed all survey design, fieldwork, data collection, and primary analysis independently. For research inquiries, contact:

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Thank you

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