



cutting through complexity

Family matters

**Financing Family
Business growth
through individual
investors**

COUNTRY COMMENTARY:
SPAIN

kpmgfamilybusiness.com

Spain

Spanish family businesses are very receptive to HNWI investment. Eighty percent of Spanish family business executives interviewed said they had previously received HNWI investment, and rated the experience a positive one.



This positivity, judging from comments, is down to two key things: trust and transparency. The managing director of an accountancy institute in Zaragoza says: "As our business is built on the foundation of transparency, we never fail to highlight the key areas of investments so that we continue to build confidence in all investing parties. HNWIs trust us a lot as we have been using their funds for years and have given them good results as promised in the past." While an operations director adds: "We conduct regular research and have been coming up with new ways to approach different markets to get recognition for our business. Our strategies are approved by our top managers, who have years of market experience in decision making. HNWIs have funds which they can easily invest and we have succeeded in persuading them to make an investment with us, as we leave no unanswered questions and loopholes in our transactions."

Investors themselves show a mix of attitudes towards family businesses. For those viewing them positively, the prospect of hidden potential is enticing. "Family businesses that have maintained continuity over the years have more scope as there are hidden secrets to business and more advantage in the market," says one HNWI. "These businesses contribute to all members so success and profits are self driven, which is good for investors." Another attractive aspect is the stability and sustainability offered by most family businesses, as another HNWI explains: "Family businesses are more committed to development and sustainability as most members rely on the business and plan a career accordingly – especially the new generation."

In Spain there is a natural alliance between HNWIs and family businesses. HNWIs are interested in becoming a source of financing for family firms, either in equity or subordinated financing, valuing tradition and confidence inspired by the family. At the same time, HNWIs are a great choice as an investor for family businesses because they not only respect the privacy of the family, but also, through the provision of financing, allow family businesses to consolidate good governance practices and introduce new experience and knowledge for business development.

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