



Half of family business owners concerned the next generation isn't ready or willing to take over: Family Enterprise Foundation report

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The big wealth transition is now underway, with ownership of more than 60 per cent of family enterprises expected to be handed off within the next decade, according to new research released by Family Enterprise Foundation. Within an even shorter time frame – seven years – close to 40 per cent of transitions to the next generation are expected to occur.

“The clock is ticking! Whether ready or not, transfers within Canada’s family businesses are coming soon. It’s imperative that family business leaders prepare their family, as well as their business, for this imminent transition of wealth, ownership and leadership,” says Olivier de Richoufftz, General Secretary, Family Enterprise Foundation.

The Family Enterprise Foundation (FEF) research on the transition intentions of Canadian family business owners is supported by KPMG Family Office and was conducted by Abacus Data. The first set of results are summarized in our report, [*Ready, Willing and Interested – or NOT? Canadian Family Business Transition Intentions*](#). This research provides the most comprehensive picture of transition intentions in Canadian business families to date.

Intergenerational transfers of power stir up apprehension among owners

The main concern among 51 per cent of owners is that the next generation is not ready. A secondary worry cited by 39 per cent is that next generation family members are not interested in taking over.

“Clearly, the senior generation doesn’t think the next generation is well equipped to take over. But is that perception or reality? A crucial question for business families to explore, together,” says Margaret-Jean Mannix, Chair, Family Enterprise Foundation.

“After spending most of their lives working to build a strong and successful family business, founders may assume that their children share their passion and drive, but this is not always the case. Having meaningful conversations about the future is a critical first step to family wealth and continuity planning,” says Richa Arora, FEA, Senior Family Advisor, KPMG Family Office.

Will the transition be occurring within or outside of the family?

Half (52 per cent) of respondents expect to transition the business to family, while a third (36 per cent) are planning to transfer it out of the family. The most-cited reason among business-owning families likely to turn ownership over to non-family is disinterest/lack of experience among family members. Indeed, 38 per cent of those planning to transition outside the family are concerned about the readiness and eagerness of the next generation.



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“Rarely will each element of the overlapping trinity of family enterprise – family, enterprise, and ownership – come under greater pressure, as owners explore how ready, willing and interested their offspring may be,” says Bill Brushett, FCA FCPA FEA, President and CEO, Family Enterprise Canada.

The success of the upcoming wave of transitions is vital to the Canadian economy given the significant role family business plays in employment (7 million jobs) and GDP (almost half of private sector GDP)*.

*source: [Family Enterprise Matters, 2019](#)

Methodology and Demographics

The survey was conducted with 300 Canadian business owners, involved in family-owned businesses with 20 or more employees, between the dates of June 3 to 11, 2021. A random sample of panelists were invited to complete the survey. The margin of error for a comparable probability-based random sample of the same size is +/- 5.65, 19 times out of 20.

About Family Enterprise Foundation

Family Enterprise Foundation (FEF) is the charitable foundation of [Family Enterprise Canada](#). As the unified voice of family enterprise in Canada, Family Enterprise Foundation focuses on developing educational resources, conducting research, building a strong and connected ecosystem and promoting the success and sustainability of entrepreneurial families and their enterprises to ensure intergenerational longevity. To learn more, please visit [FamilyEnterpriseFoundation.org](#).

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