

# **Overview of Family Business Relevant Issues**

## **Country Fiche Netherlands**

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This study has been elaborated with reasonable care. The authors and the project co-ordinator do not, however, accept responsibility for printing errors and/or other imperfections and potential (consequential) damage resulting thereof.

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## 1 Introduction

There is an increasing interest for family business because of economic reasons and social reasons. With reference to the economic reasons, a large part of the businesses in the Netherlands is a family business. They realise a substantial part of Dutch employment. With reference to social reasons, family businesses also play an important role in the community. Family businesses are often businesses that take a special place in the region and are actively involved in the community and are strongly involved with their employees.<sup>1</sup>

### *Entrepreneurship policy*

In the Netherlands there is however not a specific policy for family business. The policy is focused on entrepreneurship and SMEs and in general is aimed at all enterprises. Policy is aimed at a large number of fields such as improving the access to finance, the reduction of administrative burdens and simplification of regulations, stimulation the attention paid to entrepreneurship in the educational system, stimulation of R&D, business transfer etc.

Although the policy is generic, special attention is paid to stimulation of start-ups and the development of growth. There are no measures specifically aimed at family business, but as the policy is aimed at all enterprises, the policy also affects family business. One of the important fields related to family business is business transfer.

After 2003, a large number of business transfers were expected, due to the baby boom generation that was retiring. Small enterprises are often not aware of the complex process of transferring or winding up an enterprise. To make the legislative and regulatory framework more transparent and to make entrepreneurs aware of the importance of the preparation of the business transfers in time, a large awareness campaign was set up in close cooperation with private organisations and the Chambers of Commerce. In addition a Business Transfer Toolkit was developed.

One of the major problems of the transfer of an enterprise was the effects on tax to be paid by the owner. Before 2000, ownership of an enterprise could only be transferred without tax consequences for the owner to family members only. After 2000, this exception also holds for transfer to other entrepreneurs, which meant a considerable extension of the circle of prospective new owners. This not only improves the chances of successful take-overs but also eliminates the continuity problem, if the succession cannot be secured within the family.

In the tax system there are facilities to facilitate the termination and business transfer. The incorporation of enterprise into public and private limited companies as well as mergers and acquisitions are supported through the tax system. This prevents taxation of excess value in these situations. The ownership transfer scheme and the Business Suspension relief are also relevant.

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<sup>1</sup> Gennip (2006)

### *Family business*

In the Netherlands there is an emerging interest in family businesses. In the beginning of the 1990's the university of Nyenrode in cooperation with specialized consultants of Walgemoed Accountants & Advisors conducted a research on the characteristics of family business in the Netherlands<sup>2</sup>. In this period among others also Magazine 'FamilieBedrijf' was launched. In the late nineties e.g. a family business world conference was organised in The Hague, FBned (Dutch association of Family Firms) was founded, 'Centrum van het FamilieBedrijf' (CFB; Family Business Centre) at the University of Utrecht was established<sup>3</sup>. In the 21<sup>st</sup> century, among others at the initiative of the Chamber of Commerce a Dutch expert group on Family Business was set up and as mentioned before an information package on business transfer was developed and send to entrepreneurs older than 55 by the Ministry of Economic Affairs, exemptions for inheritance and gift tax were raised, training programmes for consultants and training programmes for family firms<sup>4</sup> were developed.

In addition, the target group family business was officially recognized by the Ministry of Economic Affairs and the Ministry of Finance.<sup>5</sup> Training programmes for consultants refer to programmes to improve insight in the process of advising family businesses. For example, the "Association for accountants and tax advisor bureaus" (VLB<sup>6</sup>) offers such a training course. Training programmes for family firms are for instance given by the 'Opvolgersacademie' (Successor academy; [www.opvolgersacademie.nl](http://www.opvolgersacademie.nl)) where successors of medium-sized enterprises are prepared for a successful transfer and continuation of the family business. Dedicated training programmes were developed by the FBned academy.

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<sup>2</sup> Flören (1993)

<sup>3</sup> [www.cfb.nl](http://www.cfb.nl)

<sup>4</sup> Please note that these training programmes are initiated by the private sector.

<sup>5</sup> Thomassen (2007)

<sup>6</sup> [www.vlb.nl](http://www.vlb.nl)

## 2 Understanding of “family businesses” in the national context

There are many different definitions of family businesses. There are no legal regulations referring to family businesses. In the Netherlands mainly the following definition of Flören (2002) is used:

A business is a family business if at least 2 of the following requirements are met:

- 1 family owns more than 50% of the company
- 1 family has decisive influence on the company strategy or succession decisions
- at least 2 members of the board that leads the company come from 1 family

When the company is founded less than 10 years ago, at least 1 family member of the director has to work in the company or own a certain share of the company.

According to this definition, one-person enterprises are not seen as a family business. Sole proprietors may be seen as a family business if another family member of the director is also on the board that leads the company.

A broader definition is that of Flören (1993) which resembles the definition of Flören (2002). According to Flören (1993), a family business is a business if 1) 1 family owns more than 50% of the shares or certificates 2) 1 family has a substantial influence 3) an important number of participants of the board are from 1 family. This definition does include all one-person enterprises and sole proprietors. A narrower definition of which a variant is defined by Hulshoff is that a business is a family business if at least the second generation is involved in the company and a majority of management consists of family members.<sup>7</sup>

Family firms are not the same as SMEs in the Netherlands. Below some differences between SMEs and family firms are described:

- Family firms may be SMEs but can also be large enterprises.
- In SMEs in most cases the entrepreneur is the central person in charge of the company and the owner of the company. In a family business the ‘family is the owner’. They usually have a large influence on the strategy and other decisions concerning the company. In a family business multiple persons may be involved in different ways, for example relatives that are owners but do not work in the company, children that work in the company, currently do not own it but may be the future heirs.
- Family firms are characterised by stability and continuity. Other companies are more focused on maximising shareholder value on the short term.
- In a family firm there is a relationship between family (private life) and business. Patterns in family relationships also continue on the work floor, both positively as negatively.

<sup>7</sup> Flören/BDO (2002)

- An entrepreneur of an SME probably looks differently at the company and its profits than a family in a family business. Family in a family business has the responsibility to keep the business in healthy condition in order to transfer it to the next generation. This implies that these businesses are more tended to build reserves and have more a tendency to reduce the family income than to fire personnel (responsible ownership).

### 3 Importance of family businesses for the national economy

#### 3.1 Number and size class

In the study of Flören/BDO (2002) approximately 22% of the enterprises is a family business according to the narrow definition, 55% in case of the definition of Flören (2002) and 83% in case of Flören (1993). As table 1 shows, there were about 330.100 companies in the Netherlands in 2005 and approximately 183.100 family businesses. These family businesses provide about 40% of the jobs and count for nearly 50% of the gross domestic product.

Table 1 Number of family businesses

Number of employees	Number companies 2005	Percentage companies	Number family businesses 2005
1-9	269.900	55%	148.000
10-99	53.400	60%	32.000
> 100	6.800	45%	3.100
<b>Total</b>	<b>330.100</b>	<b>55%</b>	<b>183.100</b>

Source: Duitman e.a. (2007)

In 2007 a survey has been held in the Netherlands as part of the 'Family Business Monitor' conducted by FBN International<sup>8</sup>. According to this study, about 61% of the businesses in the Netherlands are a family business. The estimated number of family businesses therewith lies between 283.000 and 366.000 family businesses. Table 2 shows the different size classes of family businesses. It is estimated that approximately one-third of the employment in the Netherlands comes from family businesses.

<sup>8</sup> Here the definition set up by the Finnish Ministry of Trade and Industry has been used. A business is defined as a family business if:

1. "The majority of votes are in the possession of the natural person(s) who established the firm, in the possession of the natural person(s) who has/have acquired the share capital of the firm or in the possession of their spouses, parents, child or child's direct heirs."
2. "The majority of votes may be indirect or direct."
3. "At least one representative of the family or kin is involved in the management or administration of the firm."
4. "Listed companies meet the definition of a family enterprise if the person who established or acquired the firm (share capital) or their families or descendants possess 25% of the right to vote mandated by their share capital." (FBN International, 2007)

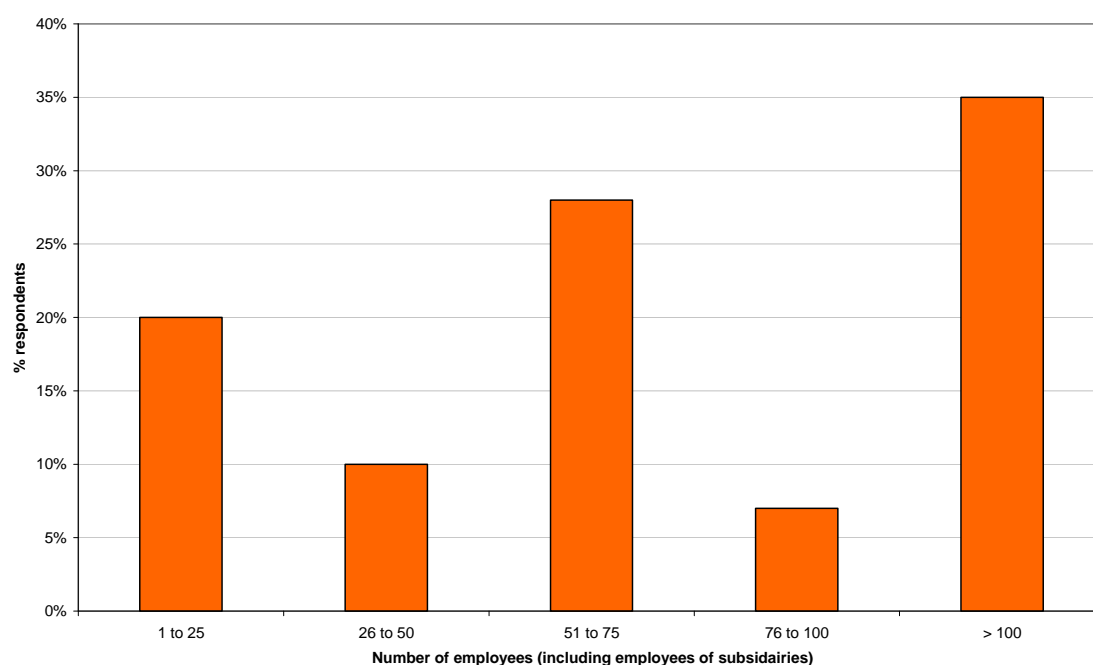
Table 2 Size classes family business in Family Business Monitor 2007

Number of employees	Percentage
1-9	76%
10-49	17%
50-249	4%
> 250	3%

Source: FBN International (2007)

In 2006 PricewaterhouseCoopers held a survey among family businesses<sup>9</sup>. The distribution of size classes that was found in this study is presented in figure 1.

Figure 1 Size class family business in PWC Survey 2006



Source PricewaterhouseCoopers (2006)

### 3.2 Turnover

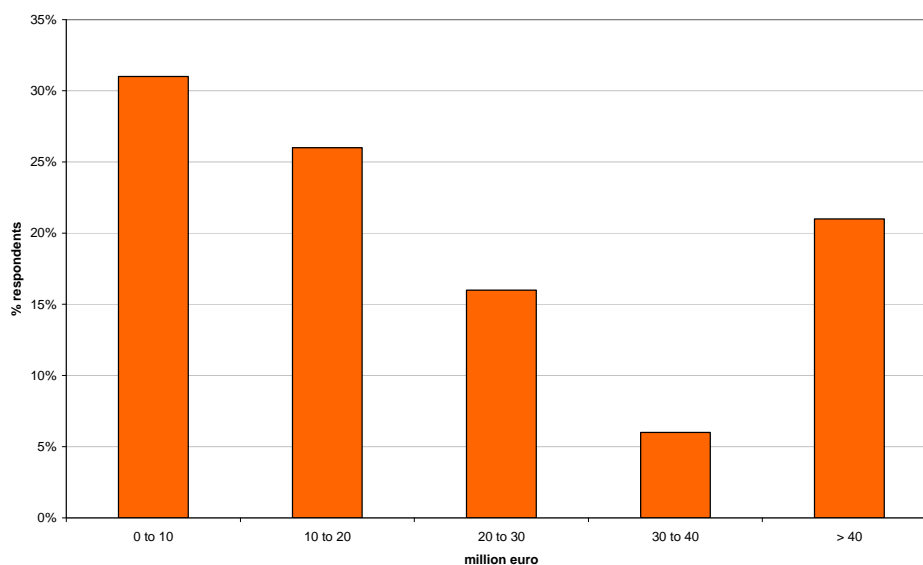
In the 'Family Business Monitor'<sup>10</sup> nearly two-third of the family businesses indicated that the turnover of their business was less than 2 million. About 4% indicated to have a turnover between 2-10 million, another 4% indicated a turnover of 10-50 million and 28% does not know the annual turnover or is not willing to answer the question.

<sup>9</sup> Here a family business was defined as those companies in which at least 51% of the shares are held by a family or related families, the family members comprise the majority of the senior management team and the owners have day-to-day responsibility for the management of the business.

<sup>10</sup> FBN International (2007)

In the survey held by PriceWaterhouseCoopers in 2006 the following distribution of annual turnover as shown in figure 2 was found.

Figure 2 Annual turnover in PWC Survey 2006



Source PricewaterhouseCoopers (2006)

### 3.3 Sector

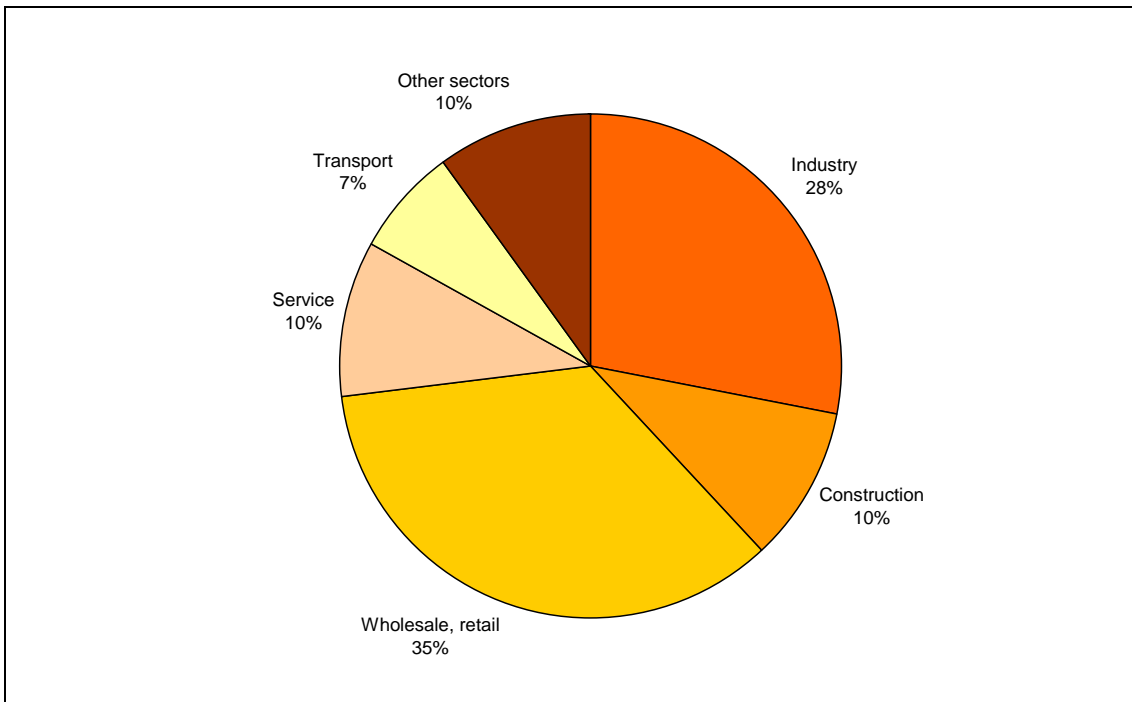
In table 3 and figure 3 the distribution of family business amongst the sectors is presented according to 2 different definitions.

Table 3 Distribution among sectors in Family Business Monitor 2007

Sector	Percentage
Manufacturing	6%
Construction	12%
Wholesale, retail	14%
Hotels, restaurant	10%
Real estate	6%
Other sectors	20%
Other than NACE	32%

Source: FBN International (2007)

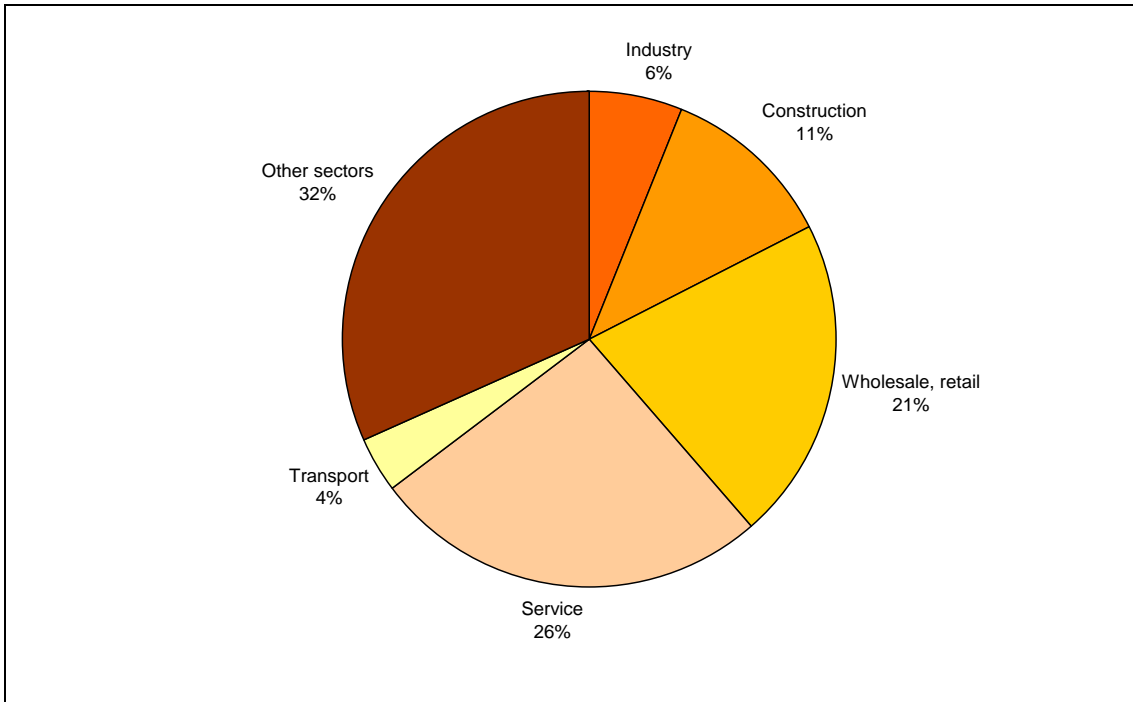
Figure 3 Distribution among sectors in PWC Survey 2006



Source: PricewaterhouseCoopers (2006)

In figure 4 the distribution of companies across sectors in the Netherlands is presented. As the definition of sectors as applied in the Family Business Monitor, PWC Survey and CBS may differ, the results must be interpreted with care.

Figure 4 Distribution of enterprises among sectors 1 January 2007



Source: [www.statline.nl](http://www.statline.nl); preliminary statistics of Central Bureau of Statistics Netherlands

## 4 Characteristics of family businesses

### 4.1 General characteristics

#### 4.1.1 Ownership structure

In table 5 the ownership structure is presented. In the Netherlands in a large part of the cases there is a single owner.

Table 5 Ownership structure in Family Business Monitor 2007

Structure	Percentage
Single owner	69%
Only family	27%
Mix of family and non-family	4%

Source: FBN International (2007)

#### 4.1.2 Compared to non-family business

When comparing family businesses with non-family businesses there are several differences. In table 6 these differences are presented.

Table 6 Family business vs non-family business

Family business	Non-family business
The purpose is continuity	The purpose is maximizing near-term share price
The goal is to preserve the assets and reputation of the firm	The goal is to meet institutional investor expectations
The fundamental belief is that the first priority is to protect downside risk	The fundamental belief is that more risk promises more return
The strategic orientation is adaptation	The strategic orientation is constant growth
The most important stakeholders are customers and employees	The most important stakeholders are shareholders and management
The management focus is continuous incremental improvement	The management focus is innovation
The business is seen as a social institution	The business is seen as a disposable asset
Leadership is stewardship	Leadership is personal charisma

Source: Thomassen (2007), based on Ward (2005)

### 4.1.3 Family Business typology

Different types of family businesses can be distinguished:

1. Owner managed company

Company owned by a single person who determines to high degree what happens in the company.

2. Family managed company

Company ownership and management is in the hands of at least 2 family members.

3. Family controlled company

Ownership and management are shared with non-family members. The family however remains in full control of the company.

In table 7 the distribution of these types amongst companies in the Netherlands is presented.

Table 7 Family Business Typology in Family Business Monitor 2007

Type	Percentage
Owner managed	59%
Family managed	25%
Family controlled	16%

*Source: FBN International (2007)*

### 4.1.4 Family business transfer

In the 'Family Business Monitor' there were about 33 companies that have already been transferred inside the family. Of them 56% was held by the second generation.

Table 8 Family business transfer to next generation in Family Business Monitor 2007

Generation	Percentage
1 <sup>st</sup> and 2 <sup>nd</sup>	29%
2 <sup>nd</sup>	56%
2 <sup>nd</sup> and 3 <sup>rd</sup>	4%
3 <sup>rd</sup>	1%
> 4th	10%

*Source: FBN International (2007)*

A large part of the enterprises indicates that there is no intention to sell or transfer the company in the future. About 11% indicate that the business is to be transferred within the next 5 years. This is presented in table 9. Of the companies that are to be transferred about two-thirds are supposed to be transferred to the next generation and a quarter to non-family members. The remaining family businesses did not know yet to whom the business would be transferred.

Table 9 Expected family business transfer/sale in Family Business Monitor 2007

Yes/No	Percentage
No	77%
Yes, in next 5 years	11%
Yes, in more than 5 years	12%

Source: FBN International (2007)

## 4.2 Strengths and weaknesses of family businesses

### 4.2.1 Strengths

Strengths of the family business are:

- Involvement. Families in a family business can be very attached to the company and its employees. The families are often also very enthusiastic. The enthusiasm of the family also creates involvement and loyalty with their employees. Employees might feel that they are part of the team.
- Knowledge. Knowledge generated within the company may be protected by the family. In other commercial companies knowledge generated within the company may sooner become common knowledge.
- Flexibility in work, time and money. Families are flexible when it comes to performing extra work and investing extra time in the company.
- Long term vision.
- Stable culture. The family is usually involved in the company for a long period of time. Relationships have had the time to develop and stabilise. Similarly the working method and ethics have been established and generally accepted.
- Rapid decision making. The responsibilities within a family are usually centred with one or two key figures.
- Reliability. Family business may tend to have a higher level of service and care for the customer. Some customers also tend to do business with a company that exists for a very long time.

#### **4.2.2 Weaknesses**

Weaknesses of the family business are:

- Limited career growth opportunities for non-family members.
- Conflicts within the family.
- Rigidity. Family business may tend to continue doing things in the same way and do not change anything.
- Succession. Transfer of the family business from one generation to another may be difficult. There has to be a transfer in leadership and in property.
- Obtaining capital. The directors of the company may have difficulties with the idea of obtaining capital from a third party.

## **5 Institutional actors and their strategies, policies and initiatives**

Main actors that are active in the field of family business are:

- Ministry of Economic Affairs
- Nyenrode Business University
- Chamber of Commerce
- FBNeD - the Dutch Association of Family Firms
- Centre of the Family Business (CFB)
- Consultants
- Research bureaus

Consultants provide advice to family businesses on different subjects varying from business succession, family and business strategy to conflict mediation. Research bureaus conduct research on family business, e.g. focusing on the characteristics of family business in Dutch SME sector, the relationship between family business and innovation etc.

Below each of the actors (with the exception of consultant and research bureaus) together with their activities are described more in detail.

	Explanation
<b>institutional features</b>	
name of the actor	<b>Ministerie van Economische Zaken (Ministry of Economic Affairs)</b>
nature of the actor	Government
address	Postbus 20101, 2500 EC Den Haag, The Netherlands
contact person	Mr. de Jong
telephone	+ 31 70 3796886
web-page	www.ez.nl
e-mail	see <a href="http://www.ez.nl">http://www.ez.nl</a>
short description	<p>In the Netherlands there are measures in the field of entrepreneurship and SMEs that are specifically important for family business, in particular the one in the field of business transfer, such as:</p> <ul style="list-style-type: none"> <li>- adapting succession law</li> <li>- developing growth facility</li> <li>- spreading information on business succession.</li> </ul> <p>These measures are described below.</p> <p>The Ministry of Economic Affairs (EZ) has acknowledged the importance and specific characteristics of family business, but until now no specific measures (policy, support) for only this group has been developed. The ministry does support external research.</p>
<b>Instrument 1</b>	
<b>content based features</b>	
name of the strategy/initiative/regulation	Bedrijfsopvolgingsregeling in de successiewet (Business succession regulation as part of the succession law)
type	fiscal regulation/tax law
objective	To support family businesses in succession.
initiation	From 1 January 2005 the exemption of paying taxes when transferring the business was enlarged from 30% to 60%. From 1 January 2007 the exemption has risen to 75%.
contents/description of the initiative/measure	From 1 January 2007 'succession' taxes only have to be paid on 25% of the value of the business. With regard to the payment of these taxes, one can apply for a delay of payment of 10 years.
<b>user based features</b>	
eligibility criteria/target group	<p>In order to benefit from the regulation there are certain conditions a.o.:</p> <ul style="list-style-type: none"> <li>- the one that 'gives away' the business must be <math>\geq</math> 55 years or 45% labour handicapped and he has to exploit the business for 5 years/have material investment shares for 5 years.</li> <li>- the one 'receiving' the business must continue it for at least 5 years.</li> </ul>
Promotion tools/information strategy	Information on this regulation can be found on the website of the ministry of finance.
source of funding	national funds (governments)

	Explanation
<b>performance based features</b>	
evolution	No evaluation was performed.
<b>Instrument 2</b>	
<b>content based features</b>	
name of the strategy/initiative/regulation	Overdrachtspakket (Transfer package)
type	(Awareness raising measures) Information/advice Business support measure
objective	To provide information on business transfer.
initiation	2005
contents/description of the initiative/measure	<p>Transfer of a business requires a good preparation. To support business in the preparation, entrepreneurs can request for the transfer package. The transfer package is a free information bundle for entrepreneurs that want to sell their business in the future.</p> <p>The information package addresses questions like:</p> <ul style="list-style-type: none"> <li>• Which steps does one have to take for a business transfer?</li> <li>• Which requirements have to be fulfilled for a business transfer?</li> <li>• How do I receive the best sales price?</li> <li>• With which legal and fiscal aspects does one have to deal with then transferring a business?</li> <li>• Where does one find a buyer for the business?</li> <li>• Which advisors can help?</li> </ul> <p>The package is developed by the ministry of Economic Affairs in cooperation with MKB Nederland (SME association), VNO-NCW (employer organisation) and the Chamber of Commerce.</p>
<b>user based features</b>	
eligibility criteria/target group	Everyone has access to the transfer package.
Promotion tools/information strategy	<p>The package can be downloaded from the website of the chamber of commerce.</p> <p>In 2005 the ministry has sent a letter to entrepreneurs of 55 years and older to ask their attention for timely business transfer and indicated that they could order an information package.</p>
source of funding	It is funded by the ministry of Economic Affairs.
costs for participants/members	Transfer package is free of charge.
<b>performance based features</b>	
evolution	In 2005 the ministry has sent a letter to 13,000 entrepreneurs of 55 years and older to ask their attention for timely business transfer and indicated that they could order an information package. In total 32,000 packages were sent to entrepreneurs.

	Explanation
<b>Instrument 3</b>	
<b>content based features</b>	
name of the strategy/initiative/regulation	<i>Groefaciliteit</i> (Growth facility)
type	business transfer support instrument
objective	To facilitate businesses in attracting extra financial means for growth or business transfer.
initiation	24 November 2006
contents/description of the initiative/measure	<p>This facility offers business a guarantee of maximally 50% for risk capital (shares and subordinated loans) with a maximum of 5 million EUR.</p> <p>The instrument is executed by SenterNovem, an agency of the Ministry of Economic Affairs.</p> <p>The financial institutions can request for a guarantee at SenterNovem. SenterNovem decides whether the guarantee can be granted. The enterprises pay e.g. interest for the loan to the financial institution. The financial institutions pay a premium to SenterNovem.</p> <p>This instrument makes it easier for family firms to obtain capital when they want to transfer their enterprise.</p>
<b>user based features</b>	
eligibility criteria/target group	<ul style="list-style-type: none"> <li>• SMEs according to the European definition</li> <li>• Enterprise is located in the Netherlands and the business activities mainly take place in the Netherlands</li> <li>• There are reasonable earning capacity and continuity perspectives for the business plan</li> <li>• It has to be fresh money</li> <li>• No excessive capital withdrawals the last 12 months</li> <li>• Only for financing own business activities and business transfer</li> <li>• Not in the following sectors: agriculture and fishing (except service and suppliers), real estate (except mediation), financial sector and health care.</li> </ul>
Promotion tools/information strategy	On the website of SenterNovem, information can be found on this measure. From the website several publications can also be downloaded from the website. On the website one can register to receive a newsletter on the growth facility. Website: <a href="http://www.senternovem.nl/groefaciliteit/over_groefaciliteit/index.asp">http://www.senternovem.nl/groefaciliteit/over_groefaciliteit/index.asp</a>
source of funding	national funds (governments)
costs for participants/members	The premium the financial institutions pay to SenterNovem is 2,5% for loan and 3% for share capital.
<b>performance based features</b>	
evolution	As the instrument has recently been implemented, there is no evaluation yet. This measure supports enterprises in business transfer.

	Explanation
<b>institutional features</b>	
name of the actor	<b>FBNed - Vereniging Familiebedrijven Nederland (FBNed - the Dutch Association of Family Firms)</b>
nature of the actor	Association
address	Maartensdijkseweg 7E, 3723 MC Bilthoven, The Netherlands
contact person	Albert Jan Thomassen, executive director FBNed
telephone	(+31) 0346 258033
web-page	www.fbned.nl
e-mail	info@fbned.nl
short description	FBNed aims at promoting the continuation of family businesses and strengthening the position of family business in the Netherlands, by facilitating the exchange of experiences among family businesses, knowledge development and advocacy. Membership is open exclusively to family businesses which have already been controlled, through ownership, by one family or a small number of families for some considerable time. The activities of FBNed include keynote conferences, family business visits, workshops, round tables and dedicated next generation activities through NextGeNed. FBNed is an official chapter of the Family Business Network (FBN) and a member of the European Group of Owner Managed and Family Enterprises (GEEF).
<b>Instrument 1</b>	
<b>content based features</b>	
name of the strategy/initiative/regulation	Publications like “The Family Business Governance Report” and “Ownership Strategies for Family Businesses”
type	Information/advice
objective	To provide family businesses with information and best practices.
initiation	Publication ‘Family Business Governance Report’ was published in 2003. Publication ‘Ownership Strategies for Family Businesses’ was published in 2005.
<b>content based features</b>	
contents/description of the initiative/measure	<p>The publication ‘The Family Business Governance Report’ includes recommendations for good governance for family business.</p> <p>The publication ‘Ownership Strategies for Family Businesses’ includes information on different aspects of an ownership strategy and recommendations in setting up such a strategy.</p> <p>These publications are written by FBNed. In writing the publication a steering group of family businesses provides some support and guidance.</p>

	Explanation
<b>Instrument 1</b>	
<b>user based features</b>	
eligibility criteria/target group	<p>Members receive the publication free of charge. Organisations that are not member of FBNed have to pay a small amount for the publications.</p> <p>Criteria in order to become a member of FBNed:</p> <ul style="list-style-type: none"> <li>• control is in the hands of 1 or several families</li> <li>• family is represented in the management and/or board of the enterprise</li> <li>• distinctive within the sector regarding size or other characteristics</li> <li>• shareholding family has the intention to transfer the company to the next generation</li> <li>• at least the second generation is working in the family business or determining/preparing for a possible role</li> <li>• family member of the owning family</li> </ul>
Promotion tools/information strategy	<p>These publications are sent to members of FBNed. Organisations that are not a member of FBNed can find the name of these publications also on the website of FBNed. Here they can also order the publications.</p>
source of funding	<p><input type="checkbox"/> EU-funds</p> <p><input type="checkbox"/> national funds (governments)</p> <p>x membership fees</p> <p>x others, namely: sponsors</p>
costs for participants/members	<p>There are no additional costs for members of FBNed (besides their membership fee). The costs for organisations that are not a member is 17.50 euro for 'The Family Business Governance Report' and 25 euro for 'Ownership Strategies for Family Businesses'.</p> <p>The membership fee is 2250 euro per family business per year, regardless of the number of family members involved.</p>
<b>performance based features</b>	
evolution	<p>'The Family Business Governance report' was very popular. FBNed has been made hardcopies of this report. Currently the third edition of copies is almost sold out. Please note that these hardcopies are sold to organisations that are not a member of FBNed. Of the report 'Ownership Strategies for Family Businesses' 1 edition of copies was made.</p> <p>This measure provides information and issues for debate within the family businesses with regard to governance and ownership strategy.</p>

	Explanation
<b>Instrument 2</b>	
<b>content based features</b>	
name of the strategy/initiative/regulation	Familiebedrijf bezoeken (Family business visits)
type	Information/advice Networking
objective	The objective of this instrument is to have family businesses exchange experiences and good practices.
initiation	FBNed organises these family business visits from the foundation of FBNed. FBNed was founded in 1999.
contents/description of the initiative/measure	<p>FBNed searches for family businesses to visit. Sometimes a member also indicates that it wants to invite the FBNed members for a visit. During the visit of a family business, participants can see at that company how things are arranged and how that company deals with certain obstacles. Participants also get acquainted with each other and have the opportunity to exchange experiences and good practices.</p> <p>There are two types of family business visits: 1) visits for all members 2) visits for next generation (e.g. children of members)</p>
<b>user based features</b>	
eligibility criteria/target group	Participants have to be members of FBNed.
Promotion tools/information strategy	<p>Members are made aware of the opportunity to visit another family business by</p> <ul style="list-style-type: none"> <li>- Magazine which appears 4 times a year</li> <li>- Personal invitation by ordinary post and/or e-mail.</li> </ul>
source of funding	<input type="checkbox"/> EU-funds <input type="checkbox"/> national funds (governments) x membership fees <input type="checkbox"/> others, namely:
costs for participants/members	<p>Each family business pays a membership fee.</p> <p>Per gathering participants pay a small amount to cover the costs that are made. Sometimes after gathering participants have diner. The costs for participants are then only the actual costs of diner.</p>
<b>performance based features</b>	
evolution	<p>Family business visit for all members: 60-140 participants.            Family business visit next generation: 30-60 participants.</p> <p>Family business visit for all members: 2 times a year.            Family business visit next generation: 2 times a year.</p> <p>In this way family businesses have the opportunity to get to know other family businesses and learn from each other.</p>

	Explanation
<b>Instrument 3</b>	
<b>content based features</b>	
name of the strategy/initiative/regulation	FBNed Academy
type	Education/training measures
objective	To provide training courses for members.
initiation	2006 till present
contents/description of the initiative/measure	<p>FBNed academy provides 2 types of training courses.</p> <p>1) 'uitdagingen van het familiebedrijf' ('Family Business Challenges'); Objective of this course is to improve the insight of family members in relevant family business related issues. Elements of the programme are: dynamics of family business, parallel planning of company/family/ownership, changing from generation, leadership and governance, values of family business, structure and processes in order to deal with conflicts, working with a family statute. This is a 2-day training course.</p> <p>2) 'My way; leiderschapontwikkeling in het familiebedrijf' (My way; leadership development in the Family Business). This programme aims to support future leaders of family businesses by guiding them in their personal development and providing them with concrete skills. The programme exists of 10 gatherings. In between the gatherings participants receive assignments in order to work on their personal learning objectives.</p>
<b>user based features</b>	
eligibility criteria/target group	<p>Training course 'Family Business Challenges' is open to FBNed members and relatives. Participants may be for instance: family members and owners which orient themselves on their future role, family members that fulfil the role of commissioner, directors and their successors, members of family council, members of the new generation working in the company or on their way to an important task within the company. A limited number of organisations that are not a member can also participate, but priority is given to members. There are no criteria to comply to before one can participate in the training course. It is however recommended to participate with more than 1 family member because then there can be an exchange of information and it stimulates to work on concrete action plans.</p> <p>The training course 'My way; leadership development in the Family Business', is targeted at successors in a family business. Before one can participate in this training course, participants have to have an individual intake. Here FBNed assesses their motivation.</p>
Promotion tools/information strategy	<p>Members are informed about the training courses via:</p> <ul style="list-style-type: none"> <li>- Magazine</li> <li>- Personal invitation</li> <li>- Website</li> </ul>

	Explanation
source of funding	<input type="checkbox"/> EU-funds <input type="checkbox"/> national funds (governments) x membership fees x others, namely: contribution to cover the costs
costs for participants/members	The total costs of the training 'Family Business Challenges' are 1650 euro per person (including material, bed&breakfast, lunch and diner, excluding VAT). The total costs of the training course 'My way; leadership development in the Family Business' is 6700 euro per person (including material and meals, excluding VAT).
<b>performance based features</b>	
evolution	The training course 'Family Business Challenges' is given, dependent on demand for this course, approximately once a year. Maximum number of participants is 6 family businesses each training course. The training course 'My way; leadership development in the Family Business' is given once a year. Maximum number of participants is 12 each training course. Training courses provide family businesses with information and guidelines and in case of the training course for leadership also with practical skills.

	Explanation
<b>institutional features</b>	
name of the actor	<b>Centrum van het Familiebedrijf (Centre of the Family Business)</b>
nature of the actor	Family business specific organisation
address	Postbus 405, 3500 AK, Utrecht, The Netherlands
contact person	Executive director CFB/ Ilse Matser
web-page	www.cfb.nl
e-mail	(one can leave a message on the following site: <a href="http://www.cfb.nl/index.php?option=com_contact&amp;task=view&amp;contact_id=1&amp;Itemid=34">http://www.cfb.nl/index.php?option=com_contact&amp;task=view&amp;contact_id=1&amp;Itemid=34</a> )
short description	This centre is founded in 1997 by BDO Accountants & Advisers (accountant bureau), ING Bank (bank) and University Tilburg (university). The centre provides information on family business related issues and conducts research in this field.

	Explanation
<b>content based features</b>	
name of the strategy/initiative/regulation	<i>Scorecard opvolging (scorecard succession)</i>
type	Information/advice Business transfer support instruments
objective	Not all businesses that are involved in business transfer are well prepared. With this instrument family businesses can be made aware to what extent they are well prepared for succession.
initiation	19 march 2008
contents/description of the initiative/measure	With the scorecard family businesses can test themselves and see to what extent they have accomplished the ten success factors of succession. The test consists of 50 multiple choice questions. The scorecard is developed by Jozef Lievens, director of the Institute for Family Business in Belgium. For the Netherlands there have been some made some changes by CFB.
<b>user based features</b>	
eligibility criteria/target group	All family business can do this test on the website: <a href="http://www.scorecardopvolging.nl">www.scorecardopvolging.nl</a>
Promotion tools/information strategy	The tool was presented during a seminar on succession. In addition the tool has received media attention. Family Businesses can find the tool on the website.
source of funding	<input type="checkbox"/> EU-funds x national funds (governments) <input type="checkbox"/> membership fees <input type="checkbox"/> others, namely: From 1 January 2007, CFB has a cooperation with the Utrecht Centre for Education in Management and Entrepreneurship (UCEME). This is part of the university of Utrecht.
costs for participants/members	none
<b>performance based features</b>	
evolution	This initiative contributes to the awareness of family businesses concerning important elements of succession.

	Explanation
<b>institutional features</b>	
<b>name of the actor</b>	<b>Universiteit Nyenrode (University Nyenrode)</b>
nature of the actor	Research Centre
address	Straatweg 25 3621 BG Breukelen The Netherlands
contact person	Professor Dr. Roberto H. Flören
telephone	+31 (0)346 291 211
web-page	<a href="http://www.nyenrode.nl">www.nyenrode.nl</a>
e-mail	<a href="mailto:r.floren@nyenrode.nl">r.floren@nyenrode.nl</a>
short description	The Nyenrode Center for Entrepreneurship (NCE) was founded in 1996. Its members carry out research on start-ups, personality, family business, intrapreneurship etc., and offer courses on Entrepreneurship in all the degree programs of the business school. The multidisciplinary and strategic character of entrepreneurship is considered primordial.

	Explanation
<b>institutional features</b>	
name of the actor	<b>Kamer van Koophandel (Chamber of commerce)</b>
nature of the actor	Employers' organisation
address	There are different locations. Contact details of middle region of Netherlands: Postbus 48, 3500 AA Utrecht, The Netherlands
contact person	rvernooij@vkv.kvk.nl
telephone	(+31) 06-51404192
web-page	www.kvk.nl
e-mail	Rob Vernooij
<b>content based features</b>	
name of the strategy/initiative/ regulation	Expertgroep Familiebedrijven (Expertgroup Family Business)
type	awareness raising measures information/advice
objective	To improve the conditions under which family businesses operate.
initiation	2006
contents/description of the initiative/measure	The expert group has been founded in 2006 at the initiative of the chamber of commerce. In order to contribute to improving the conditions for family businesses, the expert group has made a note in which policy recommendations are given: "Familiebedrijven: continuïteit en betrokken in een dynamische Nederlandse economie" (Family Business: continuity and involvement in a dynamic Dutch economy). This report was published in 2007.
<b>user based features</b>	
Promotion tools/information strategy	The publication of the expert group is placed on the website of the chamber of commerce.
<b>performance based features</b>	
evolution	As the report was only recently published, no information is yet available on the evolution.

## 6 Future issues

Family businesses have certain characteristics that can result in a competitive advantage compared to non-family business. As presented in chapter 4, in family businesses there is among others involvement, protection of knowledge by the family, stable structure and focus on the long term. For family businesses it might be an opportunity to emphasize these strengths and obtain/retain a competitive advantage. Some family businesses also communicate that they are a family business. This may positively affect the view on the company of customers, employees and suppliers.

Transferring the business from one generation to another can have a positive influence on the company. A new view may lead to innovation and development. There may, however, be obstacles making it difficult to transfer the company. For instance, there may not be potential successors and if there are potential successors they may not be qualified or not willing to take over the business. When transferring the business, family businesses are also confronted with the taxation laws. The fiscal facilities may make business transfer more difficult. Family businesses have to pay tax when they transfer the business. It may be the case that businesses have invested their money in assets. When transferring the business they might need to sell these assets in order to have liquidities and be able to pay the taxes. By paying these taxes a part of the value of the company flows away. Business transfer may thus be a challenge to family businesses. Business transfer is becoming more important particularly because of the ageing of the population. Due to the ageing population an increase in business transfers is expected.

The expert group 'Familiebedrijven' (Family Business) that was set up at the initiative of the Chamber of Commerce published in 2007 a report with recommendations for a new policy agenda<sup>11</sup>. In this study among others the following recommendations were made:

- To register family businesses as a separate group. Family businesses are nowadays officially recognized as a target group by the Ministry of Economic Affairs and Ministry of Finance. Family businesses are however not registered as such.
- Postponing tax payments. When transferring a business to the next generation taxes have to be paid. By postponing tax payments till the moment e.g. that the company is sold to a third party, the capital in the meantime remains available for entrepreneurial activities.
- Education on family business issues. In Dutch education system there is little attention for family businesses. By providing more knowledge on family businesses there will be appreciation of these businesses.

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<sup>11</sup> Duitman e.a. (2007)

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