

Family Enterprise Barometer

*curated by [Family Enterprise Foundation](#) and [Monthly Barometer](#)

December 2020 – January 2021

- **Do family traditions constrain business innovation?**

By accelerating change and spurring innovation, the pandemic, has reignited the debate as to whether or not family businesses are, in aggregate, good at innovating. There is a common perception that family businesses tend to be burdened by history and traditions, which makes them slow and risk-averse when forced to embrace innovation and radical change. Indeed, **managing the tension between continuity and change constitutes the crux of the issue for most family businesses.** In a recent editorial, Roy Suddaby and Peter Jaskiewicz explore this tension by explaining how families can best navigate what they call the Theseus paradox (family businesses experiencing difficulties in managing the pressure to innovate while remaining true to the values of the past) and the Oedipus paradox (family businesses experiencing difficulties in managing intergenerational succession). This is an interesting read. For additional

workforce, highlighting the importance they attach to their own social responsibilities.

- **Tax policies – update:** A Global Family Business Tax Monitor from KPMG makes it abundantly clear that the pandemic will entail significant change in terms of taxation for family wealth and family businesses. Tax policies will evolve, sometimes radically, and so will the ways in which society in general and families in particular perceive wealth and its purpose. The end result: families will be forced “to confront difficult issues as never before” and in some cases will have the chance to (re) position their businesses not only to survive but thrive in the future. The upside conditions (opportunities) are twofold: (1) confidence in the sustainability of the family business (to a large extent industry-dependent) and (2) a strong balance sheet. When the two conditions co-exist, they could give families a chance to make a strategic acquisition inexpensively. Also, low interest rates and asset

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