

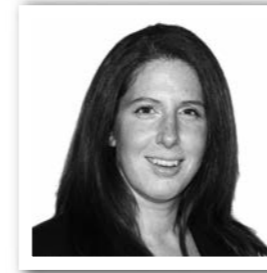


Qualities and Strengths of Family Businesses

Key findings from the Coutts Prize for Family Business 2005-2010



Foreword



The Coutts Prize for Family Business recognised the finest family businesses in England and Wales, specifically looking into the areas of family governance, business governance, financial and business success, philanthropy and corporate social responsibility. It has also provided an opportunity for family businesses to learn from the achievements of others.

Between 2005 and 2010, almost 300 businesses entered the competition. This report is the first in a series in which we will discuss the key learning points from the data collected for the Coutts Prize for Family Business for the benefit of other family businesses. We are also running a series of focus groups in which we will explore some of the most important issues raised. The conclusions reached in the discussions will be used to support our findings.

Thank you to Rupert Merson, Adjunct Associate Professor, London Business School of Strategy and Entrepreneurship, for his dedication and hard work in compiling this report.

At Coutts we are pleased to be at the leading edge of thinking about family business and, with our 300 year history of working with family firms, we have a special understanding of the enormous contribution they make to both the economy and our society.

If any of the themes in this report interest you or you would like to discuss your business in the context of any of our observations, please do not hesitate to contact me or any member of the Coutts Institute.

A handwritten signature in black ink, appearing to read 'Juliette Johnson'. The signature is stylized and fluid.

Juliette Johnson
Head of UK Family Business
Coutts Institute

Introduction - The Coutts Prize for Family Business

Judged by a panel of independent experts and chaired by Roger Pedder, former chairman of C & J Clark Ltd (Clarks Shoes), the Coutts Prize for Family Business has aimed to analyse what makes family-run businesses successful.

Specifically, the competition has aimed to:

- recognise overall performance and firms that demonstrate best practice in family governance, business governance and social responsibility.
- identify and raise awareness of the economic and social benefits of family businesses, and the challenges they face.

To be eligible for nomination for the Coutts Prize for Family Business, businesses have had to:

- have their headquarters in England or Wales.
- be wholly or mainly carrying on a trading activity.
- be companies where the family have significant influence over the company.
- consider themselves a family business, though family members need not be involved in the management of the firm.
- have been profitable in at least two of the last three years.

The 300 entrants have been assessed against a set of detailed criteria under the following headings:

- Corporate governance.
- Family governance.
- Business strategy and financial planning.
- Corporate social responsibility and philanthropy.

Successful entrants have all participated in structured interviews conducted by independent facilitators, as well as providing detailed descriptions of the family and the business, and key financial information.

The Coutts Prize for Family Business did not set out with the purpose of collecting data for academic research; nonetheless it has succeeded in generating a huge amount of qualitative and quantitative data about family businesses in the UK.

Family Businesses - A huge diversity

The definition of 'family business' is notoriously difficult to establish.

Applications to the competition have been encouraged from any trading business in which a family continues to exercise significant influence, and which considers itself to be a 'family business'. Competition entrants have included, therefore, businesses in which family members work and in which they also own equity, and businesses which family members still own but have long since employed non-family members to run for them; the former type of family business tend to be younger and smaller, the latter tend to be older and bigger. More rarely businesses will describe themselves as a family business when the family no longer has control over the equity but still has retained a significant control over management.

It is not just in relation to the family involvement in the business that those entering the Coutts Prize for Family Business are varied. Businesses have entered from all over England and Wales. They have ranged in size from turnover of less than £1 million to in excess of £100 million. The smallest have only a handful of employees, the largest have more than a thousand. Some of the entrants are first generation family businesses. At the other extreme some entrants are centuries old; one entrant lays claim to 19 generations of continuous family involvement in the business.

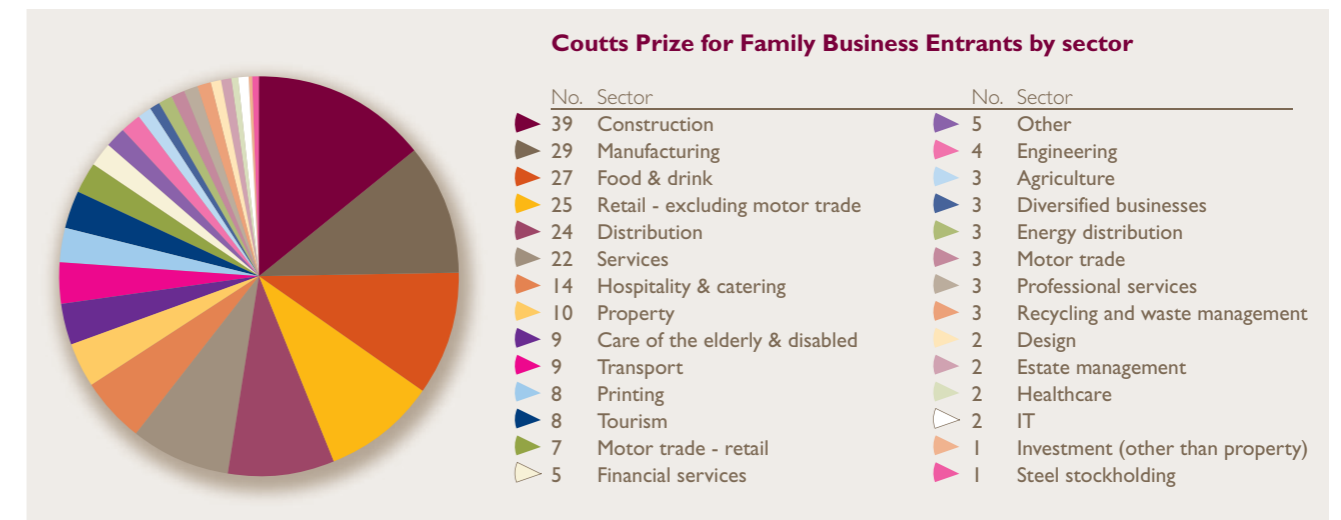
From the opposite chart it can be seen that, although some sectors of the economy are more represented than others, competition entrants are drawn from a wide variety of industries, and any bias towards some sectors is broadly reflective of the economy of England and Wales as a whole.

The businesses who have entered the Coutts Prize for Family Business also demonstrate a wide range of attitudes to business. Some are ambitious for growth, whereas the ambitions of others are more oriented to sustainability and passing the inheritance intact from one generation to the next. Some are specialist and focus on a niche market; others have a broad range of services and products sold to a diverse group of customers.

Some are very well known and are keen to play a leading role in the community. Others – including some very large businesses – are much more introverted and keep themselves out of the glare of publicity. They even differ in their attitude

to being a family business – some are keen to draw attention to the fact, to others it is not a matter worth drawing too much attention to.

Whichever way the data is cut it is easy to see that 'all human life is here'. Indeed, one of the most evident and easy to establish findings from a review of the data is that family businesses exhibit an enormous diversity of size, shape, industry, age, attitude, ambition and form, and they reflect the range of the UK economy as a whole. But there are some common themes that emerge from the data – themes from which other family businesses and those involved and interested in them can learn.



Do family businesses have distinctive strengths?

When discussing their own performance, entrants have reflected on internal strengths – the competencies that give them critical advantage in the market place. They have also reflected on the opportunities which they find themselves most suited to, which in turn sheds further light on their strengths.

In some instances a characteristic that one competition entrant reports as a strength is reported by another as a weakness.

The companies, their interviewers and judges have used their own terminology when making their assessments, but from a review of the vast amount of data in aggregate it is possible to build up a picture of the particular strengths that characterise the family business sector in England and Wales as a whole, and to reflect on whether these characteristics are distinctive, and whether there are valuable lessons to be learned.



Which strengths are most frequently cited?

The following table summarises the five most frequently disclosed groups of strengths – excluding comments about the quality of product and service to which, of course, claims were almost universally made by prize entrants.

Family businesses will use different terms when characterising their capabilities and strengths: in presenting our findings we have taken a common-sense approach to words and terms of phrase that mean similar things.

Strength category	Frequently mentioned illustrative sub-categories
Exceptional human resources practice	<ul style="list-style-type: none"> Good staff retention Commitment to staff in bad times Staff training (including for family) Staff well incentivised Staff well rewarded – including profit sharing (but not necessarily shares) Staff treated well Staff treated as part of the family People enthused & driven Family loyal to staff; staff loyal to business
Flexibility in decision making	<ul style="list-style-type: none"> Flexible decision making Fast decision making Flexible can-do attitude Focused on a long-term vision
The personal touch	<ul style="list-style-type: none"> Personalised customer relationships Client centred Personal service The customer can 'call the boss' Loyal customers Personal responsibility ('our name on the door')
Honesty and integrity in business affairs	<ul style="list-style-type: none"> Quality & integrity of brand Honest – 'our word is our bond' Integrity Fairness Straight forward business dealing Honesty with suppliers Long-standing reputation to live up to
The family as a source of commercial strength	<ul style="list-style-type: none"> Being a family business helps: <ul style="list-style-type: none"> • brand image • reinforce passion and commitment • do business with other family businesses • reinforce trust between business partners Family brings sense of commitment Caring family culture Family perspective is long term Sense of stewardship for, rather than ownership of the family business Family's attitude extends to employees

The above sets of strengths are worthy of further comment.

Exceptional human resource practice

'Staff do not stay just the two and a half year industry average but some stay 27 years and are still going.' Alton Cars Group

So many businesses boast about the quality of their people that the phrase 'our most important asset is our people' is almost a cliché. It would be surprising if family businesses were different. But the findings from the Coutts Prize for Family Business reveal some interesting nuances.

Staff retention is perhaps the most frequently cited strength by competition entrants. Such an approach will result in low staff turnover – which many prize entrants refer to. Firms that follow such a strategy will work harder at finding the right level for key staff.

Middle ranking positions might well be held by individuals moving slowly through the organisation – or not moving at all. It is evident that family businesses are inclined to lean towards such a strategy, indeed to see it as a source of strength.

Staff retention is closely related to loyalty – a value which many prize entrants refer to. In family businesses, loyalty is perhaps inevitable bearing in mind that key stakeholders will have other, non-commercial reasons for being loyal to each other; but it is interesting that this ethos also spins over into the relationship between the company and non-family members – as well as, of course, between the company and its customers and suppliers. Family Business magazine in 2007 reported research showing that CEOs in successful family businesses averaged tenure of 25 years, compared to only seven years for the CEOs of listed companies.

Several competition entrants talk of key non-family staff as being treated as if they were 'one of the family'. Others note that some of their staff are related to each other – that the family business has in effect employed families rather than individuals.

A good number of prize entrants refer to their determination to keep staff notwithstanding worsening economic conditions, noting that it will be difficult to recruit key skills when the good times return – a laudable intention which, of course, can only be taken so far. As far as human resources strategy is concerned loyalty and good staff retention can help keep costs low. Recruitment is inherently expensive – not just in terms of recruitment fees but because new staff will tend to expect salary rises which will have a knock on effect for existing staff. High staff turnover also increases training costs.

As a contrast, organisations which do not rely on low staff turnover, staff retention and loyalty, will adopt an 'up-or-out' strategy. Under such a strategy, key staff will be expected to

progress along defined career paths according to timescales. Failure to progress in effect means their career with that particular organisation is over, and it is only a matter of when they will leave.

Organisations which adopt this sort of strategy will foster distinctive organisational cultures. They depend on senior positions in the organisation being sufficiently attractive to stoke competition amongst junior staff.

Such a strategy at first sight seems very wasteful; no doubt in an up-or-out organisation there are very capable individuals who are leaving because they have missed the promotion that might have kept them. Organisations that foster such a culture will argue that an up-or-out culture is an effective way of reconciling resourcing with business needs. They will also argue that the strategy makes for clean, efficient management, with far less attention paid to remuneration strategy as a mechanism for distinguishing between the wheat and the chaff. Very few prize entrants seem to have adopted an 'up-or-out' approach to human resource strategy.

However, a staff retention-focused strategy is not all advantageous. A family business will have to ensure that good staff retention does not result in a toleration of lower standards of staff performance, with knock on effects on the quality of customer and client service. A family business that works hard to retain its staff will therefore need robust performance management systems – indeed arguably more robust than those needed by organisations who rely on 'up-or-out'. Such systems should be sophisticated enough to capture the totality of an individual's performance rather than just the easy-to-measure items that often predominate in up-or-out cultures. And even staff retention-focused businesses will still on occasion have to force the exit of members of staff.

A staff retention-focused strategy can also on occasions result in frustration for capable and ambitious members of staff – including, sometimes, family members who may conclude that their only hope of satisfying their ambitions lies outside the family business.

Achieving a healthy balance between staff retention and up-and-out in the long term is perhaps key in larger family businesses – and several of the larger prize entrants, as pharmacists, Day Lewis plc, describe.

Case Study One: The art of managing people properly

Day Lewis plc

Day Lewis plc describes itself as 'the largest independent chain of pharmacists in Europe, mainly in the South East, South West and South Midlands'. But despite having 188 shops throughout the UK, Day Lewis plc is still keen to maintain 'the feel of a family business in which all individuals are considered to be important members of the team.'

'What we found,' says Kirit Patel, CEO and founding family member, 'was there was a cultural change in the company, where we had the old team and the new team, so my job, was to bond them. It has had its difficulties but we got it there in the end, via facilitation, meetings, away weekends etc.

We had two different distinct styles of management – the old informal one with "people values" and the new corporate discipline one with "hire and fire" values. Now everyone is converted to one way of thinking, which is a balance of the two "We need corporate discipline, but we've got to value people at the same time".'

Day Lewis plc has achieved the bronze level in Investors In People, and staff interviewed confidentially as part of IIP accreditation back up Kirit's claims. 'The family feel is the attraction; they look after their staff,' says one. 'We have managed to become sufficiently corporate without losing our family feel. And that is what makes us special,' argues another. One staff member notes that 'the family culture helps integrate new branches. We now feel part of the Day Lewis family.' Even though Day Lewis plc is now a big business, Kirit still takes a personal interest in recruitment, development and training.

Day Lewis plc also takes its corporate values seriously. Kirit is keen to point out that, of its six corporate values, five are about its people. First on the list is 'To keep our caring family culture.'



Flexibility in decision making

A high proportion of Coutts Prize for Family Business entrants referred to their flexibility, their speed of decision taking, and their pragmatism. Many favourably compared their own approaches to those of 'corporate' non-family competitors.

In changing times, flexibility and speedy decision making is undoubtedly an asset. A business that is too tied to the reasons for last year's success is a business that might well find it difficult to adjust in order to deliver next year's opportunity. When times are difficult clients, customers, supply chains, staff and regulators are all likely to be changing attitudes. An organisation that can itself change fast is an organisation that will stand the best chance of survival.

As one entrant, Cheltenham-based Creed Catering Ltd put it, 'In terms of the structure we have in the business, if [the competition] see a National Account Manager, [they] may have to go through 7 or 8 people to get something sorted out. With us it's one phone call.'

We are interested in this claim, on the part of so many family businesses, that flexibility is a key strength as such a claim might on occasion be difficult to reconcile with another key strength that is often observed of family businesses, and which is reinforced by the data – their ability to take the long-term view compared to other businesses. When commenting on the long term, many family businesses were thinking in particular about the benefits to their businesses of having patient, supportive investors and

about their willingness to reinvest profits rather than take out dividends. However, taking too long-term a view might on occasion result in a reluctance to deviate from a well-established strategic direction and therefore come at the expense of agility.

On the other hand, the ability to think long-term, and not be thrown off course by the ups and downs of economic cycles or the short-term demands of the stock markets in particular, is a much-commented on characteristic of family businesses, and our survey of entrants for the Coutts Prize confirms this. As is often the case in business, the key to the right answer is balance: in the case of family businesses between the ability to think long-term and to be flexible and agile. Businesses that get the balance right are in a particularly strong position.

It is also to be noted that big, non-family businesses have for some years now been on the case as far as flexibility is concerned. 'Strategic agility' is a quality that many big businesses have invested a lot of effort in achieving. Fundamental changes in the technological infrastructure – largely internet based – and new approaches to business planning have given big businesses the tools to achieve agility in ways that would have been difficult even ten years ago. If family businesses do have an edge in agility – and our research data suggests that a significantly large number of them think that they do – we would argue that there is no reason for complacency.

'I think that, in many ways, the main thing that being a family business allows us is to be flexible but also to take a long-term view. If you are able to take a long-term view on things then you are able to make hopefully the right decision. If you are the opposite, then you end up making short-term decisions based on the stockmarket prices. In our family business we do not have to do that.'
Tangerine Holdings

Case Study Two: Flexibility and the ability to think longer term

Lower Mill Estate

Jeremy Paxton bought Lower Mill Estate after a typical short-term focused, entrepreneurial career building and selling businesses in the sports and leisure magazine industry.

But Lower Mill Estate has been established very much with the long term in mind. 'I wanted to breathe a bit and be free of partners. I wanted to follow something of a path less trodden, one involving architecture and ecology, to be able to take off all the school holidays and go home at two in the afternoon if someone was sick,' Jeremy told The Financial Times when they profiled his business recently.

Lower Mill Estate is a luxury holiday village in the heart of the Cotswolds, providing top quality accommodation as well as spa and leisure facilities in an attractive environment which is in effect its own nature reserve. The estate is committed to the best in ecological practice, but the business is not just sustainable in the ecological sense.

'We are not really bothered about making all our money next year. We are interested in the next 100 years,' says Jeremy. Indeed, in conversation Jeremy draws attention to his 999 year vision of a self-sustainable business funded entirely from internally generated cash. In addition to the estate Jeremy is establishing a foundation which he describes as an 'Amnesty International for wildlife', looking after the interests of endangered wildlife.

Planning for succession is key to Jeremy's concept. Jeremy's 28 year old son Red, after a spell growing and selling his own businesses, is now sales and marketing director. His daughter Ruby is responsible for the holiday rental side of the business; and there's another son in the wings too. But succession doesn't just involve family members. As the business looks to develop new sites it looks to recruit and retain individuals who understand the vision and want to keep it alive.



The personal touch

The case many family businesses make for being flexible and agile is related to, if not founded, on another strength that entrants lay claim to: that they have a particularly 'personal' approach to doing business and that, they have an unusually strong relationship with clients, customers and key suppliers. A business that is close to its customers is likely to have deep, embedded knowledge about them, and is well placed to respond to their needs. Such a relationship is likely to be long-term.

A family business – certainly a multi-generational one – is more likely to have a well established position in the local community than a corporate whose connections tend to be less personal and more remote. The owners and leaders of a well-established family business are likely to be leading members of the local community, and might have been for some generations. It probably won't be the only local employer, but the extent to which the agendas of the family,

the business, the local community and environment intertwine is likely to be more significant for the family business than the non-family business.

A personal approach to doing business is also much easier if your business has low staff turnover, particularly in senior positions. Family members are more likely to stay around than non-family members, of course, but a family business which successfully retains key non-family staff as well is well positioned to secure long-term, personal relationships with other players in the marketplace and supply chain.

The claim to strong personal relationships is made by a number of the larger Coutts Prize for Family Business entrants as well as smaller entrants. Many stress that they have the depth of resource of a big firm, but the personal touch of the small firm – and see being a 'family business' as useful in helping them achieve this particular balance.

'When you are a family member, the buck stops with us. It was first started by my father and mother; they had a lot of pride starting something smaller that has grown into quite a sizeable company. That is what it stands for; it has got an emotional attachment. It is not just a company you come in and work 8am to 5pm. There are no set hours. If needs be we come back at night and you put that little bit extra in.' Goodman Metal Works

Honesty and integrity

A significant number of competition entrants laid claim to having deeply embedded values in the business, in particular honesty, integrity and straightforwardness as key business strengths. Entrants described their relationships with customers and suppliers in such terms – as well as, of course, their relationships with staff.

Is there any particular reason why family businesses should have better claim to such values than non-family businesses?

Being just 'one phone call away from the boss', as one Coutts Prize for Family Business entrant puts it, certainly helps. But there are deeper reasons why family businesses are more likely to take values and softer qualities more seriously than non-family businesses. At the heart of every family business is a family (sometimes more than one family), and every family is held together as much by soft issues as it is by hard, economic ones. In family businesses the soft issues will often come much higher up the pecking order than they will in a non-family business in which it will often have to be as a consequence of deliberate management action that softer issues get on the agenda at all.

'We had £50 when we came into the country and we have grown the hard way, where you work 24 hours a day, sometimes 48 hours without sleep and there has never been an issue of sacrifice, because to sacrifice you have to give something up. At the beginning it was a case of survival, we had no choice, we had to do it.' Clifton Packaging Group

Honesty and integrity as values in business dealings are in line, we would argue, with the zeitgeist. In a climate in which big business, big brand – indeed big anything – is increasingly mistrusted, and is often blamed for the excesses that stoked the boom which then resulted in the economic collapse, values such as honesty and integrity are likely to do good business. Non-family businesses will work hard at nurturing them as well – though they may have to work harder at achieving them than family businesses, where they are often deeply embedded in the culture of the business over the generations.

However, the values that families are built around can be negative as well as positive. The mafia, after all, is at heart a network of family businesses. It is unlikely, of course, that businesses built around negative values are going to enter prizes for best family business.

'We deal with a lot of entrepreneurial businesses, which we are as well, therefore they like people that are prepared to put their reputations on the line, that live and breathe their business principles and ethics with integrity. And therefore that attracts a lot of business to us because people know what we are; they know our principles and they believe in us because we are the family; we are the people that live and die by our reputation every single day... So we have a long term relationship where we share our concerns, we share our commercials, we work together in partnership ... to make sure that we can supply our customers with the most consistent and finest products and that involves not just the day to day working with these people but also engaging in their families, going to their weddings, their christenings. It is the whole package really.' Reynolds Catering Supplies

The family as a source of commercial strength

The last of the key groupings of strengths identified are those that competition entrants see as being directly derived from being a family business. Of course, some of the other previously frequently mentioned strengths – for example personal relationships and human resources policy – are closely related with the essence of what it means to be a family business. But there are many examples amongst the prize entrants, of businesses which see simply being a family business a source of competitive advantage.

Many competition entrants note that family businesses like to do business with other family businesses; this is particularly important in those industry sectors which are dominated by family businesses. Others attempt to define the elements that matter the most.

A word that is frequently used in this context is 'commitment'; in the sense of key family stakeholders being committed to the business, to each other, to customers and suppliers. There's a relation between 'commitment' and the sense of 'stewardship' frequently referred to by older family businesses in particular – '[The business has] been given to us by our respective parents, and we are holding it for the next

generation,' say 8th generation retailers Bakers and Larners of Holt. For many respondents 'commitment' reflects the sheer hard work and dedication that families invest in their businesses, and a sense that non-family businesses find this sort of 'emotional' commitment difficult to match.

Commitment is also related to a sense of pride in the quality of product and service that, almost without exception, all the participants in the Coutts Prize for Family Business demonstrate. It is of course inevitable that companies when entering a competition will do their best to portray their products and services in a favourable light; but the language chosen suggests an emotional and personal relationship between family and product and service, and a sense of pride that parallels some of the other qualities and characteristics we report on elsewhere.

'Caring' is another word that appears frequently – another of those 'softer' words that is perhaps easier to identify with a family business than with a purely commercial organisation. 'Family atmosphere', a phrase that perhaps captures many of these elements and is also frequently used.

How can family businesses take advantages of their strengths?

A survey of the opportunities often cited by prize entrants yields much less data than a survey of strengths. Entrants find it much easier to report competencies and capabilities than opportunities, even when explicitly requested to do so. Further, the opportunities that are reported show fewer trends than the reported strengths and it is more difficult to draw conclusions from them.

In part this is because opportunities are derived from external circumstance whereas the notion 'family business' relates to internal characteristics, to which strengths are more likely to be aligned.

When asked explicitly about opportunities, many respondents chose to repeat strengths, suggesting a tendency to look inwards rather than outwards for sources of potential success. Perhaps this reluctance to define opportunities indicates also a weakness that, though only a few entrants own up to, many perhaps tacitly admit through their silence – a failure to do much by way of formal long term or strategic planning.

Business planning is not only about putting together a business plan, it's about making sure that time is set aside on a continual basis to consider the changing commercial environment and how best to fit the portfolio of strengths at the disposal of a business to the opportunities presented.

Businesses that don't plan can be expected to be a lot more aware of their strengths and weaknesses than the opportunities of which they might take advantage. Lack of business planning is something else that is related to the 'flexibility' reported as one of the most frequently cited strengths of family businesses. Flexibility will allow a business to take advantage of opportunities as they are presented, but planning will give businesses a better chance of identifying the opportunities in the first place.

The most commonly reported opportunities include:

- **Merger and acquisition.** Quite a few of the larger family businesses expressed an interest in potential acquisitions – though not necessarily entrants into the most recent competitions. One entrant cited the possibility of being taken over as an opportunity. But for most competition entrants, exit for the owners in its many forms was infrequently discussed – indeed, as already mentioned, for a significant number of competition entrants, selling the business was not an option: the business was owned almost in trust for members of the next generation.
- **International opportunities.** Many of the larger family businesses report international ambitions, with different businesses looking to Europe, S E Asia, the Middle East, the US and Ireland as potential market opportunities. Some businesses also discuss new international sources of supply as potential opportunities.
- **Regulation.** Increased government regulation is a frequently mentioned threat to competition entrants, but several entrants also cite increased regulation as a potential opportunity for their service offerings.

Can strengths also be weaknesses?

Some of the most frequently cited strengths are also, interestingly, cited by other entrants to the competition as weaknesses.

Several prize entrants, for example, have acknowledged their loyalty to key staff and low staff turnover as potential weaknesses, particularly given changes demanded by the recession. Several businesses note a reluctance to make staff redundant or change staff occupying positions of strategic importance in this context. This potential weakness goes some way to diluting another potential strength that many family businesses entering the competition lay claim to – their flexibility and strategic agility.

One entrant, after noting that an honest approach to business was a key strength, then went on to suggest that being 'too honest' was a potential weakness, leaving the business exposed to competitors with lower standards of business ethics.

The strength of personal relationships, cited previously as a frequently mentioned strength, is also alluded to by several entrants as a potential weakness or threat. Several entrants note that their businesses are too dependent on a few key members of the business. Others are too dependent on a few key client and customers relationships or key supplier relationships. It is easy to infer that businesses that are dependent on personal relationships are businesses that potentially put constraints on their growth.

For example, many entrants directly assert their reluctance to grow outside the spheres of influence, that is, of those who hold the key personal relationships which in other contexts are seen as so important. Unsurprisingly, therefore, there seems to be little correlation between the age of the businesses and their size. Some of the oldest family businesses which have entered the prize have remained small, focused, and local – and dependent on strong personal relationships. On the other hand, some of the biggest competition entrants are relatively young – in the second or even first generation of family involvement.

Many prize entrants refer to conservative financing, including a reluctance to take on debt, as a strength. However some entrants have turned a strength into a potential constraint on growth. A business that restricts itself to investment funded only from internally generated funds, is a business that is potentially failing to keep up with the competition. In rapidly changing times, a decision not to invest can be even riskier than a decision to take on external finance.

Conclusions

The family business sector in the UK appears robust and varied. A review of their strengths suggests that family businesses tend to share some distinctive qualities – qualities which in particular tend to reflect intangible, softer characteristics which non-family businesses work hard at trying to emulate, but which come naturally to family businesses. Such strengths include aspects of human resources policy, personal relations, values propositions and agility.

All businesses take the quality of their product and service seriously, but family businesses take them personally as well. This focus on the personal is a distinctive element in family businesses which is reflected in their strengths.

On the other hand some of the strengths of the sector are also potential weaknesses and they might act as constraints on growth, and lead to a reluctance to take on external finance. These are themes we will return to in later reports.

Key questions to ask yourself

- What advantages do you have by being a family business? Do you protect these advantages? Do you make the most of your advantages?
- What disadvantages or risks do you have by being a family business? How are you looking to eliminate these disadvantages and risks?
- What do you do to improve staff retention in your business?
- Are your staff assessment and performance management systems effective?
- How do you ensure family members working in the business are properly managed and supported?
- How do your business planning systems ensure you retain agility and flexibility whilst still thinking long-term?
- How are you ensuring that you retain the qualities that mattered when the business was small, now that your business is bigger and more mature?
- Have you formalised your business values?
- How do you ensure your values are embedded in the business?
- In what ways do your strengths become weaknesses?

Previous winners of the Coutts Prize for Family Business

Coutts Prize for Family Business winners 2009/10

National Winners

Turnover category £25m+
Shepherd Neame Limited

Turnover category £5-25m
M I Dickson Limited

Coutts Prize for Family Business winners 2008/09

National Winners

Turnover category £25m+
Nelson and Russell Holdings Limited

Turnover category £5-25m
Norbar Torque Tools Limited

Turnover category £1-5m
Allcooper Limited

Coutts Prize for Family Business winners 2007/08

National Winners

Turnover category £25m+
Caretech Holdings Plc

Turnover category £5-25m
Jesse Brough Metals International Ltd

Turnover category £1-5m
The Hotel and Extreme Academy Ltd Watergate Bay

Coutts Prize for Family Business winners 2006/07

National Winners

Turnover category £25m+
Wates Group

Turnover category £5-25m
BCMS Corporate

Turnover category £1-5m
Active Assistance

Coutts Prize for Family Business winners 2005/06

National Winners

Turnover category £50m+
Pertemps Ltd

Turnover category £5-50m
English Lakes Hotels Limited

Turnover category £1-5m
M Newitt and Sons Limited

If you would like more detailed information or would like to arrange a meeting to discuss your needs as a family business owner, please do not hesitate to contact:

Juliette Johnson
Head of UK Family Business
Telephone +44 (0) 20 7158 0769
Email: juliette.johnson@coutts.com

Chloe Elms
Family Business & Philanthropy Manager
Telephone +44 (0) 20 7158 0631
Email: chloe.elms@coutts.com

www.coutts.com/familybusiness

Coutts & Co is registered in England No. 36695. Registered office
440 Strand, London, WC2R 0QS

Calls may be recorded.

www.coutts.com

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