

Family Enterprise in the time of COVID

First insights from the WATSON-FEX Family Business Pulse initiative

StevensE3 entered 2020 strong – with a thriving and growing business, an exciting strategic acquisition, a strong cash position and leaders from the third and fourth generation of the family contributing to the business. Then the Covid-19 pandemic hit. This family enterprise, focused on exhibits and experiential marketing campaigns, found itself faced with the prospect of cancelled trade shows and exhibitions, first for 2020 and then over a longer time horizon as uncertainty continues. The company made tough decisions, including closing part of the business and downsizing.

Yet the president, Cam Stevens, remains optimistic. On the WATSON-FEX Family Pulse Survey, he rated his optimism at an 8 out of 10. StevensE3 found some new revenue streams through creative repurposing of their capabilities. And now they are embarking on strategic planning, looking at how the company can pivot and refocus, while believing that in the long term, the kind of face-to-face marketing they have traditionally supported through their products and services remains important and will again represent significant global opportunity for StevensE3.

As a family enterprise, StevensE3 has been able to lean into the closeness of family, the resilience of a business that has weathered downturns before, and the deep connection they have with their long-term staff.

[For more on the story of StevensE3, click here](#)



One thing is certain in this time of uncertainty, we will be telling stories and learning lessons from the global pandemic for years to come. The story of StevensE3 is one; there are many more and they are diverse.

At WATSON and Family Enterprise Xchange (FEX), we wanted to understand the stories and experiences of family enterprises through this time and to share insights back to this community that forms a key pillar of the Canadian economy in the hopes of inspiring and strengthening us all.

In the summer of 2020, we ran our first pulse survey and over 100 people from a wide range of family enterprises shared their views

and experiences. Our second pulse survey is starting now, in the fall of 2020, and together these and future pulse surveys will form the basis of longer analysis and thought leadership. We heard a range of experiences, with some emerging themes.

Family businesses are future-focused

A strong majority (71%) of respondents rated their confidence and optimism above a 7 out of 10 when it comes to the future health and sustainability of the enterprise. Our view is that family businesses have key characteristics that support that optimism. On average, they tend to think more long-term than some other



types of businesses, with success measured from years to generations instead of quarters; they have the flexibility that more tightly-held ownership can afford; they are fueled by a spirit of entrepreneurship that requires a positive belief in the future; and they have broader view of what success means, rather than a narrow quantitative-view. There is also a unique commitment fueled by the intertwining of business and family and the emotional ties to each other, to the family's reputation, and to the legacy that a business represents.

That said, the optimism is not universal; 11% of respondents rated their optimism at 4/10 or lower. While this number is smaller, it is concerning – family enterprises account for 49% of Canada's private sector gross domestic product – and nearly 7 million jobs across the country – and make significant contributions beyond that. Every one of those businesses that shutters or scales back dramatically is a loss.

Family businesses are enterprising

It must be recognized that the stage and severity of impacts for organizations is driven by a number of factors. Some family businesses operate in sectors for which the pandemic has created opportunity that outweighs any challenge; others are in a crisis that threatens

the existence of entire business models. We observe that roughly 10% of respondents are still in the mode of crisis, stabilization, and short-term planning.

And yet - the entrepreneurial optimism that predominates in survey participants is not just conceptual – they are taking steps to secure a brighter future for their organizations. 82% are past the stage of short-term adaptation and are focused forward, charting a course for the long term.

Notably, 33% are actively accelerating and seizing opportunities, turning a global challenge into opportunity. Given the importance of family businesses to our economy and communities, it is encouraging to see that fully a third are mobilizing for increased opportunity and impact. To us, it is an early indicator of recovery and a glimpse of hope for our economic future.

Families have unique strengths

Some respondents found they could lean on family as a source of advice and guidance in this time. Perhaps as a result, 63% of respondents felt this time had brought the family closer together to some extent. Our participants told us their stories – for example, that having a family bubble and business bubble be one and

We are a strong and resilient family that takes the Family Enterprise concept to heart

the same was a unique advantage; that the disruption helped move important change, including generational change, ahead; and that family members who had been a bit distant from the business engaged or re-committed.

We are stronger together

For some others, this time of stress and challenge brought divisions in the family. There is strength in family enterprise, but there is also an additional layer of complexity than some other organizations have, where business and family intersect. When business strain leads to family strain, stress and complexity are compounded for business leaders and family members alike.

Actions and reflections

Unsurprisingly, many organizations (with the exception of those lucky enough to thrive through the pandemic) scaled back in some way. The most common place to scale back – and not just in this sample – was in the organization’s staffing model. Beyond that, there was no one-size-fits all: participants also identified that in many cases they narrowed their geographic or location footprint, and their product or service offerings; and to a lesser degree some exited lines of business, changed service delivery models or reduced sales channels.

Faith in the business and management

But in line with the optimism and entrepreneurship that are a strong thread through the survey responses, many organizations expanded – broadening their target markets, expanding long-term operations, adding new lines of business or product offerings. While these sound like positive steps, it must be understood that not all of these moves were about accessing new opportunities; many would have been an organization’s attempt to somehow retain or replace flagging revenues. As one respondent put it, “our focus is staying alive by whatever means”.

When asked to reflect on strengths and gaps in their businesses, participants identified the following:

Top 5 gaps:	Top 5 strengths:
1. Mergers/acquisitions/divestitures	1. Leadership capacity
2. Transformation, including digital	2. Financial management
3. Business planning	3. Facilities, health, safety and wellness
4. Marketing and communications	4. Culture, engagement and trust
5. Risk management and business continuity	5. Strategy and positioning

In making these decisions, respondents said they leaned on different sources of advice. As noted above, family was a source of advice for some. Notably, the source of advice leaned on the most was leaders within the business; this is consistent with the strengths identified above and speaks to the value of strong professional leadership whether from within the family or outside.

Some organizations leaned on Boards of Directors or Advisory Boards, but many identified that they do not have either of those in place. This finding was interesting to us; such boards can play a role in filling the gaps identified, ensuring the strengths identified are sustained in the long-term, and helping align family and business leadership.



As organizations look forward to an extended period of change and uncertainty, we are thinking about the building blocks that will help them navigate with confidence. Our next pulse survey asks about some of those pieces – tools and practices for preparedness and top team performance – the things that will make a difference, and that members of the family enterprise community would recommend to their peers.

Please take a moment to complete our [next survey](#) and help contribute to the shared learning of this important economic community.



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