Panorama

Panorama Global Survey 2025

Widening the governance lens: a new horizon for family businesses

Contents page

Introduction

Family businesses are a global economic force.

They generate approximately 70–80% of global GDP and 60% of global employment, with turnover of between $60 trillion and $70 trillion annually[1]. In Europe around 60% of all private-sector companies are family-run. In the United States family firms generate 64% of U.S. GDP and employ 62% of the workforce[2].

In emerging and growing economies such as India and Brazil, these figures are even higher. Despite this crucial role both economically and societally, in many regions there can be a tendency to overlook their impact and importance, and at Panorama we recognise the hugely significant role they have.

Their reach is extensive, cutting across virtually every sector — from agribusiness and retail to pharmaceuticals and high-tech manufacturing. They may differ in size and scope, but family businesses share common characteristics and commitments to legacy and longevity, for their organisations and employees.

For this year's Panorama research we have focused on identifying key challenges around governance, succession planning and board development within family businesses. We have offered insight and informed observations alongside the results to provide guidance and areas of consideration for family businesses looking to support, develop and enhance their leadership and governance approach to take them many generations into the future.

1 https://www.mckinsey.com/industries/private-capital/our-insights/the-secrets-of-outperforming-family-owned-businesses-how-they-create-value-and-how-you-can-become-one

2 https://familyenterpriseusa.com/wp-content/uploads/2021/05/T-E-article-final-Contribution-2021-Pieper-1-1.pdf

Chapter 01

Action and accountability

Balancing the challenges of governance

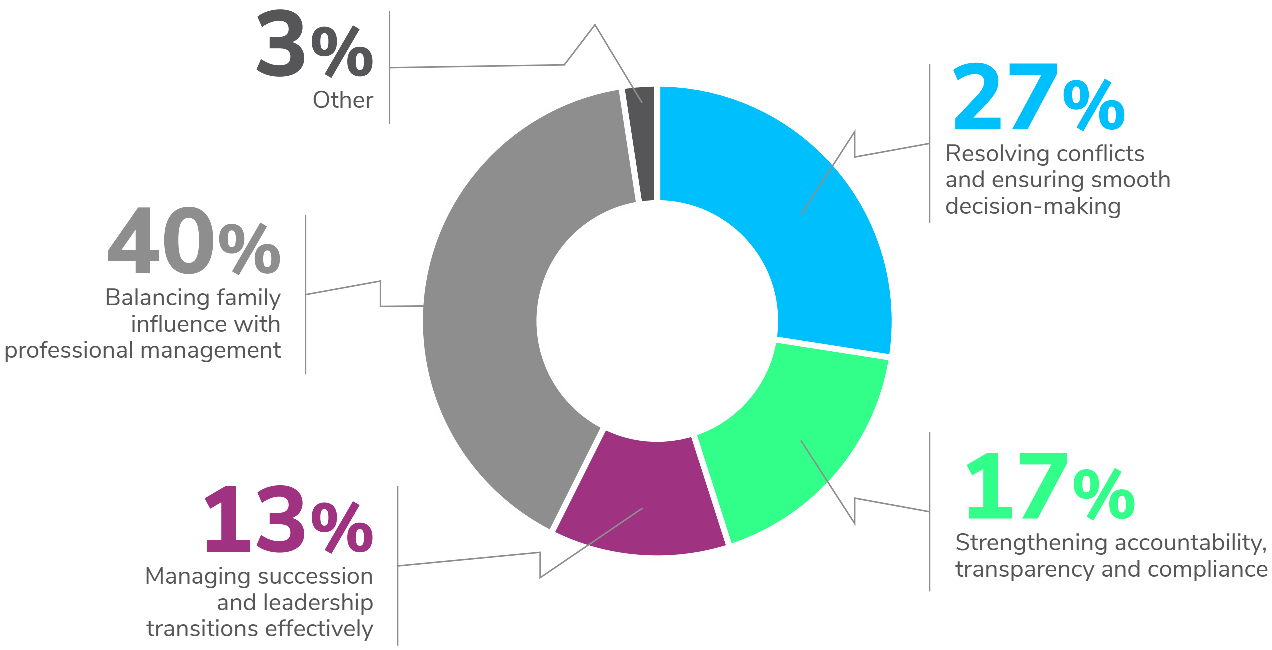
AGAMJEET DANG
Chief Executive Officer
Executive Access India

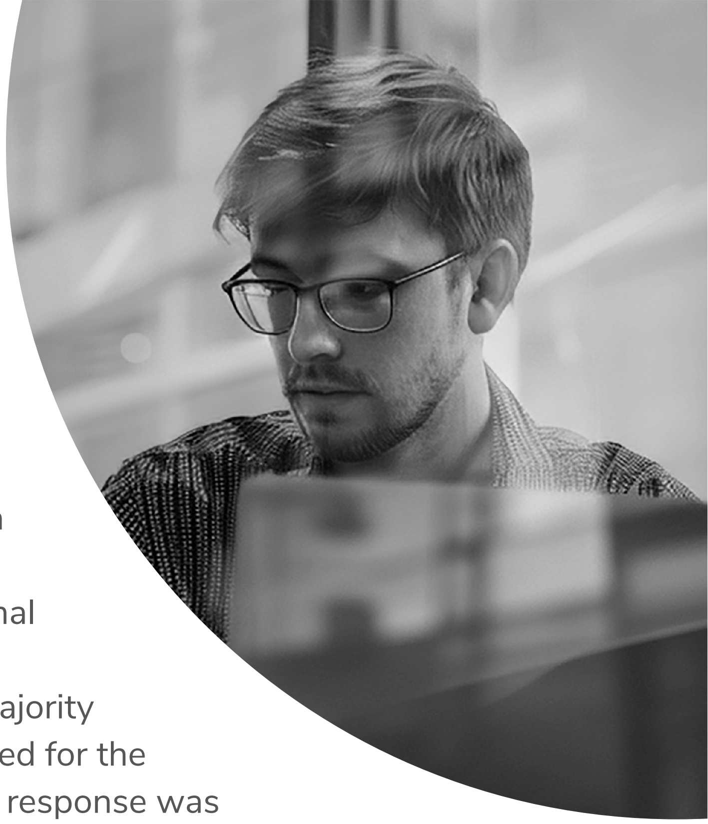
"It's an evolution; we have to go up the way and climb the steps carefully to a more formalised approach"

Family businesses face distinct governance challenges stemming from the interplay between family dynamics and commercial imperatives. Unlike other organisations, where ownership and management are typically separate, family firms have to balance personal relationships, legacy, and long-term stewardship with professional governance and performance goals. This can lead to blurred roles and responsibilities between family and non-family executives, complicating decision-making and accountability. This is a clear issue as highlighted by one commentator: **"Resolving conflicts and ensuring smooth decision-making as our business grows, is a major concern for our governance approach."**

OVERALL RESPONSE TO KEY GOVERNANCE CHALLENGES BEING FACED BY ORGANISATIONS

What are the main governance challenges your company faces as it grows?





Of those firms we spoke to the vast majority **(89%) had some form of formal governance structure in place**, but this was more clearly defined in larger organisations and more prevalent in European, UK and US businesses. In India and Latin America approximately **10%** of organisations did not identify as having any formal governance. However, even for those who have prioritised governance in some form, the clear majority **(63%)** believe that they are only partially prepared for the future and have important gaps to address. This response was consistent across all organisational sizes and sectors, but stark in smaller organisations and in specific regions such as India with **40%** of businesses warning their governance structure was not established enough, in their view, to address future developments.

Succession planning is a particularly keen consideration for governance structure with **33%** of all respondents highlighting it. As leadership transitions involve both business competence and family continuity, this may not align specifically with objective timelines or merit-based criteria and requires careful consideration. Achieving board independence and transparency can also be more difficult, particularly in those businesses where the family role is still very clear. This was highlighted in some regions more specifically, such as India and Latin America, but it is an area of deep consideration as economic opportunity and growth drive a greater examination of external management and the wider introduction of professional representation at non-executive level or advisory level.

Increased professionalisation is key to sustaining credibility according to 31% of our respondents, but it must be managed carefully to preserve family unity and values:

"We are trying to strengthen accountability and transparency while preserving a united family approach".

Although professionalisation was highlighted more clearly in emerging economies, more than in established economies where technology integration and succession planning were more crucial.

For 30% of our total respondents a shift towards more transparency and accountability through greater use of data and technology to capture information, measure productivity and support governance reform was also key. This was consistent across businesses and regions, but in certain sectors facing greater regulatory constraints or consumer facing such as financial services, retail or professional services this was of keener consideration.

KEY TAKEAWAYS / CONSIDERATIONS

- **The unique fusion of emotional and commercial interests must be managed.** Governance frameworks must accommodate rational business objectives and emotional family expectations — a duality less common in other business ownership models.
- **Balancing family continuity with merit-based leadership is increasingly important.** More focus on professional qualifications or external experience. In certain regions and organisations, a suggested period of 3-5 years 'outside experience' is required before joining the family business.
- **A lack of board independence can weaken checks and balances.** Greater focus on external or professional experience to minimise risks and enhance strategic objectivity.
- **Accountability more acute with greater data gathering.** Emergence and adoption of new technologies will impact visibility and require greater governance accountability and potential reform.
- **Professional governance can support family cohesion.** Clear governance frameworks allow a balance of business rigour with the preservation of trust and unity.

Chapter 02

Around the table

Board development and decision making

THAIS NATHER
Executive Director
Board Solutions - EXEC

"A well-structured board doesn't dilute family control, it amplifies legacy through strategic resilience and generational strength. For family business, the priority is selecting individuals whose resonance with their values surpasses mere technical competence. Those capable of cultivating mutual understanding, remains a cornerstone of effective governance, yet often proves challenging to attain."

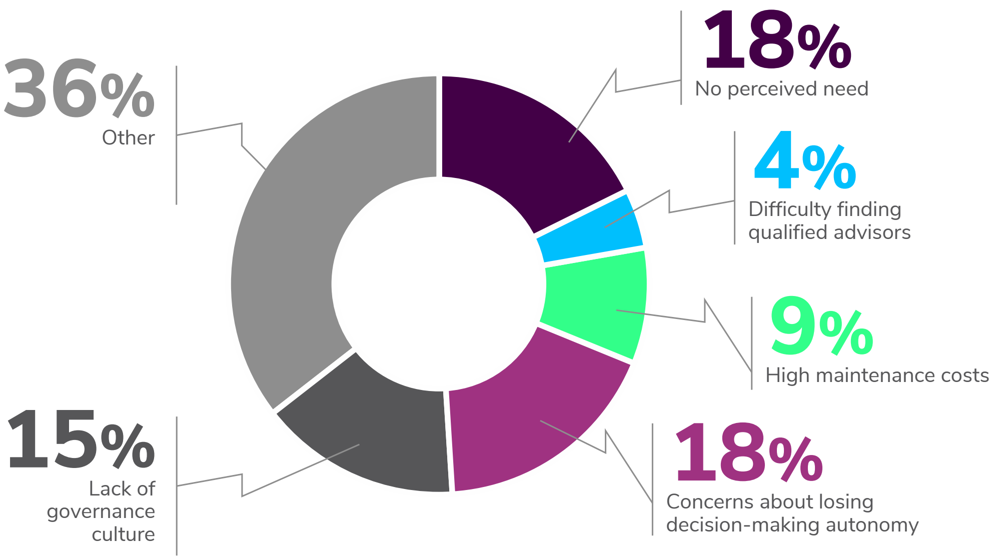
Across our research, we see a broad continuum of governance maturity and board structuring. In many family businesses today, the presence of a board is not a given, where they often substitute formal governance with trust-based, informal and very centralised decision-making.

This is reflected in our survey responses with almost one in five stating that they have no formally recognised board in place. The key responses as to "why they have no board?", were almost half responding that there was either "no perceived need" or the fear of "losing control of decision making". Other reasons cited include a lack of qualified external candidates; and the cost and complexity of formalising a board.

Where no board was in place, existing informal mechanisms, such as family councils or executive committees, were believed to suffice and only 1/3 of those we talked to, were considering implementing one.

OVERALL RESPONSE TO WHY ORGANISATIONS HAVE NOT FORMALLY APPOINTED A BOARD

Main reasons for not appointing a Board



Resistance to board formation appears to stem more from cultural and perceptual barriers than from practical limitations. For example, in Latin America it is common for family businesses (particularly SMEs) to not install formal boards. They are not legally required unless publicly listed; founders often resist external oversight, preferring informal control; and cultural norms prioritise trust and loyalty over external governance mechanisms.

In India, where there is also a lower number of family businesses with formal boards, it was recognised that this reflects a deep-rooted reliance on "legacy, network and existing relationships".

> **"We have a deep rooted reliance on legacy, network and existing relationships."**

However, in both regions, where scale is being sought and achieved, the rise in leadership professionalisation **(see Chapter 3)** suggests that governance thinking is deepening even before formal boards are established. Many newer and existing generations recognise that there are significant risks that can impact objectivity and scalability.

In larger organisations a formal board structure is much more common.

In the UK and Europe, 100% of those family businesses we talked to have a board in place. Typically, these are made up of family members with some external non-executive input (varying from 75-100% across the region).

The main benefits cited were an enhancement to strategic support and professional management afforded by an experienced board. For these organisations there are still concerns about the structure, experience and effectiveness of their boards, with only half of those we spoke to believing theirs was well equipped for the future.

The key concerns raised, were lack of independence of the non-executives and agility in decision making, with the family having too much influence. Being able to ensure good enough diversity and balancing strategic insight with operational involvement were also considered challenges in our responses.

There were trends being cited in our discussions, and the work we undertake more broadly, which demonstrates that in certain regions, sectors and those particularly looking to go public or raise private equity, more family businesses are seriously considering formalised board structures.

The influence of the next generation who are demonstrating a more global mindset with expansion plans, are also proving more open to external board and professional expertise, and skills.

Boards in family businesses are aware of their strategic importance, but often, lack the autonomy or external composition to function as true governing entities. When considered alongside a publicly listed company, where regulation and shareholder interests mandate the existence of a board, there is also a commercial and competitive risk to family businesses when competing in their respective markets and industries. While this can work in early stages, it becomes risky as the business grows, external investors get involved, or the next generation takes over.

While formal boards are not yet the norm across all regions, our research shows that many family firms are taking meaningful steps toward stronger governance structures through more defined leadership and succession practices.

KEY TAKEAWAYS

A well-designed board doesn't take control away from the family, it protects the family's legacy by ensuring the business is strong enough to last for generations. Panorama's deep experience in supporting board and leadership development for family businesses in many regions and sectors around the world has given us a clear perspective on the benefits of a well-defined governance structure supported by a formalised board.

Below we have shared a snapshot of strategic governance outcomes when a structured board is in place versus when one is not.

GOVERNANCE APPROACH WHEN NO BOARD IN PLACE	GOVERNANCE APPROACH WITH A STRUCTURED BOARD IN PLACE
Emotion or tradition-based decision-making models often dominated by history or family approach.	**Strategy, frameworks and data** informing decision-making models, typically with some external input.
Centralised decision making with tendency for one or two individuals to inform key strategic approach.	**Wider shared leadership decisions**, with structured and formed oversight.
Informal communication structures which are often very people oriented, but can result in less transparency without formalised approach.	**Formalised communication structures** with documented governance and accountability.
Challenges of scaling into new markets and with different investment models due to narrower sectoral experience and external input.	**Credibility with external experience** to support sustainable growth, professional reputation and access to capital.
Fewer external mediators to support with conflict resolution amongst family members on direction, strategy and governance decisions.	**Neutral conflict-resolution forum** with external advisors and formalised processes in place.
Over reliance on future generations to deliver appropriate governance, when they may want to evolve and change things or not be as involved in the business.	**Non-executives with proven expertise** to support senior leadership and ensure proven and rigorous governance decisions from wider sectoral, professional or international perspective.
Expertise based within the confines of the sector with less diversity of external experience or perspective arising from non-executive or independent input.	**Specialised and diverse expertise** (e.g., digital transformation, international expansion) and help balance long-term family interests with corporate performance.

Chapter 03

The next generation

Leadership development and talent strategy

MANUEL CLAVEL
Founding Partner
Talengo

"Giving them the opportunity to go outside the company is crucial; as much as welcoming those who aren't family into it."

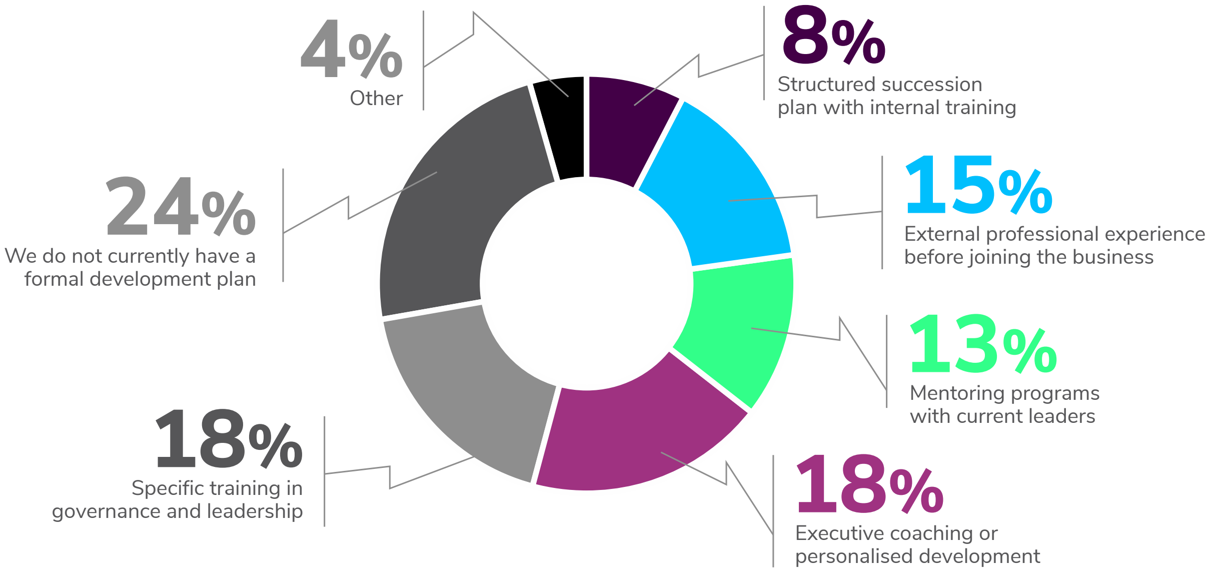
The economic and social impact of family businesses is substantial across the world, making the issue of leadership and future talent development a vital requirement. The current global business market faces a core set of challenges with intersecting geo-political, environmental, technological and social transformations pushing business leadership experience and shareholder expectations to a greater limit.

In the emerging economies greater market access and expansion opportunity often requires a broader national or international perspective that may not exist in the family. An increased apathy or interest in exploring other avenues from emerging generations within the family is also a trend being recognised and proving a challenge for internal leadership development.

Our survey highlighted that leadership development and talent identification is a key challenge. **With 4 out of 10 respondents stating their organisations have no clear succession planning in place**, less than half have well-defined leadership competencies and a quarter have no specific plan for identifying talent. It is a potential threat across all sectors, even for the larger organisations who typically did show more defined structures for leadership and succession planning.

OVERALL RESPONSE WHEN ASKED ABOUT PREFERRED METHODS OF LEADERSHIP DEVELOPMENT

Preferred methods to prepare the next generation of family leaders



Thriving multi-generational family businesses succeed by balancing family values with professional governance, transparent decision-making, and adaptability to changing market dynamics. One commentator predicts that this trend will become essential in the future:

"We expect greater professionalisation with non-family CEOs and independent boards to ensure continuity."

In the Latin American region, a clear governance and leadership shift is underway — from informal, family-centric control to professional, merit-based management. This evolution from inheritance-driven to competency-based succession exemplifies how professionalisation ensures long-term continuity. This professionalisation is critical to survival across generations, helping firms adopt transparent structures, meritocratic hiring, and formalised succession planning.

It was clear in our research that there growing appetite among family businesses for external talent, driven by increasing business complexity, geo-political and market influences, generational transition, and the need for professionalisation. As younger generations show less motivation to assume leadership roles, many family firms are turning to external candidates to strengthen governance and leadership capacity.

A growing trend to look externally for board-level and C-suite talent, with particularly strong demand for independent non-executive directors, chairs, and CFOs who bring strategic, financial, and transformational expertise. Leaders with experience in digital transformation, international expansion, and operational excellence are the most highly sought. External hires are seen as instrumental in succession planning, bridging generational gaps, and ensuring long-term business sustainability. However, that commercial rigour must be combined with an understanding of family culture and values.

KEY TAKEAWAYS

- **Leadership structure and governance frameworks becoming more crucial**. More formalised governance arrangements, defined roles, competency frameworks and structured succession planning will help maintain equilibrium of family satisfaction and business continuity.

- **An increase shift towards professionalisation**. Widespread expectation of greater inclusion of non-family CEOs and board members within five years, driven by generational succession and global competition pressures.

- **Broader adoption of formalised processes across regions**. Increased traction or appetite to incorporate clearer governance rules, more strategic boards, and external advisory roles.

- **More clarity sought on succession planning**. Greater transparency of succession planning, and clearer structures in place will benefit ownership and leadership transitions.

- **Investment in leadership development showing greater traction**. Investing early in internal leadership development, preparing next generation for future responsibilities helps sustain long-term stability. But this should not preclude considering external experience.

Ultimately, the sustainability of family businesses depends on combining respect for heritage with openness to external perspectives; to merit-based Leadership; and to the growth of the next generation, both within and beyond the family.

Chapter 04

Looking to the future

The family business outlook

CRAIG BUFFKIN
Founding Partner, Buffkin Baker
Chair, Panorama

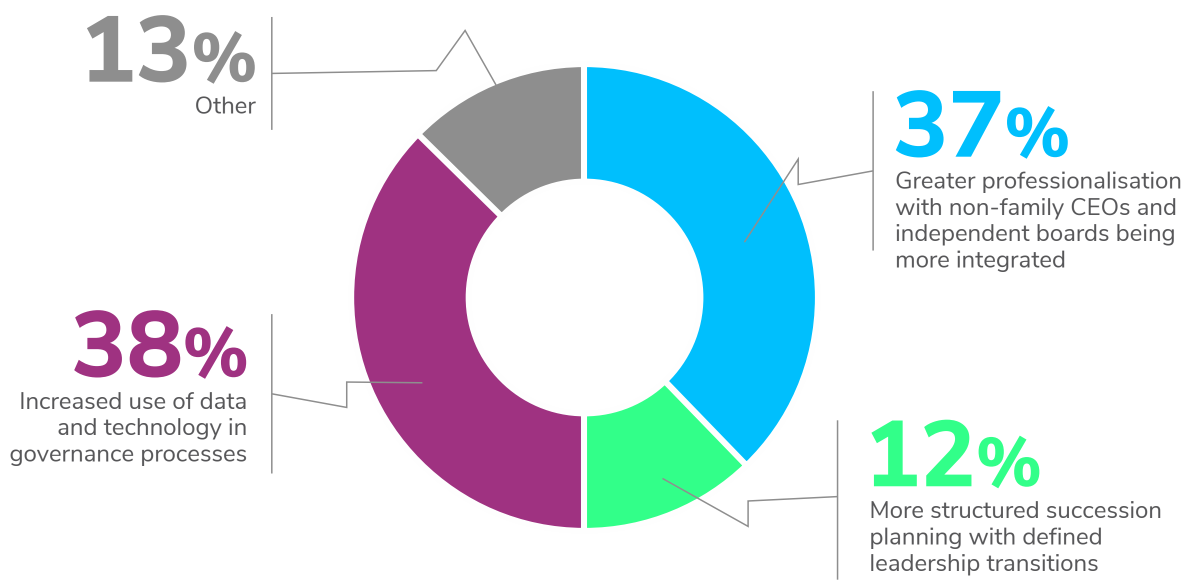
"The market makes us vulnerable, but instant reactivity isn't what has kept us in business. We need to keep training our people in step with our growth, and make sure we can keep up."

The future of family businesses is evolving, and their importance remains key in national and global economic development. Of those we spoke to 41% demonstrated confidence in how they will navigate economic and leadership transitions in the next five years.

When considering what external influences will impact them most AI was cited as the key catalyst for change. This was accompanied by concerns over lack of readiness, and a focus on improving digital literacy and the development of a stronger innovation culture as key governance priorities. Local and global economic shifts will also have a significant impact reshaping competitive advantage, governance processes and talent management. Regulatory change and environmental sustainability were also cited but not considered as highly impactful as technological and economic drivers.

OVERALL RESPONSE TO KEY GOVERNANCE EXPECTED BY ORGANISATIONS IN NEXT FIVE YEARS

Key governance reforms expected in next five years



The internal influences that were highlighted as having the greatest current and potential impact was that arising from the generational shift in family businesses, with 42% of respondents highlighting this as a key challenge.

Culturally, family businesses often foster high levels of trust, loyalty, and commitment, with close community ties and more personalised relationships with customers. These qualities can strengthen culture and resilience but also risk blurring personal and professional boundaries for future talent development and effective succession and generational planning.

While many family businesses face challenges such as capital constraints and limited professional leadership pipelines, there are many evolving toward greater board independence and openness. Particularly in regions like the UK and Europe, family firms increasingly combine strong values with professional governance. But this does not mean at the risk of losing their embedded commitment to values-driven, long-term stewardship just to drive efficiency and greater governance formalisation.

Latin American family businesses differ from non-family firms by favouring long-term, intergenerational outlook, or 'patient capital' over short-term returns. They show centralised, agile decision-making and strong personal trust networks. But they face higher risks of succession crises and talent retention issues due to emotional governance and limited career pathways for non-family professionals.

In emerging economies there is a noticeable transition taking place from personalised, family-dominated control to structured, professional, and independent oversight. The main challenge — and opportunity — lies in balancing family legacy with modern governance, ensuring both continuity and competitiveness in a rapidly evolving economic and cultural landscape.

KEY TAKEAWAYS

- **Transformation is possible whilst protecting the family legacy**. Family businesses face a dual imperative: protect their legacy while preparing for transformation.

- **AI and digitalisation identified as greatest external disruptors**. Development of these technologies is significant, but readiness to adapt depends on mindset, adaptability, and decision making, informed by governance structures.

- **Next-generation succession is a vulnerability and an opportunity**. This will be a test of how well families can blend values, data, and professionalism to lead in changing times.

- **Governance maturity is going to be crucial**. Presence of a board is important, but its structure, capability to make decisions and ongoing development will define long-term resilience and credibility.

Panorama conclusion

Guiding the evolution in family business – a Panorama view

Across regions, many family businesses face transition on a number of fronts as a world dominated by globalisation, technological transformation and increased emphasis on professionalisation changes the shape of their existing models and leadership requirements.

“Governance maturity is not a milestone — it's a mindset.”

Confidence levels remain high, but sustainable success will depend on how effectively they integrate modern governance, scaling demands, new technology, and multi-generational leadership. **The decision to introduce external objectivity, structure, and transparency to how boards and leaders are formed and developed is bringing a significant impact to a growing number of family businesses.**

Specialist board advisory support formalises governance frameworks, clarifies roles, and aligns decision-making with both family and business priorities. A tailored, relationship-aware approach is essential—one that recognises emotional, cultural, and generational dynamics while reinforcing strategic rigor and accountability. **Regular independent board reviews further support continuous improvement and future readiness**.

As family businesses face technological disruption, rising governance expectations, and generational transition, the need for robust succession and talent strategies becomes critical. **Executive search helps introduce independent non-executive directors and chairs who bring fresh perspectives, experience of digital and regulatory change, and familiarity with emerging diversity and governance requirements.**

The future resilience of family enterprises will depend on their ability to blend internal succession with external talent attraction - creating leadership models that honour legacy while enabling innovation. **Targeted leadership development, succession planning, and introducing those who can mentor rising generations will help ensure smooth transitions without compromising cohesion.**

Panorama plays a pivotal role in this evolution: advising on board formation and dynamics, succession pathways, and leadership development; identifying both family and non-family leaders who embody the organisation's values; and embedding governance frameworks and talent practices that support long-term growth.

The family business of the future will not be defined by ownership alone, but by its ability to govern wisely, decide collectively, and lead purposefully - turning legacy into leverage for the generations to come.

PANORAMA CONCLUSION

Methodology

In mid-2025 we invited senior leaders working at non-executive or C-level positions across family-owned businesses to take part in an online survey. Separated into four sections focused on governance challenges; the role of the board and decision making; leadership and talent development; and future business outlook. This took place over a 12 week period. This survey included multiple choice, open, and priority-based questions.

We received responses from 110 participants across four key regions – India, UK and Europe, North America and Latin America. Whilst they were all family-owned organisations, they represent a range of industries, sectors, revenues and sizes.

Family businesses are typically categorised in three ways: family-owned and family-run; family owned and professionally managed; family run but owned by wider shareholding. We have not distinguished between these categories explicitly in this research.

The findings have been collated, analysed qualitatively and quantitatively. The results have been shared with participants and our wider global community through targeted distribution at a senior leadership level and included on Panorama firm websites.

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Thank you!

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