

**Business, Innovation and Skills Committee**  
**Industrial Strategy Inquiry**  
**Institute for Family Business Response**

**About the Institute for Family Business**

The Institute for Family Business (IFB) is the UK's not for profit family business organisation, supporting and promoting the UK family-owned business sector through events, networking, representation, thought leadership and research.

We work closely with family firms to support them in growing enterprises for generations to come. IFB's members represent a strong collective voice, with a combined turnover approaching £100 billion and employing over half a million people.

There are four and a half million family businesses in the UK – over 16,500 of which are medium and large firms. They generate over a quarter of UK GDP and employ almost twelve million people.

**Family Business and the Industrial Strategy**

Family business is the backbone of our economy, and the bedrock of our communities. Family businesses want an industrial strategy which takes a genuine long term view, reflects the needs of UK private business and recognises what makes these businesses different.

In the UK, family firms generate a quarter of GDP and employ almost twelve million people. Family business is a great British success story, and these businesses are ambitious and eager to build on their success. By their very nature, family businesses take a long-term view, built on long-term stewardship of people and resources. Their commitment to passing something on to the next generation is locked into their corporate DNA. Family firms also act as incubators for entrepreneurship and future growth - promoting innovation and entrepreneurship.

Too often the perception of 'successful business' in Government is weighted towards entrepreneurs building businesses to a certain size and then selling or floating that business. This is a very narrow view of what business success looks like, and because of that the incredible work of family businesses is often overlooked. It is essential that when formulating their industrial strategy this Government re-evaluate what success in business looks like, and that they champion those family businesses which are rooted in their communities, innovating, investing and creating employment for generation after generation.

Family businesses need Government to understand the benefits to UK plc of a diversity of business ownership models, and the strategic importance of family business. We would like to see this understanding evident in the official advice from Government departments and agencies on starting and developing a business. In the last Parliament there was a focus on entrepreneurship and increasing the number of start-ups. All too often the advice to these business owners is concentrated on how to build a business which, once successful, can be sold. We believe there needs to be a better balance, with Government promoting the benefits of sustainable business for the long-term, and highlighting advice and support for business owners to help them achieve this.

In addition to ensuring the industrial strategy works for all types of business ownership models, it is also essential that it works for UK based businesses as well as those international businesses with UK operations, or at those firms the Government would encourage to invest in the UK.

The new industrial strategy must support and boost the wider positive role of business as part of a vibrant and successful UK. The strategy should not pick winners measured purely on economic terms, but focus on encouraging firms to take a more rounded view on success and what it means to be a responsible business. This includes investing in people, taking a long term outlook, and considering the social footprint of your business (including environmental and community engagement).

### **A Long Term Approach**

Many family firms have been operating for hundreds of years, and their longevity and enduring success are testament to their innovative and long term outlook. Family firms survive and thrive over generations by taking a long term and sustainable outlook, whilst adapting to stay relevant to the modern world. Family firms turnover £1.3 trillion in the UK each year. Growth in the sector brings benefits to the whole UK economy, consumer, the exchequer and the millions who work for family firms.

Sustainability, custodianship and long termism are core values which unite family businesses. This long term outlook gives family firms the opportunity to invest in training their employees, and to innovate and develop new products, processes and services. Continuity within the businesses support innovation, investment and increased productivity.

Family businesses need an industrial strategy which reflects their own long term outlook, and takes a genuinely long term view. A strategy which is looking ten to twenty years ahead, not just focusing on short term outcomes.

### **An Approach Supporting Family Businesses Across the Whole UK**

Family businesses are found in all parts of the UK. There are almost half a million family firms in the East of England, over one hundred thousand in Northern Ireland, and over three hundred thousand in Yorkshire. Whilst different areas will have different needs, it is essential that the needs of family businesses in all parts of the UK are understood and incorporated into the industrial strategy. The Government must also recognise the importance of not adding layers of complexity or bureaucracy to businesses which operate across multiple regions of the UK, especially not if that will stifle a business' ambition to expand its business domestically.

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