

CLIENT ALERT — VIRTUAL ROUNDTABLE SYNOPSIS

How Family Businesses Navigate Global Issues: From AI to Geopolitics and Trade Disruption

This invitation-only virtual roundtable was organised by AvS Advisors and the John L. Ward Center for Family Enterprises, Kellogg School of Management. The session was designed for current family and non-family executives, board directors, trustees, and chairs of family-controlled businesses or family offices, as well as next-generation family members preparing to step into leadership roles.

The panel brought together three leaders with deep expertise spanning multiple generations of family enterprise experience:

Professor Matt Allen, Executive Director of the John L. Ward Center for Family Enterprises at Northwestern University's Kellogg School of Management

Edward Brenninkmeyer, Chief Investment Officer at Amesto and sixth-generation director at COFRA, the family business holding company

Andreas von Specht, Managing Partner at AvS Advisors and an eighteenth-generation family shareholder in Berenberg Bank

Frederik Otto, Consultant at AvS Advisors, facilitated the discussion and moderated the subsequent roundtable.

The following pages summarise the panel discussion, as well as the virtual roundtable exchange which was held under the Chatham House Rule.

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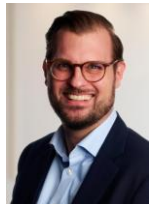
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John L. Ward Center
FOR FAMILY ENTERPRISES

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Frederik Otto
AvS Advisors, London

+44 7366 341251
f.otto@avs-advisors.com



Professor Matt Allen
John L. Ward Center for
Family Enterprises

matthew.allen@kellogg.northwestern.edu



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Trusted Advisors GmbH.

Untermainkai 31
60329 Frankfurt
Germany

81-83 Fulham High Street
London SW6 3JW
United Kingdom



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Panel discussion summary

Navigating uncertainty in family businesses

The panel discussed the unprecedented uncertainty facing family businesses, highlighting geopolitical crises, inflation, regulatory burdens, and demographic shifts, and emphasised the resulting pressures on governance and long-term planning.

Current pressure points

Andreas outlined four major forces impacting family businesses: ongoing geopolitical crises, inflation and capital costs, increasing regulation (especially around ESG), and demographic changes such as succession challenges due to Europe's ageing population. These factors have increased tensions among boards and shareholders, making long-term planning more difficult.

Impact on decision-making

Matt expanded on the unpredictability, noting that families are now making decisions without the ability to forecast the end of crises, shifting from post-crisis planning to anticipating the next challenge, which fundamentally alters the decision-making framework for family businesses.

Resilience and tension

Andreas observed that while family businesses have become more resilient due to their dual focus on performance and legacy, the increased need for rapid responses has also heightened stress and challenged their traditional long-term orientation.

Generational transition and global mobility

Matt and Edward explored the evolving role of the next generation in family businesses, noting increased willingness to diverge from tradition, greater global mobility, and the advantages of investing in young talent for long-term success.

Next-generation leadership

Matt cited [insights from UBS](#) indicating that most next-generation family members intend to use different wealth managers than their parents, reflecting a readiness to chart new courses and leverage their education and access to information to make independent decisions.

Global mobility trends

Edward highlighted that younger family members are increasingly open to working in new countries, which enhances the adaptability and global reach of family businesses, and is seen as a positive development for long-term growth.

Opportunities for young talent

Edward also noted that family businesses have a unique opportunity to promote younger generations into leadership roles, providing them with a long runway to lead and innovate, which is a significant advantage in turbulent times.



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Long-term investment strategies and AI adoption

The panel discussed the approach of family businesses to AI and technology investment, emphasising the benefits of long-term commitment, the importance of thoughtful adoption, and the competitive advantage of building internal expertise.

Family business investment approach

Matt cited recent [research from the Ward Center and PWC](#): Family businesses differ from widely held companies by making full, long-term investments in technology, rather than short-term or experimental forays, which positions them to realise greater benefits from AI and other innovations.

Thoughtful adoption of AI

Edward used an example from NASA that “*When the alarm goes off—do nothing*” to illustrate the value of pausing and reflecting before reacting, suggesting that family businesses should avoid hasty decisions and instead take time to understand and integrate AI effectively.

Building institutional knowledge

Edward argued that the long-term orientation of family businesses allows them to hire internally and develop deep institutional knowledge in AI, a process that is less feasible for companies with shorter investment horizons.

Cybersecurity challenges

Andreas shared a case of a mid-sized family business suffering a cyber attack, underscoring the need for proactive cybersecurity measures like operational resilience and crisis planning, as part of the broader technology strategy.

Strategic governance and empowering the next generation

Matt, Edward, and Andreas addressed the importance of evolving governance structures in family businesses, advocating for a shift from defensive to strategic governance and earlier engagement of the next generation in leadership roles.

Defensive versus strategic governance

Matt described how family businesses traditionally focus on defensive governance—structures designed to prevent negative outcomes—but argued for a more strategic approach that actively supports culture, entrepreneurship, and innovation.

Governance and leadership transition

Matt suggested reviewing policies such as mandatory retirement age to facilitate earlier leadership opportunities for the next generation, ensuring governance structures align with the goal of empowering young leaders.

Early engagement of the next generation

Andreas emphasised that the key issue is not retirement age per se, but the need for family businesses to recognise and engage the next generation sooner, leveraging their potential as an asset for continuity and reinvention.

Recommendations for family business

The panel concluded with actionable recommendations for family businesses, focusing on investing in young talent, taking time with major decisions, fostering a strong culture, and adapting governance to support strategic goals.



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Summary of Roundtable Discussion

The below is a structured executive summary of the virtual roundtable discussion that followed immediately after the panel discussion. The exchange was held under the Chatham House Rule, and we have organised the synopsis by thematic blocks for usability.

Career entry & engagement pathways into family business

One participant emphasised two critical pathways for young professionals seeking to enter the business world.

First, individuals should identify and pursue their passions as early as possible, allowing genuine interest to drive their professional trajectory. Second, involvement in philanthropic activities provides valuable networking opportunities and exposure to business operations.

The family business of the participant uses a structured pathway for next-generation involvement:

1. Gap year (~18 years old) inside the business
2. External education and ~10 years of outside work experience.
3. Reapplication at ~30 years old through a merit-based process. However, no role is guaranteed, and clear benchmarks for qualification exist.

Governance in family businesses & family offices

One contributor emphasised that family businesses can be perceived as soft options for children lacking proper qualifications, making strong board oversight essential for long-term survival.

A. Ownership strategy & family constitution

Recommended governance process:

- Develop an ownership strategy
- Formalise into a family constitution

Topics addressed:

- Values and objectives
- Entry/exit rules
- Marriage/in-laws
- Liquidity mechanisms
- Next-generation expectations

Important characteristics:

- Not legally binding
- Morally binding
- Must be a living document
- Creates clarity for family shareholders and external executives

B. Structured nepotism – a developmental view

A nuanced position:

- Early-stage “nepotism” (high school / undergraduate exposure) should be encouraged
- Later-stage roles must become meritocratic



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If families restrict participation too early:

- They lose engagement
- They lose the leadership pipeline

Pipeline logic: Invite broadly → Develop capability → Select rigorously

C. Responsibility narrative

Family members must internalise:

- The scale of responsibility in stewarding successful enterprises
- The risk of harm if unprepared.

Standards should be internalised ambition, not externally imposed control.

AI: Threat or generational opportunity?

A constructive disagreement emerged regarding family business approaches to artificial intelligence adoption.

Position 1: AI as immediate competitive advantage

- Particularly relevant for mid-sized family firms
- Demographic decline in some countries increases urgency
- Fast adopters may gain “unfair competitive advantage.”
- A risk is that older generations’ conservatism slows adoption

Position 2: Strategic second-mover advantage

- First movers in tech history have also failed, as illustrated by Google vs Yahoo, and Apple vs BlackBerry
- Family firms often succeed as disciplined second movers
- Risk of superficial “AI box-ticking”
- Sustainable advantage requires internal capability building, embedded institutional learning, and strategic capital allocation discipline

Capital diversification vs reinvestment

European family firms reinvest heavily. With political pressure and taxation risks, how should they diversify without harming the core business?

A. Cultural vs Financial theory perspective

Financial theory:

- Concentration = inefficiency
- Diversification = rational

Empirical observation in families:

- Pooled capital often outperforms distributed capital
- Group discipline > individual rationality
- Families who remain co-invested often achieve stronger long-term returns

B. Generational Autonomy Tension

- Some next-gen members want to create independently
- Diversification debate often about identity, not just risk
- Key governance question is: How to avoid “all eggs in one basket” without disengagement from core enterprise?



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Integrating next generation into a family office

How to integrate multiple next-gen entrants without undermining professional staff?

One participant's 80% rule

Family member must have:

- At least ~80% of required qualifications
- Remaining 20% is offset by lower transaction costs, long-term orientation, and family cohesion values

Additional recommendations:

- Begin with non-threatening roles
- Titles grow with earned credibility
- Gradual integration builds legitimacy

Another panellist's addition was that the family office itself depends on next-gen engagement. Without engagement, the structure collapses over time. Thus, some calculated risk is justified to preserve emotional ownership and maintain generational continuity.

The discussion concluded with distilled wisdom from a veteran: *"Speak the truth with love."*

This principle encapsulates the balance required in family business governance—maintaining honest standards and clear communication while preserving the relational foundation that distinguishes family enterprises from purely commercial operations.

Recommendations

1. Formalise ownership strategy before governance problems emerge
2. Encourage early family engagement but protect management integrity at senior levels
3. Treat AI as strategic infrastructure, not symbolic adoption
4. Diversify cautiously. Pooled capital often performs better than theory predicts
5. In family offices, preserve professional standards while enabling next-gen belonging
6. Communicate responsibility as early as possible