



cutting through complexity

The Business of Family Business

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Whether you are a long established family business or thinking of handing over to the next generation for the first time, you need advisors who understand the family perspective as well as the business issues.

At KPMG, we don't just claim to be passionate about Family Business, we demonstrate this loud and clear in our actions and most importantly, our clients tell us that they really see the difference!

That is, it is our people and the time and effort that we invest in getting to know them, their families and their businesses, that make us unique in the service that we provide them with and an advisor for the long term.

Attributes of a successful, sustainable family business

It is no secret that in order to be successful, a Family Business must meet two intertwined challenges – achieving a strong business performance and ensuring that the family is committed to a common vision for the business.

Harmonious relations within the family and an understanding of how it should be involved with the business are essential. An ownership structure that provides sufficient capital for growth while allowing the family to control key parts of the business, strong governance of the company and a dynamic business portfolio are all key attributes that a family business requires to be successful.

These elements, coupled with professional management of the family's wealth and charitable foundations to promote family values across generations, when the time comes, will all steer your business towards being a successful, sustainable family business. We at KPMG are committed to helping you achieve this.

How can we help

Advisory

KPMG Advisory works with you to cut through the complexity of today's rapidly changing marketplace. We leverage the knowledge and skills across our global network of firms to develop practical recommendations designed to help you work smarter, grow faster and compete stronger.

KPMG Advisory offers a range of services to address critical issues often faced by family businesses.

■ Governance, including the development of family councils and constitutions

Family issues can loom larger than business issues in the conduct of a family business. It's particularly the case when it comes to generational change. Moreover deciding what to do about the business often becomes a source of family dissension and uncertainty can result in the succession losing its direction. Family constitutions and family councils are two common ways of managing these problems.

A family constitution (sometimes called a family creed, family charter or family agreement) is a formal document that:

- documents the values and principles underlying the conduct of the family business
- defines the strategic objectives of the business
- sets out how the family makes important decisions affecting the management and ownership of the business.

A family council creates a formal mechanism for deciding important issues concerning the family business, including succession planning and deciding how wealth generated in the business should be distributed within the family. The council also decides important business matters such as major investments and key executive appointments.

Neither a family constitution or council will avoid family differences, but they do offer a means to facilitate communication and resolve family and business issues in a measured and constructive manner.



■ Succession planning

Transferring the ownership and management of a family business to the next generation is rarely a straightforward process. Badly handled, it can destroy wealth and family relationships. Careful planning helps reconcile different family interests and expectations, resolve awkward tax and financial issues and ensure continuity of the business. Events such as marital breakdown, sudden illness or death can greatly complicate matters for the unprepared. We can help your family business to develop sound business succession plans. They typically cover:

- the current owners' personal needs and aspirations
- family expectations
- ownership of the business going forward
- the family's ongoing management role
- day-to-day management of the business.

■ Strategic and business planning

Strategic planning has changed considerably over the last decade. A strategy cannot be static in today's turbulent economic environment. More agile approaches must be adopted to deal with the pace of change and turn risk and uncertainty into opportunity. Every journey starts with a map, including the journey to build value in a great business. Team up with our Enterprise advisers to work through a methodology and process to ignite strategic thinking - resulting in an action plan to drive growth while building long term value in the family business.

■ Cash and Working Capital Management

If you're experiencing shortages of cash and working capital, call KPMG Enterprise. Solid cash management can help solve issues by clarifying the timing of cash flow streams, optimizing processes and changing performance metrics/KPIs to build a cash culture and reduce debt servicing expenses.

■ Operational Efficiency:

Organizations have a range of options to help them manage and improve performance, including a practical approach to process and control design. Some of the areas in which our professionals seek to empower companies to drive efficiencies include focusing on improved contract management, improved inventory management through purchase execution, and procurement process effectiveness.

Audit

Having the right external auditors and business advisors alongside you is critical, and our Family Business team comprise experts with extensive and relevant industry experience and a proven track record of delivering high quality audit and assurance services to some of Cayman's most prominent family businesses. KPMG's audit approach is designed to provide an independent, rigorous audit in line with current auditing standards and best practices. Our customized audit technology allows us to tailor our audit approach to suit the size of your family business and risk profile.

Tax

KPMG in the Cayman Islands has a resident US tax team of professionals offering a variety of tax compliance, planning and advisory services to the very focused needs of corporate executives, trusts, estates and high net worth individuals and families. Our experienced professionals have immediate access to legislative and regulatory developments and participate in an international network of KPMG professionals sharing strategies and best practices for the benefit of our clients

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