

PRESS RELEASE

11th May 2018

Business Breakfast discusses challenges of Family Business Transfer - A Collaboration between Bank of Valletta and The Malta Chamber of Commerce, Enterprise and Industry

The challenges faced by family businesses and their difficulties to survive across generations were discussed during a business breakfast which was organised by the Malta Chamber of Commerce, Enterprise and Industry in collaboration with Bank of Valletta on 8th May 2018.

Successful Succession Strategies brought together key players, and experts in the field, as well as members of prominent family businesses who managed to make the succession process a success.

Addressing the delegates, Malta Chamber President Mr Frank V. Farrugia said that family businesses were the backbone of Malta's economy so it was in the country's best interest to foster a favourable environment for family-run enterprises.

Mr Farrugia said that several challenges and uncertainties must be overcome throughout the lifetime of a family business, particularly when transferring from second to third generation and beyond.

"The presence of business fundamentals such as good governance structures, reliable and stable teams, motivated leadership and sound business plans are necessary for every business. Transitions from one generation to the next must be seamless for the business to maintain its operation and its reputation – and admittedly, this is no easy feat" he said.

For Albert Frendo – Chief Credit Business Development Officer at Bank of Valletta, the resilience of family businesses is what sets them apart. "Managing the interests of the family and the business concurrently is no easy feat," he said.

"The current generation inherited the business from the previous one, and its success will be measured on its effectiveness in passing on the business to the next generation in a better state, relevant and valid for its time, with the potential to grow further." He explained that one should be passionate about the business goals however vis-à-vis the day-to-day management of the business, a meticulous approach is required. "It is critical, though challenging, to set clear parameters between the business and the family interests. This is the basis on which the family business is then nourished through good governance and talent management."

Speaking about the Bank's involvement, Mr Frendo explained that Bank of Valletta is keen to support players in this sector. "It is a privilege for us to witness businesses being transferred from one generation to another. Generally in such instances, one finds a balance between the experience of the older generation and the energy brought in by the new generation. Managing this balance is at the heart of successful business succession stories."

Moderated by Mr Etienne Borg Cardona, a panel discussion featuring three well-established entrepreneurs discussed the strategies behind the success of their business' transition across generations.

Malta Chamber Council member Ms Liz Barbaro Sant who is the Director of Alberta Group underlined the importance of starting planning for succession early in the day. She said that for successful succession, it is important to have valid people at Board and Management level, while it is crucial for emotions to be addressed and well managed. She also noted that patience is a key factor throughout the process.

Coming from one of the most iconic family businesses of the country, Mr Louis Farrugia – Chairman of Farsons Group of Companies, said that succession is not the end. He stressed the importance of family members furthering their studies, as well as for their talents to be nurtured well ahead. The former Chamber President spoke about the importance of getting expert hands on deck from outside the family circle, which according to him made the difference.

Former Malta Chamber President Mr Anton Borg who is Managing Director of Eurosupplies Ltd said that businesses ought to identify who the leaders in the family were from early on. He emphasised the importance of keeping the best interest of the business a priority during the process and avoiding the pitfalls of getting too emotional. Mr Borg warned against underestimating the future generations, as he said that it was vital for them to be rewarded handsomely in order to keep them interested in the family business. A good governance structure was also important for Mr Borg as this provided transparency and an arena for healthy discussion between generations.

Dr Nadine Lia from the Family Business Office delivered a presentation on the instruments available to assist family business transfer.

END