

The Power of an Owner Strategy for the Family Enterprise

Understanding Owner Strategy and the CFEG Method

Q&A with Catalina Gaviria,
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The story of any family enterprise is largely about what the owners choose to do with what they own.

What is an Owner Strategy, and why does it matter for family enterprise success?

An Owner Strategy keeps the owners' hands on the steering wheel of their enterprise—as owners—and serves as the foundation for multigenerational family enterprise success.

An Owner Strategy is a **deliberate, pre-meditated, long-term plan that defines what the owners want to achieve with their joint assets and activities**, and how to get there—whether they own family businesses, financial investments, a family office, a foundation, or a combination. It articulates how the owners will grow their wealth and achieve their long-term vision and goals for what they own. It defines the family enterprise roadmap for the owners to continue to build value according to their values for another generation or more.

What is involved in developing an Owner Strategy?

The development of an effective Owner Strategy is an illuminating process and integrates a range of meaningful insights. It is collaborative and dynamic, co-created among the owners with the next generation.

- It asks the owners and next generation to reflect on and design their future.
- It conducts rigorous analysis of their businesses, assets, industries, and needs for the assets and family.
- It maps the trajectory of the owners, family, and assets into future generations, taking into account evolving circumstances and goals.
- It projects different scenarios from the owners' perspective (which is different from the managers' perspective).

- It designs the assets and activities for the next growth stage.
- It identifies resource and capital allocation priorities for the businesses, assets, and activities of the family.
- It designs the ways the owners will oversee their assets and activities. It guides the governance groups and owners, defining their roles and mandates, goals and budgets.
- It defines what the next generation must do to prepare themselves to be future owners and governance leaders.

The owners end up with a pragmatic long-term vision, a family enterprise roadmap, mandates for the governance forums, and a tactical plan to keep, grow, change, divest, and invest in the assets and activities that will help them achieve their goals and continue their legacy.

Owners ultimately decide the big determinants for the family enterprise to remain successful.

How does CFEG assist owners with developing their Owner Strategy and owner governance?

The Owner Strategy development process is a collaborative partnership between the owners and CFEG. Owners ultimately decide the strategy. CFEG guides the process, structuring and provoking discussions, analyzing options, educating the owners along the way, and making sure the parts of the strategy are consistent, feasible and additive.

The owners participate in visioning and self-reflection exercises, educational workshops, design sessions, the analysis of options and scenarios, collaborative discussions and debate, consensus-building and decision-making, and then championing and implementing the Owner Strategy.

The owners are asked to reflect on a range of topics related to their interests and concerns about the future. Below are sample questions asked of the owners during the process, among others:

1. What do you, as owners, want to achieve with what you own? What future are you trying to build through your family enterprise?
2. What motivates you as owners? What goals and needs must the Owner Strategy serve? What are your options for different combinations of assets and activities to meet those goals? What are the trade-offs of different combinations (such as growth, liquidity and the risk you are willing to take)?
3. What are your distinctive strengths as owners and as an enterprise? Are those strengths relevant for the future and how can they be passed on to next generation owners? How should they shape what you keep, grow, change, divest, and invest in?
4. How strong is your family ownership alignment around your shared vision? What decision-making model and practices will help you reach consensus and speak with one voice as owners?
5. What leadership, talent, governance, mandates to the governance forums, and oversight tools are needed to execute and monitor the Owner Strategy?
6. How should you engage and prepare next generation owners, integrate their perspectives, and strengthen their owner capabilities before the next generational transition?

What is an example of a complex decision that the Owner Strategy process helps owners make?

One of the hardest strategic decisions the owners face concerns capital allocation: *Where should we invest to keep growing in ways that will balance growth, liquidity needs, risks and also strengthen unity and engage the next generation?*

The owners must decide between reinvesting in their core business, investing in new companies or assets, launching new ventures, pursuing acquisitions, investing in private equity or venture capital, diversifying their liquid investments, experimenting in new sectors, or combining these paths. They do these while balancing their growth aspirations with their family's risk appetite, liquidity needs, the engagement of the owners, and the interests of the next generation.

The list of capital needs goes beyond company and financial investments; the owners also need to invest in governance, family unity, education, talent development, legacy traditions, community activities, and philanthropy.

These are not mere financial decisions, but strategic choices that shape the future of the family, wealth, the overall enterprise, and what the owners achieve together in the world.

An Owner Strategy does not present the owners with mere financial decisions, but rather with strategic choices that shape the future of the family, wealth, the overall enterprise, and what the owners achieve together.

How is the next generation involved in the Owner Strategy development process?

The next generation is included in the process because the long-term vision and plan that is created belongs not just to the current owners, but also to the future owners. We engage both generations collaboratively in this exercise and dialogue. The process builds a sense of partnership between the generations and mutual accountability to one another for what is created. This in turn supports the upcoming generational transition and the multigenerational success of the family. Of course, there is a distinction between having a voice in the process and having a vote. While we encourage the next generation's voice to be incorporated, the current owners ultimately decide.

Being able to shape the future of the family enterprise often excites the next generation and increases their engagement and commitment. They are usually eager for the opportunity to learn, input, and better get to know each other as owners or future owners. This is usually accompanied by talent development plans for the next generation to prepare themselves for future roles and contributions.

Why did CFEG develop the Owner Strategy methodology?

The Owner Strategy methodology is a natural evolution of our efforts to support family owners in achieving long-term success. We formalized the process after observing that few families proactively architect their overall assets and activities based on aligned family objectives.

Over the last several years, we observed that many families opportunistically build their family enterprise assets and activities over generations. Their current holdings often are the result of some combination

of “golden gut” intuition, maintaining tradition, leveraging the family’s reputation and know-how, addressing family members’ interests, keeping the peace in the family, tax efficiency, and sometimes inertia. In other words, we saw too many families skip a rigorous analysis of their portfolio, not do adequate planning given industry and technology changes, overlook or avoid deeper conversations about the shifts in mindset, priorities, and visions that naturally come with generational change, and as a result not have an effective Owner Strategy.

After seeing this disconnect between what owners need to do to support their long-term success and the process they were using, we developed the Owner Strategy methodology. Owners need a clear roadmap for the sustainable growth of their assets (their companies, investments managed by their family office, entrepreneurial ventures) as well as for their family activities (their philanthropy, talent, and unity). Their roadmap also needs to connect their family enterprise strategy, family office strategy, capital allocation, owner governance, and next generation engagement into one coherent plan.

As the ownership group grows in size and diversity over generations, and decision-making becomes more complicated, it is even more important for owners to have a single well-supported plan to guide them in the same direction. We believe this is a requirement to be successful long-term.

Why is it called Owner Strategy?

We call it Owner Strategy because the owners are the ultimate decision makers for their family enterprise. Owners have ultimate decision authority over the vision for the enterprise, capital allocation priorities, the choice of talent and culture, the design of governance, and the passing of responsibilities and authority to the next generation.

Owners fundamentally decide the big determinants for the family enterprise to remain successful and they either benefit from or bear the consequences of those decisions. That’s why we say that the story of any family enterprise is largely about what the owners choose to do with what they own. Because the strategy belongs to the owners, we call it Owner Strategy.

What is unique about CFEG’s approach to Owner Strategy?

Two aspects:

1) Each family’s Owner Strategy is unique and takes into account the owners’ aspirations, values, assets, industries, capabilities, opportunities, challenges, dynamics, and their next generation. Developing it is a process of co-creation and discovery, rigorous analytics, strategic thinking, and practical execution — while honoring what has been built and giving attention and creativity to designing what’s next. The process is adapted to each owner group.

2) One of our deeply held beliefs at CFEG, which permeates our work with family enterprises, is that the family owners must keep their hands on the steering wheel of their enterprise—as owners. In our work, the owners not only co-create their Owner Strategy, but also drive and oversee its progress (with the support of good governance and management). In addition to guiding the creation of the Owner Strategy, we co-design with the owners the process, tools, and governance to effectively guide their strategy and monitor its progress. We embed these capabilities into the ownership group so the ongoing maintenance of the Owner Strategy can be done eventually without CFEG.

About the Author



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Catalina Gaviria is a Partner and Owner Strategy expert at Cambridge Family Enterprise Group. Since 2011, Ms. Gaviria has advised family-owned enterprises in Latin America on strategies for growing and passing their enterprises to the next generation. She assesses the performance of family enterprise systems; advises on best practices; and designs and implements governance structures for the owners, businesses, and families. She is an owner strategy expert who assists owners in defining long-term strategies for their businesses and assets portfolio – balancing value creation, liquidity, and risks – while developing and strengthening the family mission and core values to achieve sustainable growth.

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.