The Life Cycle of the Family Business

Introduction

Family businesses and their owners face unique challenges as they balance their ambition to grow with the effort to build the family legacy.

At EY, we understand that purpose and values underpin a family business and holds it together. For more than 100 years we have been supporting the world’s most entrepreneurial families. Globally, EY advises 80% of the top 500 family businesses in the world. With this wealth of experience, we understand the unique challenges faced, as they balance the need to accelerate growth with the effort to build the family legacy and business. We have identified the success factors for family business growth such as – the Growth DNA Model and the EY NextGen Academy that pinpoint the issues and areas of focus that will support family business leaders in achieving their ambitions and building a long-term, intergenerational legacy.

As trusted advisors to enterprise-owning families around the world, we have the experience, authority and programs to support families to grow from generation to generation.
Why EY

Family enterprises have unique needs in comparison to corporate business operations. Relationships and interests of individual family members are often diverse; some members may not be interested in continuing the business while others may wish to change it fundamentally.

In addition to ‘traditional’ concerns of entrepreneurial families, such as governance, succession and wealth management, we now see the topics of diversity, talent, digital transformation, philanthropy and inclusive capitalism progressing toward the top of the agenda in family enterprises across the world. These topics are mostly driven by the next generation of family members.

The EY approach to working with family enterprises is anchored in our EY Family Enterprise DNA Model. The Model, which supports both the personal and business performance agendas of family enterprise leaders, is based on success factors that facilitate family cohesion, business growth and long-term wealth preservation in a family enterprise.

We combine our understanding of these success factors with our vast experience and knowledge to create a framework for guided conversations on topics that matter the most to family enterprise owners.
How EY can help

Focus on Family, Values, Business and Assets

Drawing on the knowledge we have gained from more than 100 years of working with family enterprises, we have identified the key factors that help them grow the business and build a long-term, intergenerational legacy. We use our Family Enterprise DNA Model to support both the personal and business agendas of family enterprise leaders and help them succeed across generations.

Fiscal, legal and financial questions often arise hand in hand with the very personal aims and values of family members.

As families divide profit among more family members, sustainable growth and profitability of the business become more important.

When business-owning families grow significantly in number and complexity, a good plan for succession becomes an imperative.

As the complexity of managing the family wealth increases, families look to professionalize this process through family office functions.
How EY can help

Focus on Family, Values, Business and Assets

Drawing on the knowledge we have gained from more than 100 years of working with family enterprises, we have identified the key factors that help them grow the business and build a long-term, intergenerational legacy. We use our Family Enterprise DNA Model to support both the personal and business agendas of family enterprise leaders and help them succeed across generations.

### EY Law

- Family constitutions dealing with matters unique to a family business
- Shareholder agreements
- Philanthropy and charitable donations
- Supply chain and global trade (commercial contracts review, R&D and collaboration agreements)
- Technology and information security/cybersecurity risk
- Data protection, privacy and GDPR compliance
- Employee health and well-being, talent and workforce e.g. Share Incentive Plans
- Family partitions and separation of family businesses and assets
- Post Exit - Family Office
- Tailored personal estate planning for family business
- Wills and Enduring Powers of Attorney
- Protecting Intellectual property rights
- Capital finance structuring
- Acquisitions, disposals and mergers
- Taking in new investment including Enterprise Ireland, Private Equity and other
- Taking family enterprises public
- Family constitutions dealing with matters unique to a family business
- Shareholder agreements
- Philanthropy and charitable donations
- Supply chain and global trade (commercial contracts review, R&D and collaboration agreements)
- Technology and information security/cybersecurity risk
- Data protection, privacy and GDPR compliance
- Employee health and well-being, talent and workforce e.g. Share Incentive Plans
- Family partitions and separation of family businesses and assets
- Post Exit - Family Office
- Tailored personal estate planning for family business
- Wills and Enduring Powers of Attorney
- Protecting Intellectual property rights
- Capital finance structuring
- Acquisitions, disposals and mergers
- Taking in new investment including Enterprise Ireland, Private Equity and other
- Taking family enterprises public

### Strategy and Transactions

- Tax
- Assurance

### EY Private | Family Business Centre of Excellence
How EY can help

Focus on Family, Values, Business and Assets

Drawing on the knowledge we have gained from more than 100 years of working with family enterprises, we have identified the key factors that help them grow the business and build a long-term, intergenerational legacy. We use our Family Enterprise DNA Model to support both the personal and business agendas of family enterprise leaders and help them succeed across generations.

Strategy and Transactions

- Corporate Governance Review
- Shareholder Agreement Review/Advisory
- Purpose Assessments
- ESG Advisory
- People engagement and workforce resilience

- Business Valuation & Business Modelling
- Working Capital Advisory
- Strategic Operational Restructuring
- New Project Feasibility Study
- Operational Assessment and Improvement
- Turnaround/Reshaping Results
- Distressed Corporate Advisory
- Finance Transformation Vision, Strategy and Operating Model
- EY Digital Boardroom
- Sustainable supply chain advisory

- Succession Planning
- Generational ownership transitions
- Tax valuation & review
- Pre-disposal
- Shareholder agreement dispute resolution
- Valuations for dispute resolution
- Purpose assessment
- Legal entity rationalisation

- Capital Structure Review
- Capital Allocation Analysis/Modelling/VME
- Lead Advisory (Minority, Majority, Full Sale, IPO)
- Management Buy-Out/Management Buy-In
- Disposals – Sell Side Vendor Due Diligence
- Acquisitions – Buy-side Financial & Commercial Due Diligence
- Banking & Debt Advisory (Growth Funding, Dividend Funding etc.)

EY Private | Family Business Centre of Excellence
How EY can help

Focus on Family, Values, Business and Assets
Drawing on the knowledge we have gained from more than 100 years of working with family enterprises, we have identified the key factors that help them grow the business and build a long-term, intergenerational legacy. We use our Family Enterprise DNA Model to support both the personal and business agendas of family enterprise leaders and help them succeed across generations.

**Tax**

- Charitable giving and donations
- Tax incentives for sustainable policies and practices
- Tax strategy consistent with Values
- Reinvestment strategies
- Tax Succession:
  - Tax exemptions and reliefs
  - Business and agricultural relief from
  - Retirement relief
  - Revised entrepreneurs' relief
- Structuring post exit investments in a tax efficient manner
- Use of structures (including trusts and partnerships) for asset protection and preservation of wealth for future generations
- Tax succession planning & exiting restructuring to mitigate capital tax
- Tax efficient exit strategies
- Revenue Recovery Maximisation

- Employees
  - Pensions
  - R&D Key employee reward mechanism
  - Share incentive schemes for non family members
  - R & D tax credit and knowledge development box
  - Transfer Pricing
  - Advice on availability of trading deductions and the loss reliefs
  - Tax optimisation for overseas expansion
  - Tax Data Analytics
  - Tax Impact Optimization
- EY Law
- Strategy and Transactions
- Assurance

Availability of capital allowances
- Structuring ownership of assets - to include mergers and de-mergers
- Tax efficient leveraging for asset acquisition or other investments
How EY can help

Focus on Family, Values, Business and Assets

Drawing on the knowledge we have gained from more than 100 years of working with family enterprises, we have identified the key factors that help them grow the business and build a long-term, intergenerational legacy. We use our Family Enterprise DNA Model to support both the personal and business agendas of family enterprise leaders and help them succeed across generations.
For more details, contact

Frank O’Neill  
**EY Private Family Business Lead**  
frank.oneill@ie.ey.com

Ronan Clinton  
**Assurance Partner**  
ronan.clinton@ie.ey.com

Alan Murphy  
**Head of EY Law**  
alan.murphy1@ie.ey.com

Roger Wallace  
**Assurance Partner & EY Private Lead**  
roger.wallace@ie.ey.com

John Higgins  
**Strategy and Transactions Partner**  
john.higgins@ie.ey.com

Siobhán Davis  
**EY Private Operations Lead**  
siobhan.davis@ie.ey.com

EY | Building a better working world

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

EY refers to the global organisation, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. EY member firms do not practice law where prohibited by local laws. For more information about our organisation, please visit ey.com.

© 2021 Ernst & Young. All Rights Reserved.

Produced by Creative (Ireland).

The Irish firm Ernst & Young is a member practice of Ernst & Young Global Limited. It is authorised by the Institute of Chartered Accountants in Ireland to carry on investment business in the Republic of Ireland.

Ernst & Young, Harcourt Centre, Harcourt Street, Dublin 2, Ireland.

Information in this publication is intended to provide only a general outline of the subjects covered. It should neither be regarded as comprehensive nor sufficient for making decisions, nor should it be used in place of professional advice. Ernst & Young accepts no responsibility for any loss arising from any action taken or not taken by anyone using this material.

ey.com