

“HOW ARE YOU DOING?”

This question has taken on new meaning in the past two months for all of us, hasn't it? For family enterprises, it is actually two questions: "How are you doing, personally?" and "How is your business doing?" There has never been a more challenging time to own a family enterprise in Canada.



Family enterprises, by definition, are inextricably linked to the family who owns and, for the vast majority in Canada, leads them. In many cases the family name is, literally, on the company letterhead. Family enterprises are the fabric of Canada's culture and its economy, representing 50% of the country's GDP, so it matters a lot that these businesses not only survive the current challenges created by the pandemic, but are well-positioned to thrive going forward.

What separates those enterprises that will thrive from those which may or may not survive is the quality of the decisions they made in the past, and the decisions being made now as we navigate the ravages of COVID-19. No one saw this coming as hard and fast as it did, yet some businesses were able to pivot quickly to adapt to their new business reality – the "new normal" as some are referring to the future.

Some family enterprises have all the quality decision-makers they require among the family unit, but many don't and have turned to outside advisors to augment their teams. Working with multitudes of family enterprises across the country, one of the most effective business models we have seen is the addition of an advisory board. This board is populated with individuals possessing relevant expertise, who bring objectivity, test the soundness of the strategy, stimulate innovation, and help owners make tough but necessary decisions without compromising alignment with family values. We get told over and over that the investment made in creating an advisory board repays itself many-fold each year.



There's a lot at stake over the next several months, and companies will need to establish new expectations, develop recovery plans, or establish new business models to address the challenges and opportunities created by the pandemic. Every company will be different in how they address the inevitable change impacting their business, and many decisions will require new and creative thinking. This is an opportune time to establish an advisory board or evaluate the skills and experience of your existing board to make sure you have the ideal composition.



Regrettably, it is unlikely that COVID-19 will be the last time Canadian family enterprises are severely tested over the next few years. WATSON has deep experience helping a wide variety of family enterprises to perform better from a governance and leadership perspective. We would be pleased to work with you to answer the many questions being asked within family enterprises right now so that, next time, when asked, "How are you doing," your answer will be, "Just fine, thanks."