Workshop: Exchange of best practices between (small/family) law firms

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Abstract

Family business is one of the quintessential cornerstones of all types of businesses including law practice. Law practice is not generally seen as a family business rather a professionalized business. In Latin America family owned and run law firms still remain that keystone to the countries justice system.

Business history is witness to the fact that most countries have family businesses playing significant roles in their economies, constituting the largest size in terms of ownership; contributing significantly to the gross domestic product (GDP) and employment. About a third of the companies listed in Fortune 500 are family businesses.

In the US, the most professionalized business nation, more than 80% of all companies are family-owned businesses contributing to 40% of GDP. Equally in Mexico, over 80% of all companies are family-owned and run businesses being an overwhelming contributing factor to Mexico's GDP.

Mexico is one of the few countries to have a trillionare GDP and still not having a relative ease to do business, equivalent with the country's GDP. As such, the success behind Mexico's trillionaire economy is, among other factors, it's grounding in family and family businesses.

Family businesses have always been a matter of great curiosity as they are distinctively different from other forms of larger, more publicly known businesses in more than one term, such as their entrepreneurial, managerial and organizational behaviors and styles.

Family business contributions include sharing cultural understanding of organization and leadership. Family offers trust and alliances, which are of great importance to business. The family model business influences the management's conceptions of leadership, distribution of authority and flow of information in the firm. The family business model includes several important aspects to the business, among which the importance of family, the importance of personal relationships, courtesy, respect, and emotional sensitivity including sensitivity to criticism are included. The manner in which communication is done is an important aspect as well, since family business communication is carried out in an informal, personalized communication style among family business members and close business associates akin to the family.

One of the key family businesses questions is how to survive until the third, fourth generation. It is common that while the second generation saw their founder-parent working hard to start the business and therefore, and are more likely to help build on and expand it, the third generation may not know where that wealth came from and is not so keen on helping build on and expanding that wealth.

Another key family business issue is the lack of common vision and a weak next-generation leadership. A shared vision for the family business is predicative of the presence of effective next-generation family leaders.

In a family business, conflict is inevitable, if conflict is not managed well, it can destroy the foundation of the business and lead to an emotionally charged conflict that can greatly impact everyone involved.

Lack of communication between family members is a common conflict as well. Communication with family members is very important for family unity and to achieve a successful family business. Money and its management is also a contender to conflicts if not managed well. The roles of each family member needs to match their skills. Not all family members are appropriate to take on any role.

As such, family members face different issues depending on each generation, certainly as a second generation, our issues to follow are, among others:

- **Leadership**
- **Ownership**
- **Legacy and values**
- **Wealth transition**