

# State Of The World For Family Enterprise: Thoughts On The Forces Of Change And Your Edge In This Increasingly Competitive World

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The first quarter of 2026 has been a particularly rocky road for the world. 2025 was also highly volatile and disorienting, and we were still recovering from the societal and economic disruption from Covid that hit us a few years before. And just before Covid hit, we were moving into a new industrial age driven by AI that was confined mostly to robotics, but as we can see now, is transforming how we do many things in our lives. I could keep going, pointing out changes that we have experienced and are experiencing now due to technological advances, geopolitical realignments, socio-political-economic shifts, or the continuing degradation of our planet's ecology—or the combination of these. None of my colleagues at MIT, who I consult on these questions, expect that economies, societies, the business environment, or the planetary environment will calm down, none think that we will experience gentler or more predictable changes going forward.

If you were tracking changes that could affect your family business system on a dashboard—a good idea—I would advise you to also track “internal forces of change”. Internal forces of change involve changes in your family, ownership, and business organization. (You may have noticed that all three tend to become more complex over time and that new generations can have quite different attitudes on a range of topics.) There is considerable experience and good advice on how to adapt to changes we face from internal forces.

You can take some comfort that two typical characteristics of family capitalism give you an edge in this increasingly volatile game:

- First, you are in the game for the long run, focused on long-term value creation, wanting to keep your success going at least into the next generation. The nature of thinking and acting long-term incorporates building

resilience (financially, in relationships, in your talent pool) so that you can weather short-term pressures, and these don't derail your plans and investments. This orientation also helps increase returns on your investments.

- Second, the pride you have in what you are doing matters a lot. Pride in our work helps build unity around a compelling mission, strengthens key relationships, and forges alignment and loyalty among and between owners and employees. Importantly, it motivates us to persevere as we go through downturns.

Still, current conditions suggest an agenda for most families in business.

1. We can all anticipate better how external and internal forces could affect our businesses and families (we are working on that issue, stay tuned for our views on this topic).
2. We must all build greater financial and social resilience to manage the severe bumps ahead (we've been addressing that topic with families for some time). Resilience means amassing resources that allow a family, business, and ownership group to get through difficult or uncertain times and bounce back from setbacks. The four resources that bolster family enterprises most in turbulent moments are: clear direction and values, financial capital, unity, and talent. In moments like this, look at your storehouses and invest in them to give people confidence in your stability and endurance, and to keep the group aligned and on the same path together.
3. Of course, good governance and good leadership help companies and families address the stresses and pursue the opportunities that these external and internal

forces of change produce. Ways to make governance and leadership be more adaptive in these times can be reviewed.

4. Finally, we are most likely to do the above if owners and leaders think more like owners (focused on value creation) and not just focus on operational excellence. In bumpy times like these more issues and decisions float up to the owners for their decision or at least their blessing. The role of family owners has become even more vital to long-term family enterprise success, acting as strategic leaders and governance members who anticipate change, build resilience, and help their enterprise adapt to our fast-changing, volatile, and less predictable world. This is the subject of much of my recent work.

As you consider my views on this central topic of our time, let me know your thoughts...

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## About the Authors



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John A. Davis is a globally recognized pioneer and authority on family enterprise, family wealth, and the family office. He is a researcher, educator, author, architect of the field's most impactful conceptual frameworks, and advisor to leading families around the world. He leads the family enterprise programs at MIT Sloan. To follow his writing and speaking, visit [johndavis.com](http://johndavis.com).

## About Cambridge Family Enterprise Group

Cambridge Family Enterprise Group (CFEG) is a global advisory, education, and research organization that serves family enterprises with growth aspirations—enabling them to flourish across generations. As a go-to trusted partner for the world's enterprising families, CFEG offers a wide range of services to navigate changing times, build pathways for continued growth, and achieve lasting success. Its pioneering thought leadership, strategies, and programs are used by families, family businesses, and family offices worldwide. Since its founding in 1989 by Professor John Davis, CFEG has advised and educated thousands of families from more than 70 countries.