



Business

The external top manager at a family business is more important than ever

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The increasing trend of the next generation not wanting to take over the running of their family business means external hires are more important than ever for family enterprises, says a top specialist recruitment manager. But he adds that often family businesses lack the confidence to hire from outside.

Andreas von Specht, founder and managing partner of AvS – International Trusted Advisors, a global executive research group based in Frankfurt, says family businesses often don't have the expertise to recruit from the outside.

"The number of next gen members from owning families, who are willing and qualified to take over has been in steady decline over many years," says von Specht. "Today, the number is at a record low. Owning families often have no alternative than to look outside."

Von Specht adds that family business shareholders often feel very uneasy about hiring from outside. "They seem to perceive the transition to an external leader as a potential loss of power and control over their business. They argue a family member – or at least an internal candidate – who is well known and proven for many years, might be the safer option."

Von Specht, whose family are one of the owners of the Hamburg-based Berenberg Bank and is also one of *Family Capital's* top **100 Family Influencers**, made his remarks during a presentation on **a new piece of research on recruiting external managers for family businesses**.

Produced by von Specht's firm's, the professional services group PwC, and the business school INSEAD, the research found family businesses that recruit senior managers from outside tend to perform better than those that don't.

Given this and the lack of the next generation of the owners wanting to take over the pressure to hire from outside is greater than ever for family businesses.