

## **Closely-Held Family Businesses Rise in Value**

The “ultra high net worth” individuals across the world, who mostly derive their wealth from closely held family businesses, stand to gain as their business valuations improved in the past year. Some of the members of this elite club include the candy makers like the Koch brothers, the Ferrero and Mars families and the Otto family that owns the retail chain, Crate & Barrel. All of them have seen their business valuations grow last year.

According to a Singapore based data provider, Wealth-X, the private businesses controlled by “ultra high net worth” families across the world were valued at US\$3 trillion at the end of 2012. Out of this, North American family-controlled businesses were valued at \$860 billion, or 34% of the total value. Wealth-X defined “ultra high net worth” families as people with at least \$30 million in assets.

The data revealed that these family-controlled businesses have been growing in value. The value of these companies increased 5.5% from that in 2011, which outpaced the global GDP growth by more than three percent. The data also showed that more than half (about 54%) of the first-generation family businesses are owned by persons aged 60 years or more. This makes succession issues and managing future of these businesses (like taking it public or selling it), the primary concerns of their management. In US alone, the net worth of owners of these businesses (including their other assets) is about \$1.3 trillion. Thus, there is a lot of wealth waiting to be managed.

Source: The Wall Street Journal, June 17, 2013