



Trust in traditional family business values

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"I think you will find, come the end of the recession, that family businesses prospered rather better than many public companies," says Roger Pedder, former head of C&J Clark Ltd (Clarks shoes) and head of the evaluation committee of the Coutts Prize for Family Business.

The economic downturn has increased the attention focused on the family business model as many public companies falter and fail. "There is a growing interest in family business. I think that is supported by the fact that through the credit crunch and the banking crisis and the bonus scandals, family businesses have not been involved," he says.

Instead, many of the values often associated with family businesses, which some see as outdated, are the very virtues Pedder believes will guide them successfully through the economic turmoil. "Loyalty is an outmoded concept but it is one you will find in family businesses, from employer to employee and vice versa, and it is so important at the moment. Continuity is not terribly fashionable either but I think it's vital," Pedder says.

"All this hiring and firing business usually means that people who work in a company haven't got a clue what goes on. I think so much job knowledge has been lost by all this chopping and changing, but it isn't lost in family companies."

The other values Pedder highlights as important include the long-term outlook taken by families, they are not out to make a "quick buck" but to grow and protect the family wealth; the fact many family businesses have personal resources invested in the business, so are more prudent and cautious with their assets; the ethical code family businesses often operate by; the desire to leave something for the next generation and the willingness to give something back to the community or environment in which the business operates.

"I think it is simply a stronger model than these rather selfish models which are publicly quoted companies, where often the owners haven't got a clue what they own," says Pedder.

The values he emphasises are often what sets successful family businesses apart and so come under consideration when judging the Coutts family business awards. Applications for the 2010 award opened last week and businesses are encouraged to enter. ([Click here for more information on how to enter](#))

There are three broad areas the judges assess throughout the process. "One – how commercially successful is the business? Two – how does it manage the family ownership and sometimes management of the business? And three – how concerned is it about both the people that work with it and for it and the wider community in which the business operates?" Pedder explains.

There is also a questionnaire and for the companies that make the shortlist, either a professional or a member of the evaluation committee will visit the business. "It is quite an objective evaluation, it is not just done on a whim of fancy." Pedder states.

And the financial credentials of the business also come under scrutiny. "Finally we have a look at their most recent financials just to make sure we are dealing with a financially healthy business," Pedder says. This is a consideration the panel became acutely aware of in the early years of the award. "One year we had selected a winner who was set to be taken over the very morning of the presentation, which would not have been at all good!"

Although the judging criteria has remained the same as last year, even it cannot seem to avoid the long reach of the recession. "The criteria has not specifically changed to assess how companies are piloting the recession, but it will certainly be factored in by definition because if these people are doing well in this climate they must be doing other things well to bring this about," Pedder concedes.

Families are keen to promote their success through awards such as this one. "Now people are pretty anxious to win it. After last year I had companies who didn't win it coming up to me as chairman of the evaluation committee asking me what they had to do to win," Pedder says. "I think that shows two things; one is that people are anxious to improve and two is that they would like the prize," he adds.

His overall prognosis for family businesses that adhere to a more traditional value system is positive. "I think their philosophy is likely to be better able to deal with the problems caused by the recession," he concludes.

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