



From Legacy To Leadership: Family Enterprises In India & Beyond

Author : **Ms. Arohi Tiwary,**

Grade 11, Greenwood High International School, Bangalore

Abstract

Family businesses are the foundation of economic stability, are instrumental in long-term value creation, and contribute to 70–90% of global GDP, comprising over 60% of employment base. In India, they account for more than 70% of GDP, driving growth across sectors and creating enduring social impact. From small enterprises to global conglomerates such as Tata, Reliance, Samsung, and Walmart, these organizations combine entrepreneurial spirit with intergenerational vision, making them critical to national and global prosperity.

Their success stems from long-term orientation, strong governance, and shared family values that promote stability during economic uncertainty. Yet, succession planning, generational transition, and governance complexity remain persistent challenges. To address these, many businesses have institutionalized family councils and created governance frameworks that balance family unity and professional management.

The modern evolution of family offices marks a significant shift—transforming traditional family enterprises into institutional investors and diversified wealth managers. With rising interest in private equity, technology, ESG, and impact investing, next-generation leaders are redefining growth through innovation and sustainability. This transition ensures not only business continuity but also broader economic resilience.

Family businesses and offices today stand at the intersection of legacy and modernization—serving as economic powerhouses and custodians of enduring values. Their ability to combine trust, stewardship, and professional governance makes them principal catalysts in shaping the future of both the Indian and global economy.

Future Trends : Family offices are professionalizing and scaling rapidly. Over the next 3–10 years the biggest shifts will be: heavier allocations to private/real assets and direct deals; widescale adoption of technology, data & AI for investment and ops; meaningful entry into digital assets and tokenization; growth in impact / ESG and mission-aligned strategies; and consolidation via multi-family platforms, plus stronger governance and talent models. These forces reshape risk, access, reporting and operational models for families and office teams.

Family Offices : Silent Backbone of Economy

A **family business** is a commercial organization in which management decisions are made or influenced by multiple generations of a family, related by blood, marriage or adoption, who have both the ability to influence the vision of the business and the willingness to use this ability to pursue distinctive goals. They are closely identified with the firm through leadership or ownership. Owner-manager entrepreneurial firms are not considered to be family businesses because they lack the multi-generational dimension and family influence that create the unique dynamics and relationships of family businesses.

A family business is the oldest and most common model of economic organization. The vast majority of businesses throughout the world—from corner shops to multinational publicly listed organizations with hundreds of thousands of employees—can be considered as family businesses.

Family businesses play a pivotal role in the global economic landscape, contributing significantly to both local and international economies. These businesses, often rooted in tradition and shared values, serve as the backbone of many industries, fostering innovation, resilience, and a unique blend of personal and professional dynamics.

Based on research of the Forbes 400 richest Americans, 44% of the Forbes 400 member fortunes were derived by being a member of or in association with a family business. The economic prevalence and importance of this kind of business are often underestimated. Throughout most of the 20th century, academics and economists were intrigued by a newer, "improved" model: large publicly traded companies run in an apparently rational, bureaucratic manner by well trained "organization men". Entrepreneurial and family firms, with their specific management models and complicated psychological processes, often fell short by comparison.

In some countries, many of the largest publicly listed firms are family-owned. A firm is said to be family-owned if a person is the controlling shareholder; that is, a person (rather than a state, corporation, management trust, or mutual fund) can garner enough shares to assure at least 20% of the voting rights and the highest percentage of voting rights in comparison to other shareholders. Some of the world's largest family-run businesses are Walmart (United States), Volkswagen Group (Germany), Samsung Group (Korea) and Tata Group (India).

Family businesses represent a substantial segment of the global economy. According to the Family Firm Institute, these businesses account for two-thirds of all businesses around the world, and they account for an estimated 70-90% of global GDP annually. In the United States alone, family businesses make for over 50% of the GDP and employ 60% of the workforce.

Statistically, in the developed world, 30% of large companies are family-run, with the likes of Walmart, Samsung, Ford, Dell, LG, BMW, etc. in the emerging markets, 50–80% of large companies are family businesses. In India, family businesses account for 70% of total business, contributing significantly to its GDP, providing livelihood to millions, and having a strong presence in domestic and global markets.

Global Landscape

According to the 2023 EY and University of St.Gallen Family Business Index, the largest family enterprises are growing faster than the global economy with the largest 500 family enterprises generating an incredible US\$8.02 trillion in revenue – up 10% from 2021. In addition, it is recognised that between 60 and 80 per cent of all private businesses in economies around the world are family owned. Family businesses are a significant contributor to the global economy in terms of employment, income generation, taxes, wealth and philanthropic endeavours too.

According to the International Monetary Fund (IMF), family businesses make up 40% of the Fortune 500 companies in the US, generate about two-thirds of the German GDP, employ about

one-half of the labour force in Britain, and account for the majority of the private businesses in developing countries.

India ranks third globally in terms of number of family-owned businesses with 111 companies having a total market capitalisation of \$839 billion. India closely follows China with 159 firms and the US with 121 firms, says a report. According to the 'Credit Suisse Family 1000 in 2018' study, published by the Credit Suisse Research Institute (CSRI), in terms of number of family-owned businesses within the non-Japan Asian region, the list is dominated by China, India and Hong Kong.

These three jurisdictions together account for around 65 per cent of the non-Japan Asian section of CSRI's database, and have a combined market capitalisation of \$2.8 trillion (or 71 per cent) of the market share.

Korea is in fourth place, with 43 companies (\$434-billion market capitalisation), followed by Indonesia, Malaysia, the Philippines and Thailand, each with 26 companies. The report further noted that in 2017 alone, non-Japan-Asia-based family-owned companies generated 25.6 per cent greater cash flow return on investment (CFROI) than their non-family owned counterparts, and delivered a 4.2 per cent out performance in annual average share price return since 2006. Credit Suisse head analyst (thematic investments) and the report's lead author Eugene Klerk said, "This year, we find family-owned businesses are continuing to outperform their peers in every region, every sector, whatever their size. We believe this is down to the longer-term outlook of family-owned businesses relying less on external funding and investing more in research and development." Indian family-owned companies generated a 13.9 per cent annual average share price return since 2006, compared to 6 per cent recorded by their non-family-owned peers, the report said. Further, out of the top 50 most profitable companies globally, 24 were from Asia, with a total market capitalisation of \$748 billion. The list included 12 Indian family-owned companies with a total market capitalisation of \$192 billion.

Additionally, in non-Japan Asia, more than 50 per cent of the top 30 best performing companies are from India, followed by one third from China. Malaysia occupies third place with three companies, while Korea and Indonesia each have one, the report added.

Some of UK's largest and most well-known family firms include JCB, Arnold Clark, Warburtons, Walkers Shortbread, Laing O'Rourke Corporation, Pentland Group PLC, Timpsons, Furniture Village, Thatchers Cider and Wyke Farms.

These businesses often demonstrate resilience in economic downturns due to their long-term orientation and conservative financial practices. Unlike publicly traded companies that may focus on short-term gains to satisfy shareholders, family businesses are typically more concerned with sustainable growth and preserving the business for future generations.

For instance, in the United States, family businesses account for approximately 64% of GDP and employ over 60% of the workforce. Similarly, in Europe, family-owned firms make up over 85% of all businesses, contributing significantly to employment and economic output. Within the UK, family firms generate £1.7 trillion turnover annually and employ around 12 million people.

Indian Landscape

Let me start with a plain statement that family businesses have and will be the backbone of the Indian economy, contributing significantly to GDP, employment and wealth creation.

"Family businesses are the backbone of India's economy, contributing over 70% to the GDP and employing a significant portion of the workforce. By 2047, this share is expected to rise to 80-85%, highlighting their critical role in shaping the nation's future," Dr. Jitendra Singh, PMO stated.

When we speak of a family business, the general notion of mom-and-pop shops that emerge at the corner of our house street could be tea vendors, grocery shops, boutiques, local cuisine restaurants, etc. But, family businesses have ranged from small mom-and-pop shops and small enterprises to industry giants

like Tata, Reliance, Bajaj, Godrej, Wipro, Infosys, etc, driving economic resilience and innovation. Over the decades, Indian family businesses have evolved, adapting to market liberalization, globalization, and digital transformation.

Family businesses have evolved in India in two distinct phases. The first is pre-liberalization when business success was primarily determined by connections, license raj, and government policies, with less focus on innovation and competition. This was an era of regulatory barriers, restricted global trade, and limited expansion of family businesses. Only a handful of companies had overseas market exposure.

The second, which is the post-liberalization era, saw market liberalization ushering in competition, pushing businesses to focus on merit, efficiency, and innovation. International expansion became a priority, companies invested in overseas markets and formed global partnerships and most importantly, businesses started understanding the importance of running the company by employing professional management, something that would enable them to compete with international corporations.

There are a lot of Companies which started in India but only a few have managed to survive the ever-growing competition. Here is a list of 7 companies that have been run successfully for more than 100 years. The stories of the companies are a living reminder for us that companies need to have a vision; they should be able to take chances and weigh it all in with

#	Group	Description
1	Tata group Name of the founder: Jamsetji Tata Headquarter: Mumbai Year of establishment: 1868	The Tata Group was founded as a private trading firm in 1868 by Entrepreneur and philanthropist Jamsetji Tata In 1902 the group incorporated the Indian Hotels Company to commission the Taj Mahal Palace & Tower, the first luxury hotel in India, which opened the following year. After Jamsetji's death in 1904, his son Sir Dorab Tata took over as chair of the Tata Group. Under his leadership the group quickly diversified, venturing into a vast array of new industries, including steel. Following Dorab Tata's death in 1932. Six years later (J.R.D.) took over the position. His continued expansion of the company into new sectors—such as chemicals (1939), technology (1945), cosmetics (1952), marketing, engineering, and manufacturing (1954), tea (1962), and software services (1968) and thus earned Tata Group international recognition. In 1945 Tata Group established the Tata Engineering and Locomotive Company (TELCO) to manufacture engineering and locomotive products; it was renamed Tata Motors in 2003. In 1991 J.R.D.'s nephew, Indian Business Tycoon Ratan Tata succeeded him as chairman of the Tata Group. The Tata Group is currently operating in different sectors like Titan, Tata Global Beverages, Tata Teleservices, Tanishq, Fastrack, Croma, Tata Salt, Tata Starbucks, Voltas, Tata Sky, Tata Docomo, Tata Steel are among famous ventures of Tata. It has its enterprises in defense, electric utility, finance, healthcare, IT Service, Real estate.
2	TVS Group Name of the Founder: T V Sundaram Iyengar Headquarter: Madurai Year of establishment: 1911	Thiruvengudi Sundaram Iyengar hailing from a Tamil Brahmin family had worked as a lawyer, in Indian Railways, and in a bank before starting his own bus service in 1911. TVS Sons and Ltd was started in the same year. TVS Gas Plant, Madras Auto Service Ltd, Sundaram Motors were started by him. The business turned into an empire and is still being run by the family itself. TV Sundaram had 8 children, Sundaram, Rajam, Doraiswamy, Santhanam, Amu Amaal, Ranga Ammaa, Srinivasan, Krishna. Duraisamy died early. The 4 sons became an important part of the business and thus there are four main branches of the company. His daughter T S Soundaram participated in the Indian independence movement along with Mahatma Gandhi. She even has a postal stamp dedicated to her. They have started companies in fields like textile, electronics, automotive and in places like Chennai, Mumbai, Coimbatore, Spain, UK, and Iran.

3	Aditya Birla Group Name of the founder: Seth Shiv Narayan Birla Headquarter: Mumbai Year of establishment: 1857	It was Seth Shiv Narayan Birla who started trading in cotton, laying the foundation for the House of Birla. The Aditya Birla Group was founded in the 1960s by Aditya Birla, who started his business at the age of 24. At this time, however, the Birla family was already one of India's most prominent industrial and financial families for nearly a century. The origins of the Birla family fortunes lay in the second half of the 19th century when in 1870 Seth Shiv Narayan Birla launched a cotton- and jute-trading business in the town of Pilani, in Rajasthan, India. Despite the British occupation, and the attempt to establish monopolies by the British trading companies, he succeeded in building the family's first fortune.
4	Kirloskar Group: Name of the Founder: Laxmanrao Kirloskar Headquarter: Pune Year of establishment: 1911	Started by Laxmanrao Kirloskar and built further under the leadership of his son, Shantanurao Laxmanrao Kirloskar, the company grew to be the biggest producers of pumps and valves. It is known for exporting them to about 70 countries. Further, the company started ventures in the production of oil engines, motors, electrical equipment etc. Toyota Kirloskar has Kirloskar as a minority owner producing cars for the Indian market. The various businesses are handled by the extended family successfully in India and outside the country as well..
5	Murugappa Name of the Founder: A M Murugappa Chettiar Headquarter: Chennai Year of establishment: 1900	Priding itself with 28 businesses, the founder had set up their first business of money lending and banking in Myanmar. They further started their firms in steel tubes, insurance, cycles, sugar, etc. The company is held by the Murgappa family.
6	Godrej Name of the Founders: Ardeshir Godrej and Pirojsha Godrej Headquarter: Mumbai Year of establishment: 1897	The fag end of the 19th century was a time of great political turmoil. The nationalistic movement had gained momentum and people from all walks of life were joining the struggle to free India from British rule. One such freedom fighting enthusiast was a young lawyer who went by the name Ardeshir Burjorji Godrej. No one could have imagined that an important part of India's industrial history was being set into motion when he chose to give up law. His mission was to develop a product that would displace the well-entrenched foreign brands and give them a worthy Indian competitor. In 1897 he decided to manufacture locks. The product he had in mind would be manufactured using modern techniques and machines. This was the only way, he believed, that his product could be equal to or better than the available brands in the market. The success of this launch led to the development of India's first home-grown safe in 1902. In a satisfying moment in its history, the company was called upon to provide safes for the Queen of England when she and her entourage visited India in 1905. In the next near-100 years, this fledgling company would go on to becoming India's most complete security solutions organization, offering a comprehensive suite of security solutions for residential, industrial and business premises. Today, the company also manufactures equipment for the banking industry including vaults as well as entrance doors and products for the marine and defense sectors.
7	Shapoorji Pallonji Name of the Founder: Pallonji Mistry Headquarter: Mumbai	Also known as SP Group and run within the founders family, the business has been part of many important constructions. It is also the producer of the movie, Mughal-e-Azam, which had a budget of 1.5 crore rupees, the costliest movie in Bollywood at that time. It has firms in textile, appliances, power etc.

	Year of establishment: 1865	
--	-----------------------------	--



What makes Family Business so successful?

One of the primary strengths of family businesses lies in their long-term perspective. Unlike publicly traded corporations driven by quarterly results, family-owned enterprises often prioritise sustainability over immediate gains. This patient approach enables them to weather economic downturns more effectively, ensuring their continuity across generations.

The familial bonds that underpin family firms also create a distinct corporate culture. This close-knit environment fosters loyalty, commitment, and a shared sense of purpose among employees. It also facilitates smoother communication and decision-making processes, allowing for agility and adaptability in an ever-changing business landscape.

Furthermore, family businesses are known for their commitment to the communities they serve. Being deeply rooted in local contexts, these enterprises tend to reinvest in their surroundings, creating a positive impact on employment, infrastructure, and overall well-being. This local focus often translates into a sense of responsibility towards sustainable practices, as family businesses aim to leave a positive legacy for future generations.

In terms of innovation, family businesses are not immune to change. Contrary to the perception that they might be resistant to modernisation, many family enterprises embrace innovation while preserving their core values. This ability to balance tradition and innovation positions them as key players in the development of industries, fostering a unique blend of stability and adaptability.

Nevertheless, family businesses face their own set of challenges. Succession planning, for instance, can be a delicate process, requiring careful consideration to maintain the family legacy. Striking a balance between familial ties and professional responsibilities can also be challenging but is crucial for sustained success.

On a global scale, family businesses contribute significantly to cross-cultural exchanges. As they expand internationally, they bring with them a distinctive approach shaped by their cultural and familial backgrounds. This diversity enhances the global business landscape, promoting a rich tapestry of ideas, practices, and values.

Above all, family businesses are not just economic entities; they are custodians of tradition, champions of local development, and contributors to global diversity. Their significance extends beyond balance sheets, encompassing the intangible values that bind generations together.

Critical Success Factors

Family businesses are the backbone of the economy, contributing significantly to employment, innovation, and community development. These enterprises blend personal passion with professional ambition, creating unique business dynamics and opportunities. However, managing a family business comes with its own set of challenges. Regardless of size, every business should have a strategy to empower the family business for success and longevity.

However, to remain relevant in an increasingly competitive and technology-driven world, many family businesses today struggle to strike a balance between tradition and innovation as also for ensuring long-term sustainability.

Succession Planning

As per an article published in Outlook Business in May-2025, Family businesses in India continue to grow, contributing around 79% of the country's GDP. However, an interesting trend has emerged in the segment lately. While business owners remain confident in the next generation's ability to manage both the business and family wealth, not many are willing to take over the reins.

According to a report by HSBC Global Private Banking, titled 'Family-owned businesses in Asia: Harmony through succession planning', Indian family-owned business owners are optimistic about the next generation, however, only 7% of Indian respondents felt a sense of obligation to take on the business.

A robust succession plan is vital for the continuity of your family business. Start planning early to ensure a seamless transition of leadership. Involve the next generation in the business from an early age, providing them with the necessary training and experience. Define clear criteria for leadership roles and communicate the succession plan to all stakeholders.

For many family-owned businesses, one of the biggest – and perhaps the most contentious – hurdles is obvious: succession planning. It is a complex process to determine who will take over the business when the current leaders retire or are no longer able to manage the company.

Not only does succession planning involve choosing a successor, it also involves preparing successors for the role, which can lead to conflicts among family members. This process requires foresight, strategic planning, and often, delicate negotiations to align the interests and expectations of all involved.

What's more, the assumption that younger family members will naturally want to take over the family business is increasingly becoming a point of contention. The younger generations might have different career aspirations, values, or lifestyles that do not align with running the family business. They might seek autonomy, wish to pursue their passions, or simply not be interested in the industry of their family's enterprise. This disinterest poses a significant challenge: how to ensure the continuity and growth of the business when the next generation is reluctant to step in.

To address these challenges, open communication within the family is essential to understand the aspirations, capabilities, and concerns of each member. Formal succession plans should be developed well in advance, including training, job shadowing, and mentoring, to name a few.

Additionally, considering non-family executives for leadership positions might be a viable solution when there is no suitable or willing family successor. This ensures that the business continues to thrive while maintaining the family's involvement in strategic decisions.

Succession planning is a critical role of the family council, ensuring a smooth transition of leadership from one generation to the next. This involves identifying and preparing potential leaders within the family, establishing clear criteria for succession, and creating a structured plan to avoid power vacuums and internal disputes. The family council is key to responsible succession processes and helps prepare for generational transitions.

Governance

A Family Council serves as the top boss in a family's setup, much like how a board of directors runs a company. It includes folks from different parts of the family, making sure everyone's opinions are heard when decisions need to be made. This setup helps in smooth governing, letting family members work together to handle shared belongings, keep track of who takes over next, and keep everyone getting along nicely.

For high-net-worth families, particularly those involved in family enterprises, establishing a Family Council becomes essential as the family grows in size and complexity. A well-defined council supports robust family governance, promotes transparent communication, and navigates generational transitions, ultimately safeguarding the family's legacy and ensuring long-term success.

The structure of a family council can vary based on the family's size and complexity. Common configurations range from five to six members, allowing for manageable and effective meetings. In larger families, the number of council members may increase to ensure comprehensive representation. Establishing clear roles and responsibilities within the council are essential for its smooth operation.

Key functions of a family council include:

Decision-Making: The council is responsible for making strategic decisions that affect both the family and the business, ensuring that all decisions align with the family's vision and values. It acts as the supreme decision-making body for the family and is responsible for ensuring that decisions are not just collective but also that they are adhered to.

Governance: Establishing and maintaining governance structures that support the family's goals, ensuring accountability, and helping resolve any disputes that may arise.

Implementing Family Plans: Developing and executing family plans, such as updating the family constitution, organising succession planning, and initiating the Family Plan, to ensure the long-term success of the family business.

Conflict Management: The council helps in managing conflicts that may arise within the family by establishing clear communication and decision-making processes.

Family Harmony and Communication: These meetings provide an opportunity for family members to learn from each other, discuss opportunities and challenges, and build stronger relationships thereby fostering transparent communication among family members.

Employment and Compensation: The council discusses and decides on issues such as formal rules for employment, performance measurement, and remuneration of family members in the family business.

Family Legacy: The family council also serves to promote a shared vision and purpose for family assets as well as the broader family legacy.

Structuring Council Meetings : To ensure effectiveness, family council meetings typically follow a structured agenda, are regularly scheduled (e.g., quarterly, bi-annually, or bi-monthly), and may be facilitated by an independent professional to maintain professionalism and focus.

Conflict and Crisis management

Conflict in a business family can happen over legitimate and important differences, and also over real injury, but it can also happen, or be accelerated, because of emotional insecurity; overreaction to perceived slights; misinformation and gossip; and manipulation by those who hope to gain from the discord. In a business family, the issues don't have to be big to get a family inflamed. Sometimes, seemingly small issues (to an outsider) can offend sensibilities, create mistrust, and launch a family on a path to escalating conflict.

In crisis management, the family council acts as a stabilising force, guiding the family and the business through challenging times. This includes:

Crisis Response Plans: Developing and maintaining plans to address potential crises, such as financial downturns, legal issues, or interpersonal conflicts within the family.

Communication Strategies: Ensuring transparent and effective communication during crises to keep all family members informed and reduce uncertainty.

Decision-Making Under Pressure: Providing a clear process for making rapid and effective decisions during emergencies, minimising the impact on the business and family relationships. A clear family directive boosts business agility and empowers proactive and efficient decision-making.

Effective succession planning and crisis management by the family council help maintain business continuity, protect family harmony, and uphold the family's legacy. Ultimately, a family council is only as effective as its fit with the family and its specific circumstances. While they are not for every family, they are especially useful in generational transitions and when families need to manage differences.

Who is a Family Council For?

A Family Council is particularly beneficial for high-net-worth families with complex structures and span across multiple generations. These councils provide a structured framework to manage family governance effectively, ensuring that the diverse needs and perspectives of all family members are addressed. The Family Council is akin to a "Board of Directors" for the family, and while it can have elected positions, bylaws, or be relatively unstructured, it serves as the primary decision-making and governance body for the family.

Adapting to New Technologies and New Business Models

Future Trends : Family offices are professionalizing and scaling rapidly. Over the next 3–10 years, the biggest shifts will be: heavier allocations to private/real assets and direct deals; widescale adoption of technology, data & AI for investment and ops; meaningful entry into digital assets and tokenization; growth in impact / ESG and mission-aligned strategies; and consolidation via multi-family platforms, plus stronger governance and talent models. These forces reshape risk, access, reporting and operational models for families and office teams.

Bigger tilt to private markets & direct investing : Family offices are increasing allocations to private equity, private real estate, infrastructure and private credit — often doing direct deals and co-investments to capture fees and returns otherwise paid to managers. Large offices are acting like institutional managers. Direct private investing gives control, enhanced return potential and access to bespoke structures — but requires deal sourcing, due diligence, legal/tax sophistication and

Liquidity planning : Technology, data and AI: operational excellence & decision support : Offices are adopting dedicated portfolio platforms, workflow automation, API-based reporting, and AI tools for investment screening, risk modelling and family reporting. Vendors and consultants now publish operational excellence playbooks for family offices.

Digital assets & tokenization (crypto, tokenized real assets) : Increasing family office exposure to cryptocurrencies, stablecoins, blockchain infrastructure and experiments in tokenized real-world assets. Some offices hold direct positions; others invest via funds. Tokenization is emerging as a way to fractionalize illiquid assets and improve liquidity/transferability. Digital assets can diversify returns and offer new liquidity profiles — but they also bring custody, valuation, regulatory and operational complexities. Tokenization may open private markets to fractional ownership and secondary trading.

Impact investing, ESG integration & mission alignment : Families increasingly align investment strategies with social mission, climate resilience, and generational values. Some insist on measurable impact and reporting; others adopt ESG tilts across public and private holdings. Allocation patterns vary by family priorities and generational views. Strategies can strengthen legacy, engage younger generations, and tap growth sectors — but they require clear objectives, measurement frameworks, and tolerance for potential trade-offs vs short-term returns.

Consolidation, multi-family platforms & professional governance : The market sees growth in multi-family office (MFO) platforms and bank-backed solutions that provide scale, shared cost structures and rapid market entry — attractive for families unwilling to run a full single-family office. At the same time, single-family offices are formalizing governance, recruiting experienced CEOs/CIOs and building family boards. Platforms reduce setup cost and speed time-to-market, while professional governance mitigates succession and concentration risks. Talent — particularly for investments, operations, legal and tax — is a scarce resource and a differentiator.

Conclusion

Over the years, family businesses have seen a vast transformation due to globalization and increasing competition. The next generation of business leaders from the family business are stepping into business with the mindset of running the firm in a truly professional setup, not the traditional Lala model, enabling them to bring fresh perspectives and global exposure.

Before taking over the business, many new-generation leaders have studied abroad and worked at various international firms to gain critical experience and expertise in modern business strategies. Today's next-generation leaders are driving innovation coupled with modernization in family businesses by investing in digital transformation and sustainability while prioritizing professionalization and talent acquisition.

Unlike older generations, who rely on family networks to hire talent, they focus on hiring top talent, appointing external CEOs, and involving independent directors from top industry competitors to enhance overall governance. This strategic shift enables family businesses to expand globally, attract high-calibre professionals, and compete with multinational corporations.

Today, we see the rise of family offices and investment diversification. With growing wealth and complexity, many family-run businesses have established family offices that invest, manage, and protect family wealth. In addition, these offices invest significantly in startups, private equity, cryptocurrency, NFTs, ESG funds, and sustainability projects. It is expected that Indian family offices will contribute over \$30 billion to startup investments by 2027, reflecting their growing interest in new-age businesses.

The next-gen leaders are driving these changes, bringing a more risk-taking, diverse approach to business expansion. Despite family businesses' significant contributions, businesses face challenges threatening long-term sustainability. First, Succession Planning & Leadership Transition are the key elements that are missing; we all know of the Reliance or Hinduja brothers fiasco. Lack of proper succession planning leads to conflicts, inefficiencies and business stagnation.

Second, balancing family control vs professional management with many family firms resist hiring external CEOs and CXOs, leading to operational and business inefficiencies. Third, global companies setting up their shop in India are creating stiff competition, and ever-changing regulatory compliances and rapid technological advancements are forcing businesses to evolve at a faster pace; companies that fail to embrace digital transformation are at a high risk of falling behind competitors.

References

1. https://en.wikipedia.org/wiki/Family_business
2. https://www.researchgate.net/publication/347793203_Family_Business_in_India_Performance_Challenges_and_Improvement_Measures
3. <https://museonaturalistico.it/index.php/journal/article/view/487>
4. <https://www.elsevier.es/en-revista-european-journal-family-business-267-articulo-international-business-family-business-S2444877X17300107>
5. https://www.researchgate.net/publication/317055691_Models_and_strategies_of_family_businesses_internationalization_A_conceptual_framework_and_future_research_directions
6. <https://www.sciencedirect.com/science/article/abs/pii/S1057521923003241>
7. <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2080336>
8. <https://www.familybusinessunited.com/post/the-global-importance-of-family-firms>
9. <https://www.newindianexpress.com/business/2025/Mar/05/family-owned-businesses-contribute-70-to-indian-gdp-2>
10. <https://www.outlookbusiness.com/news/family-businesses-power-79-of-gdp-but-only-7-of-heirs-willing-to-step-in>
11. <https://www.mckinsey.com/industries/private-capital/our-insights/global-private-markets-report>
12. <https://www.goldmansachs.com/pressroom/press-releases/2025/2025-family-office-investment-insights-report-press-release>
13. <https://www.pwc.com/gx/en/services/family-business/family-office/family-office-deals-study.html>
14. <https://alti-global.com/ideas/introducing-the-2025-family-office-operational-excellence-report>
15. <https://www.zoniqx.com/resources/real-world-use-cases-family-offices-tokenization>
16. <https://www.blackrock.com/institutions/en-global/institutional-insights/thought-leadership/global-family-office-survey>
17. <https://www.reuters.com/business/finance/dbsbacked-familyoffice-platform-hits-780-million-assets-double-by-end2026-2025-09-23/>
18. <https://timesofindia.indiatimes.com/business/india-business/india-ranks-3rd-on-family-owned-business-list/articleshow/65817744.cms>