

Family businesses are increasingly confident despite coronavirus pandemic

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Family businesses are emerging from the coronavirus crisis stronger than they were predicting three months ago, finds new research from RSM (<https://www.rsm.nl/>) and Nyenrode Business University (<https://www.nyenrode.nl/en>).

The researchers surveyed family businesses in April earlier this year, asking how they thought their revenue, employee numbers, and profitability would be affected by the pandemic. They repeated the survey among the exact same group of family business directors three months later to compare their expectations in April with their actual situation in July. They found that family businesses are significantly more positive about their economic situation now than three months ago with the impact on their businesses not as dramatic as expected.

In regards to revenue, family businesses feared an average loss of 36% in April but in June 2020, the loss of revenue is only 3% compared to the previous year. The directors also expected the number of employees in the business to decrease by an average of 8.2% but in reality, they only decreased by 0.5% on average.

In April, the family businesses also expected their annual profit to decrease by 42% but, three months later, they now predict a loss of only 5%. In fact, 35% of the family businesses now expect an annual profit growth compared to 2019.

Directors also estimated how many months they expected their business to persevere during the pandemic. Originally, they estimated that their family businesses could sustain dealing with the coronavirus crisis for an average of nine months; three months later, they now estimate an average of 77 months instead. This drastic increase is due to more than one-third of the businesses claiming the crisis no longer has an impact on their survival.

Roberto Flören, RSM Professor of Family Business and Business Transfer at Nyenrode, says:

“Family businesses are characterised by flexibility, financial independence, and rapid decision-making, so they often emerge from crises better than non-family businesses. In fact, 61% of family businesses indicate that the coronavirus crisis has led to lasting innovations within the business.”

Laura Bles-Temme, Head of Tax at RSM, says:

“The results show the drive of family businesses to keep their head above water in times of crisis. Emanating and giving confidence and continuing to innovate and do business, even in difficult times, are strengths of family businesses.”

These findings show that, although the coronavirus is still having an impact on family businesses, directors are far more optimistic and the outlook is far better than expected at the start of the crisis.

This study includes insights from more than 50 family businesses.

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If you are interested in speaking with the researchers or would like a copy of the research paper, please contact Kyle Grizzell from BlueSky PR on 07904706136 or kyle@bluesky-pr.com