

# AldAF – Unicredit - Bocconi (AUB) Observatory on all the medium and large Italian Family firms

## Report 2010

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Promoted by:



Realized with the scientific support of:



**Università Commerciale  
Luigi Bocconi**

In collaboration with:



## Introduction



1. The firms included in the Observatory: stability and change
2. The reaction of family firms to the crisis: some “lessons” learned
3. An important acknowledgment: family firms still have better results than other
4. The challenge of collegial leadership
5. Family leaders are good for their companies (even if non family leaders are slowly increasing)
6. The validation of a popular saying: “the first generation builds, the second maintains and the third destroys”
7. Some experience is good, too much is bad
8. The generational change proceeds with (too much?) regularity
9. Women in firm leadership: “too much noise about nothing” (but women seem “to help” other women)
10. The corporate structure to manage the “generational drift”



**The second edition of the Observatory on Family Firms**, promoted by AldAF (Italian Association of Family Firms), AldAF–Alberto Falck Chair of Strategic Management in Family Business (Bocconi University), and by UniCredit Group, aims to realize the most comprehensive monitoring of the family controlled firms in Italy. Consistent with the previous edition, the population includes all the family firms which have exceeded the threshold of 50 million euro since 2007 (at least in one year).

## Part I

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The firms included in the  
Observatory: stability and  
change

❖ see the methodological note for the inclusion  
criteria

# The population (1/3)

## A comparison with the population of the previous edition of the Observatory



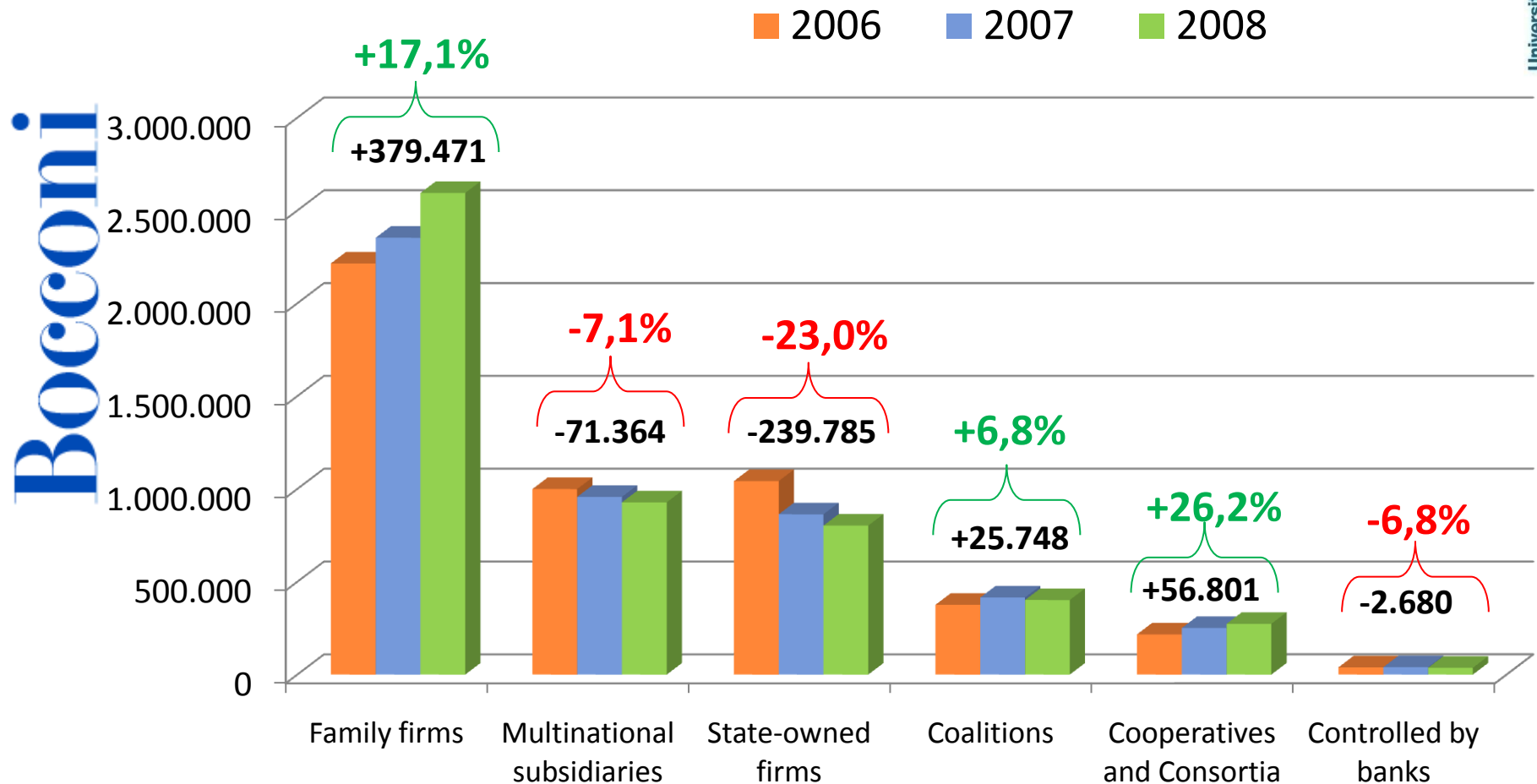
Ownership structure (*)	2007		2008	
	N (**)	%	N (**)	%
Family firms	<b>4.251</b>	55,5%	<b>4.221</b>	55,1%
Multinational subsidiaries	<b>1.817</b>	23,7%	<b>1.812</b>	23,7%
Coalitions	<b>694</b>	9,0%	<b>707</b>	9,2%
Cooperatives and Consortia	<b>423</b>	5,5%	<b>428</b>	5,6%
State-owned firms	<b>397</b>	5,2%	<b>413</b>	5,4%
Controlled by banks	<b>81</b>	1,1%	<b>79</b>	1,0%
<b>Total</b>	<b>7.663</b>	<b>100,0%</b>	<b>7.660</b>	<b>100,0%</b>

(\*) Source: AIDA.

Percentages calculated on 7.660 firms out of 8.093 (7.663 out of 8.096 for the year 2007) for which information about ownership structure is available.



## The total number of employees



(Source: AIDA)

# The population (3/3)

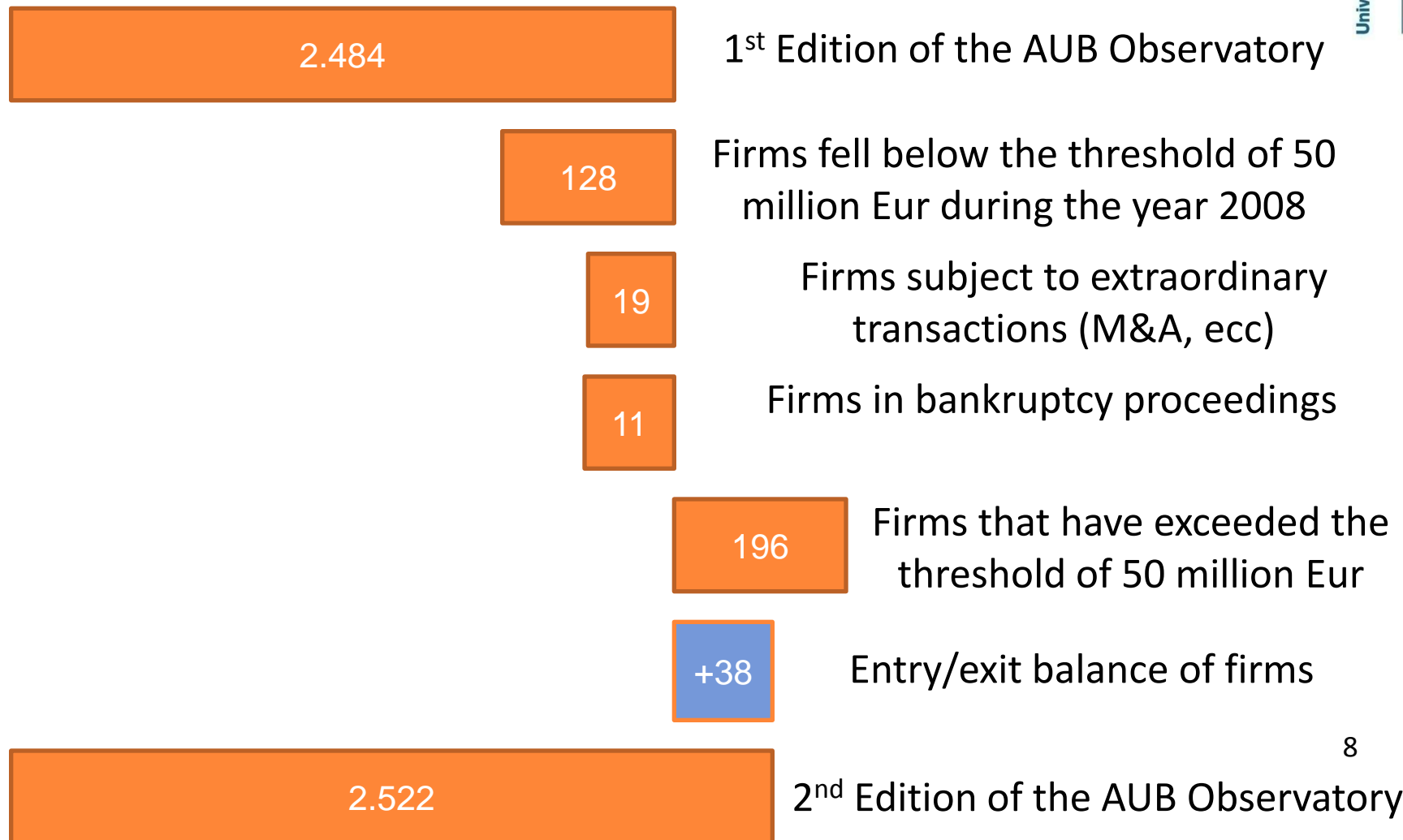


Year 2008	Population		Turnover (billion euro)	
	N	%	N	%
AUB Family firms	<b>2.522</b>	100%	<b>498.9</b>	100%
(of which) listed firms	<b>103</b>	4,1%	<b>94.2</b>	18,9%
(of which) firms with a Private Equity	<b>78</b>	3,1%	<b>60.4</b>	12,1%

(Source: AIDA)

# Population change (1/3)

From **2.484** Family firms in the first edition of the AUB Observatory to **2.522** of the current edition







## The **128** firms below the threshold of € 50 million

- ✓ They are most common in the Real Estate and Construction industries (25% compared with 15% of the national average);
- ✓ They are more concentrated in the North-West and less present in the North-East;
- ✓ They are run by older leaders (with more than 60 years).

## The **196** firms above the threshold of € 50 million

- ✓ They are younger than other (28% have less than 10 years, compared with 16% of the national average);
- ✓ They are run by younger leaders (40% of leaders have less than 50 years, compared to the 28% of the national average);
- ✓ They have showed during the period 2000-2008 returns on equity (ROE) always higher than other (12%, on average, compared to 8,6% of other family firms).

# Population change (3/3)

## Debt level

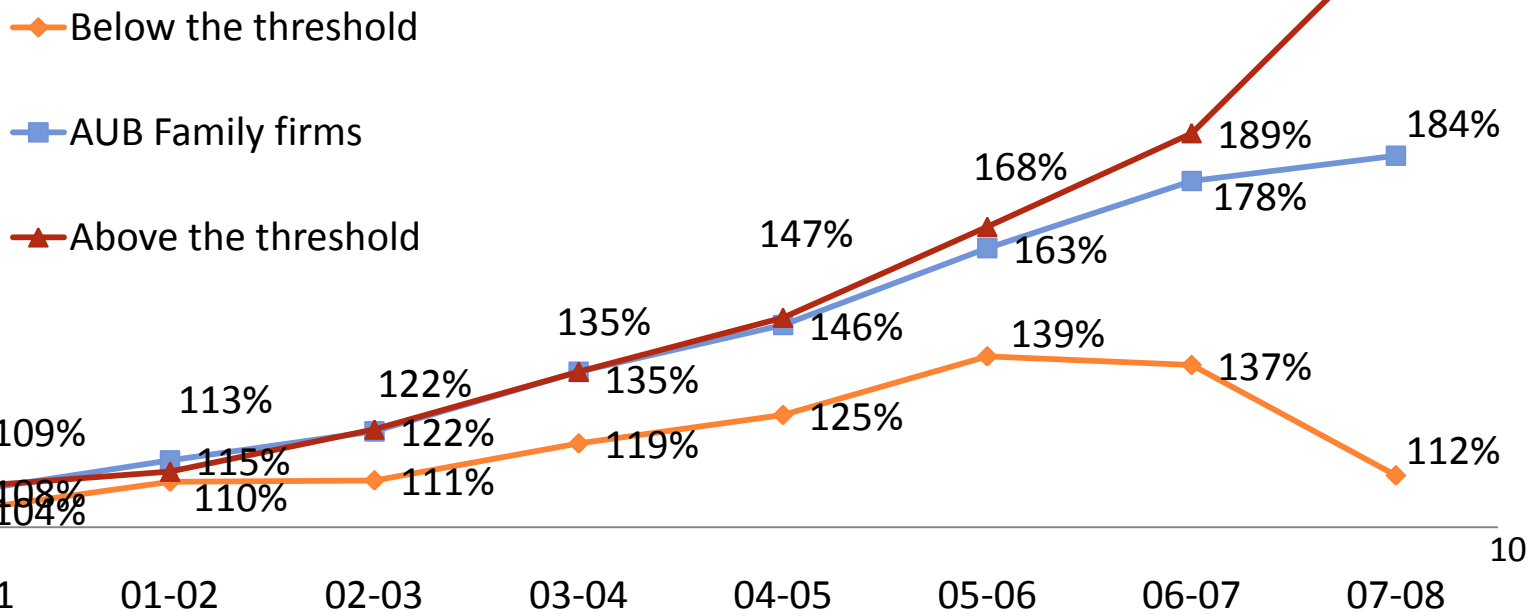


NFP/EBITDA (*)	2006	2007	2008	2009
Firms below the threshold	6,7	8,1	9,6	<b>10,5</b>
AUB Family firms	5,1	5,5	5,8	<b>6,5</b>

*Net Financial Position = Due to banks + Due to other lenders – Liquid funds.*

(\*) Percentages are based only on those firms with both positive values of NFP and EBITDA.

## Rate of revenue growth

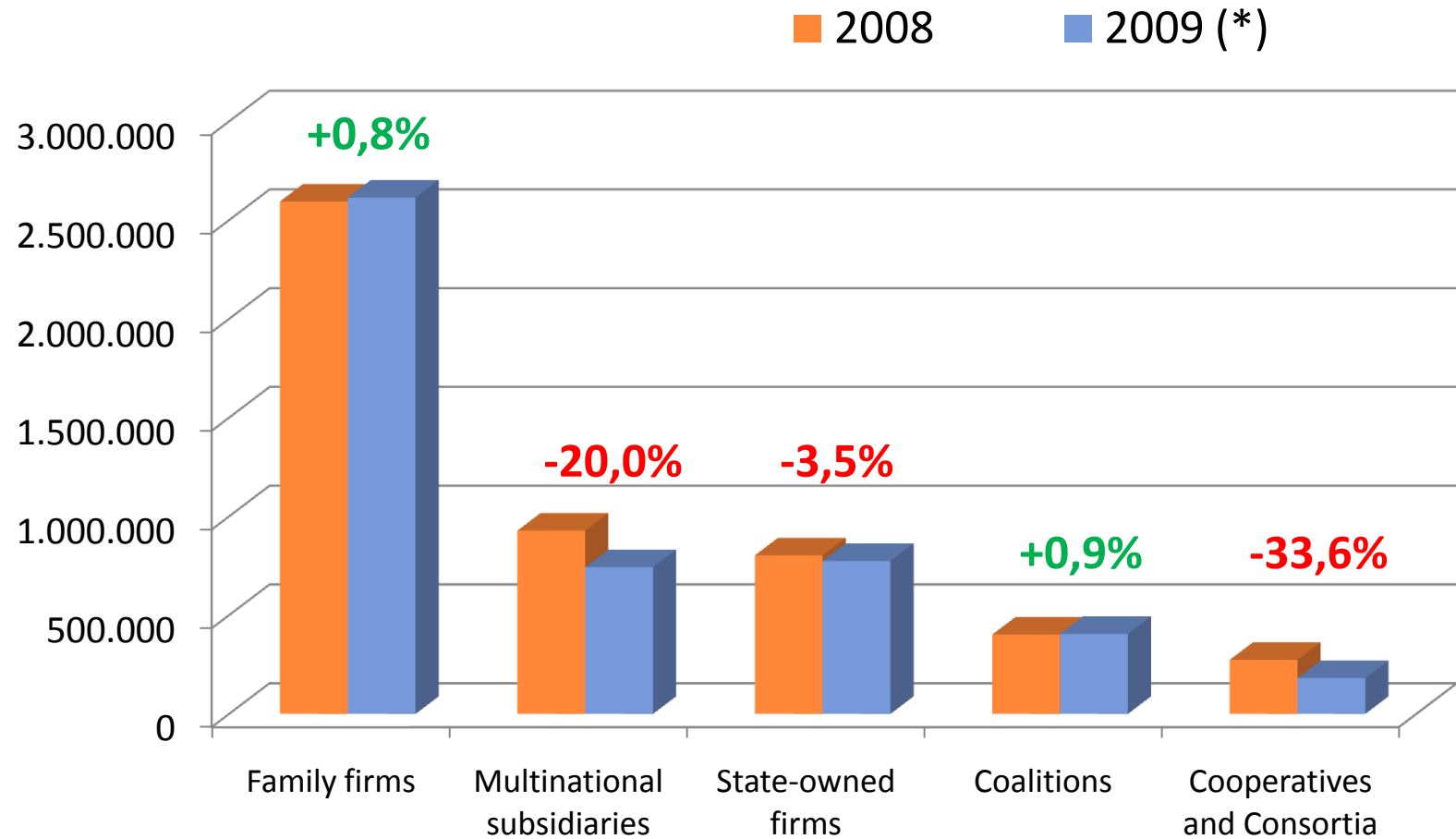


## Part II

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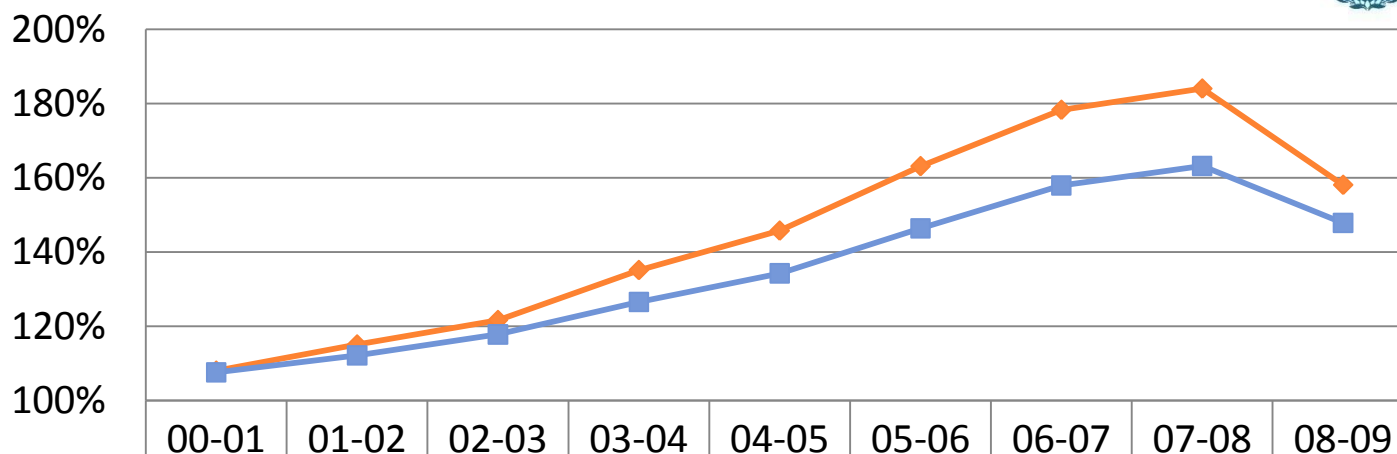
The reaction of Family firms to the crisis: some “lessons” learned

## The total number of employees



(\*) The 2009 total number of employees is an estimate based on 52% of the population in 12 2008 (Source: AIDA).

## Growth of Family and non-Family firms (\*)



—◆— AUB Family firms	108%	115%	122%	135%	146%	163%	178%	184%	158%
—■— Non Family firms	108%	112%	118%	127%	134%	146%	158%	163%	148%

Non Family firms	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09
Cooperatives	109%	114%	126%	136%	141%	151%	164%	175%	170%
State-owned firms	108%	110%	120%	130%	142%	153%	163%	175%	168%
Coalitions	109%	115%	121%	132%	142%	159%	174%	182%	163%
Multinational subsidiaries	107%	111%	115%	122%	128%	140%	150%	153%	134%

(\*) Compound growth 100-based (year 2000, calculated on sales revenues).

(Percentages calculated on 4.432 firms for the period 2000-2008; the 2009 figures are estimates based on 54% of the population in 2008).

## The growth of Italian firms in front of the financial crisis



Ownership structure	Growth 2006-07	Growth 2007-08	Growth 2008-09 (*)
AUB Family firms	9,3%	3,2%	-14,1%
Non Family firms	7,9%	3,4%	-9,4%

In particular, among non Family firms:

Non Family firms	Growth 2006-07	Growth 2007-08	Growth 2008-09 (*)
Multinational Subsidiaries	7,4%	1,4%	-12,0%
Coalitions	9,8%	4,1%	-10,2%
State-owned firms	6,0%	7,6%	-4,0%
Cooperatives and Consortia	8,5%	6,8%	-2,8%

(\*) The 2009 figures are estimates based on 54% of the population in 2008.  
(Source: AIDA)

## NFP/EBITDA: Family firms in front of the financial crisis



Bocconi

Observatory 1 <sup>st</sup> Edition (2007)		Observatory 2 <sup>nd</sup> Edition (2008)		Observatory 2009 Stress Test (**)	
NFP < 0	15,5%	NFP < 0	15,8%	NFP < 0	21,9%
EBITDA < 0	3,4%	EBITDA < 0	5,8%	EBITDA < 0	9,8%
NFP/EBITDA (*)	5,5	NFP/EBITDA	5,8	NFP/EBITDA	6,5

Observatory 1 <sup>st</sup> Edition (2007)		Observatory 2 <sup>nd</sup> Edition (2008)		Observatory 2009 Stress Test (**)	
NFP/EBITDA > 2	71,5%	NFP/EBITDA > 2	74,5%	NFP/EBITDA > 2	74,1%
NFP/EBITDA > 3	57,6%	NFP/EBITDA > 3	60,4%	NFP/EBITDA > 3	61,9%
NFP/EBITDA > 4	45,9%	NFP/EBITDA > 4	48,8%	NFP/EBITDA > 4	53,0%

Net Financial Position = Due to banks + Due to other lenders – Liquid funds.

(\*) Percentages are based only on those firms with both positive values of NFP and EBITDA.

(\*\*) The 2009 figures are estimates based on 39% of the population in 2008 (Source: AIDA).



## NFP/EBITDA determinants (\*)

Leverage	$\Delta$ 2007-2008	$\Delta$ 2008-2009 (**)
NFP/EBITDA	<b>+0,3</b>	<b>+0,7</b>
NFP	<b>+13,3%</b>	<b>-1,9%</b>
EBITDA	<b>+3,2%</b>	<b>-8,0%</b>

Net Financial Position = Due to banks + Due to other lenders – Liquid funds.

(\*) Percentages are based only on those firms with both positive values of NFP and EBITDA. On the same basis, changes in the NFP and EBITDA was calculated as the average of changes in each firm.

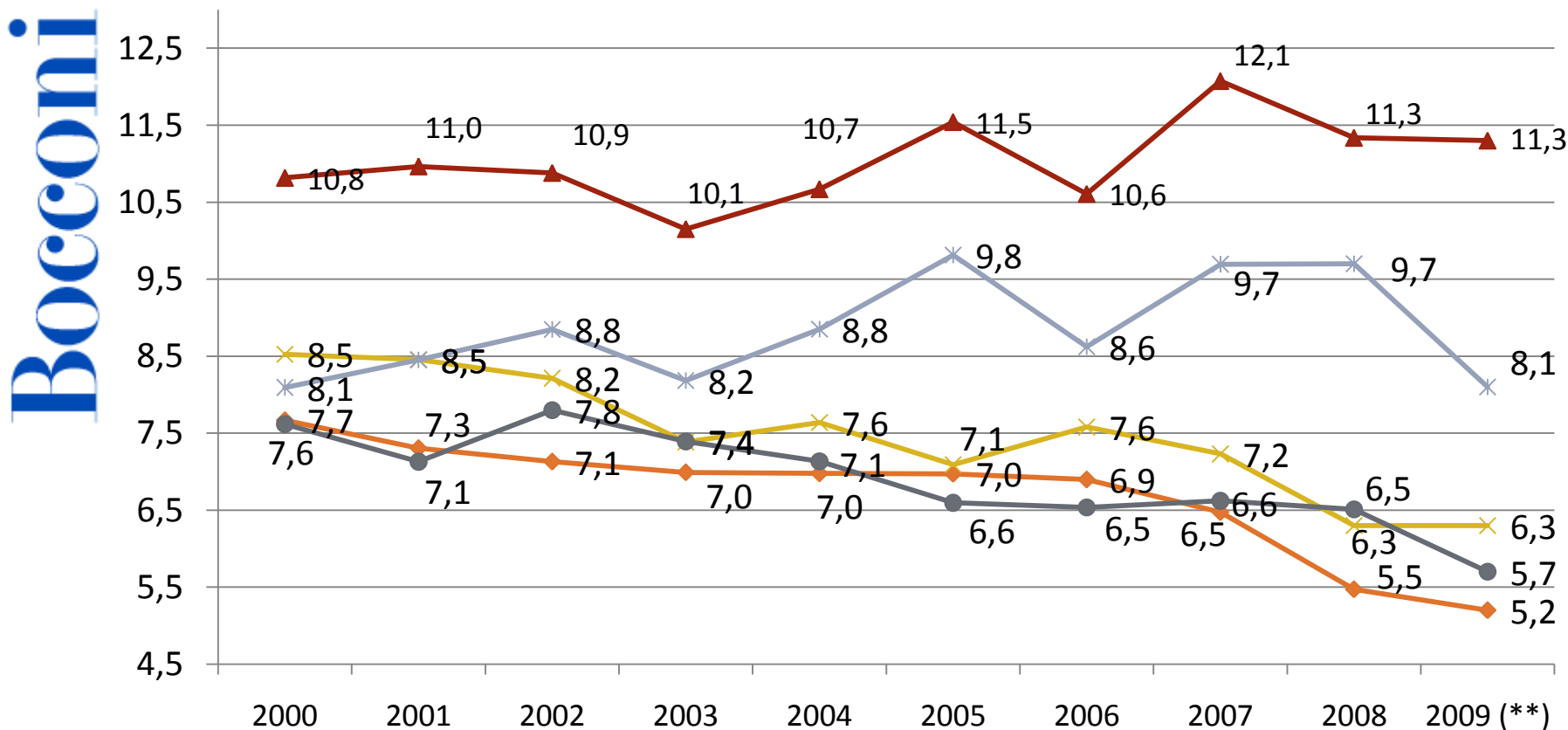
(\*\*) The 2008-2009 figures are estimates based on 39% of the population in 2008.

(Source: AIDA)



## Leverage in the different ownership structures (\*)

◆ AUB Family firms      ▲ Cooperatives      ✕ Coalitions  
✧ State-owned firms      ● Multinational subsidiaries



(\*) Leverage = Total Assets/Shareholders' Funds (Source: AIDA).

(\*\*) The 2009 figures are estimates based on 50% of the population in 2008.

## Leverage: Italian firms in front of the financial crisis (\*)

Ownership structure	Leverage 2007	Leverage 2008	Leverage 2009 (**)	Δ 2007-08	Δ 2008-09
AUB Family firms	6,5	5,5	<b>5,2</b>	<b>-1,0</b>	<b>-0,3</b>
Non Family firms	7,8	7,4	<b>6,7</b>	<b>-0,4</b>	<b>-0,7</b>

In particular, among non Family Firms:

Non Family firms	Leverage 2007	Leverage 2008	Leverage 2009 (**)	Δ 2007-08	Δ 2008-09
State-owned firms	9,7	9,7	<b>8,1</b>	<b>=0,0</b>	<b>-1,6</b>
Multinational subsidiaries	6,6	6,5	<b>5,7</b>	<b>-0,1</b>	<b>-0,8</b>
Coalitions	7,2	6,3	<b>6,3</b>	<b>-0,9</b>	<b>=0,0</b>
Cooperatives	12,1	11,3	<b>11,3</b>	<b>-0,8</b>	<b>=0,0</b>

(\*) Leverage = Total Assets/Shareholders' Funds (Source: AIDA).

(\*\*) The 2009 figures are estimates based on 50% of the population in 2008.



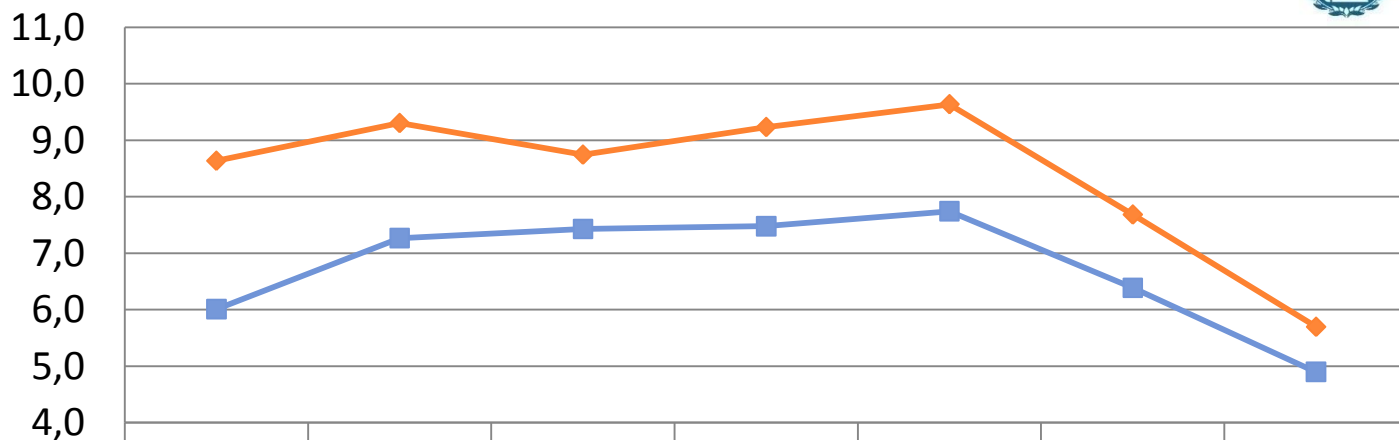
## Leverage determinants (\*)

Ownership structures	$\Delta$ Leverage 07-08	$\Delta$ Assets	$\Delta$ Equity	$\Delta$ Leverage 08-09	$\Delta$ Assets	$\Delta$ Equity
AUB Family firms	<b>-1,0</b>	+9,8%	+28,9%	<b>-0,3</b>	-1,1%	+3,8%
Coalitions	<b>-0,9</b>	+10,7%	+25,8%	<b>=0,0</b>	-3,2%	+2,8%
Cooperatives	<b>-0,8</b>	+10,8%	+17,0%	<b>=0,0</b>	+4,0%	+4,1%
Multinational Subsidiaries	<b>-0,1</b>	+3,5%	+8,2%	<b>-0,8</b>	-4,6%	+1,4%
State-owned firms	<b>=0,0</b>	+9,6%	+9,0%	<b>-1,6</b>	+0,1%	+8,6%

(\*) Percentages of Leverage determinants are related to all firms for which figures are available.



## ROI of Family and non Family firms



	2003	2004	2005	2006	2007	2008	2009 (*)
— AUB Family firms	8,6	9,3	8,7	9,2	9,6	7,7	5,7
— Non Family firms	6,0	7,3	7,4	7,5	7,7	6,4	4,9

Non Family firms	2003	2004	2005	2006	2007	2008	2009 (*)
State-owned firms	9,8	8,2	8,2	7,3	6,9	7,4	8,0
Multinational Subsidiaries	6,2	7,8	7,8	7,9	8,7	6,8	4,9
Coalitions	6,1	7,5	8,0	8,6	8,7	7,1	4,4
Cooperatives	1,8	4,0	4,6	4,2	4,4	3,7	3,5

(\*) Percentages calculated on 4.163 firms for the period 2000-2008; the 2009 figures are estimates based on 45% of the population in 2008.

## Part III

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An important acknowledgment:  
Family firms still have better  
results than other



## Family firms are more profitable

Ownership structure	$\Delta$ ROI	$\Delta$ ROE
AUB Family firms	+1,3***	+0,7***
Non Family firms	-1,5***	-1,3***

In particular, among non Family firms:

Non Family firms	$\Delta$ ROI	$\Delta$ ROE
State-owned firms	+1,5*	-0,5*
Multinational Subsidiaries	-0,5**	-0,7*
Cooperatives	-4,2***	-4,2***
Coalitions	-0,2	-0,5

ROI and ROE in the table show that firm performances are **positively (+)** or **negatively (-)** affected by the different configuration of ownership structure compared to the national average and the figure is statistically significant with:

\*\*\*High significance ( $p < .001$ ) \*\*Medium significance ( $p < .01$ ) \*Acceptable significance ( $p < .10$ )

Data processing is related to the period 2000-2008 (Source: Aida).

## Family ownership and firm size (\*)

<div>Bocconi</div>	ROE = 0,0	ROE = -1,8***	-1,0***	Large
	ROE = +1,5***	ROE = -0,9*	+1,0***	Small
	+1,7***	-1,7***		
	100%	Majority		

FIRM  
SIZE

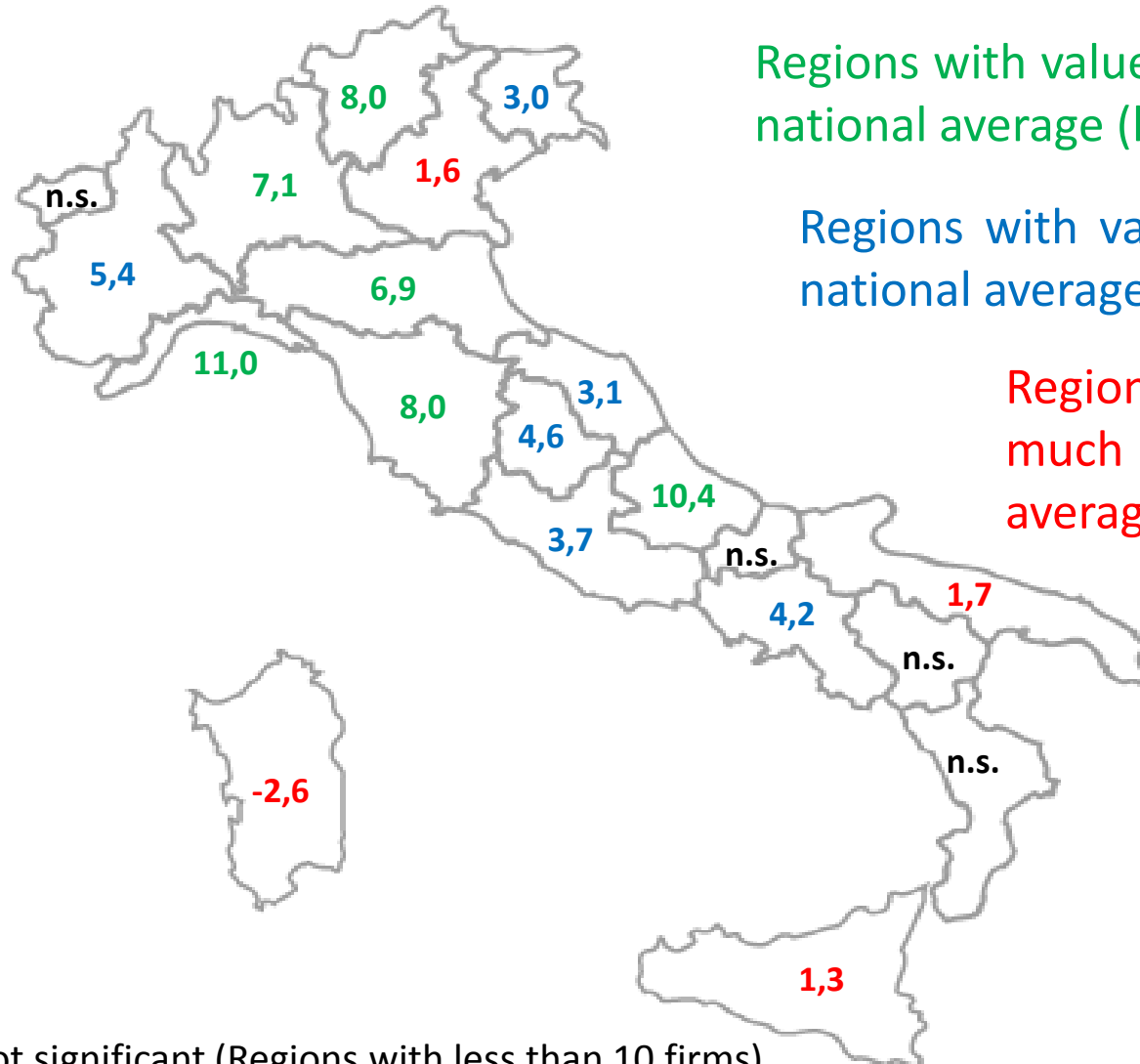
### FAMILY CONTROL

ROI and ROE in the table show that firm performances are **positively (+)** or **negatively (-)** affected by the different configuration of ownership structure compared to the national average and the figure is statistically significant with:

\*\*\*High significance ( $p < .001$ ) \*\*Medium significance ( $p < .01$ ) \*Acceptable significance ( $p < .10$ )

(\*) The division into four parts was made taking, respectively, the median of sales revenues and the 100% family control. Data processing is related to the period 2000-2008 (Source: Aida).

## ROE of Family firms and geographical area (\*)



Regions with values of ROE above the national average (higher than 5,5)

Regions with values of ROE below the national average (between 5,5 and 3,0)

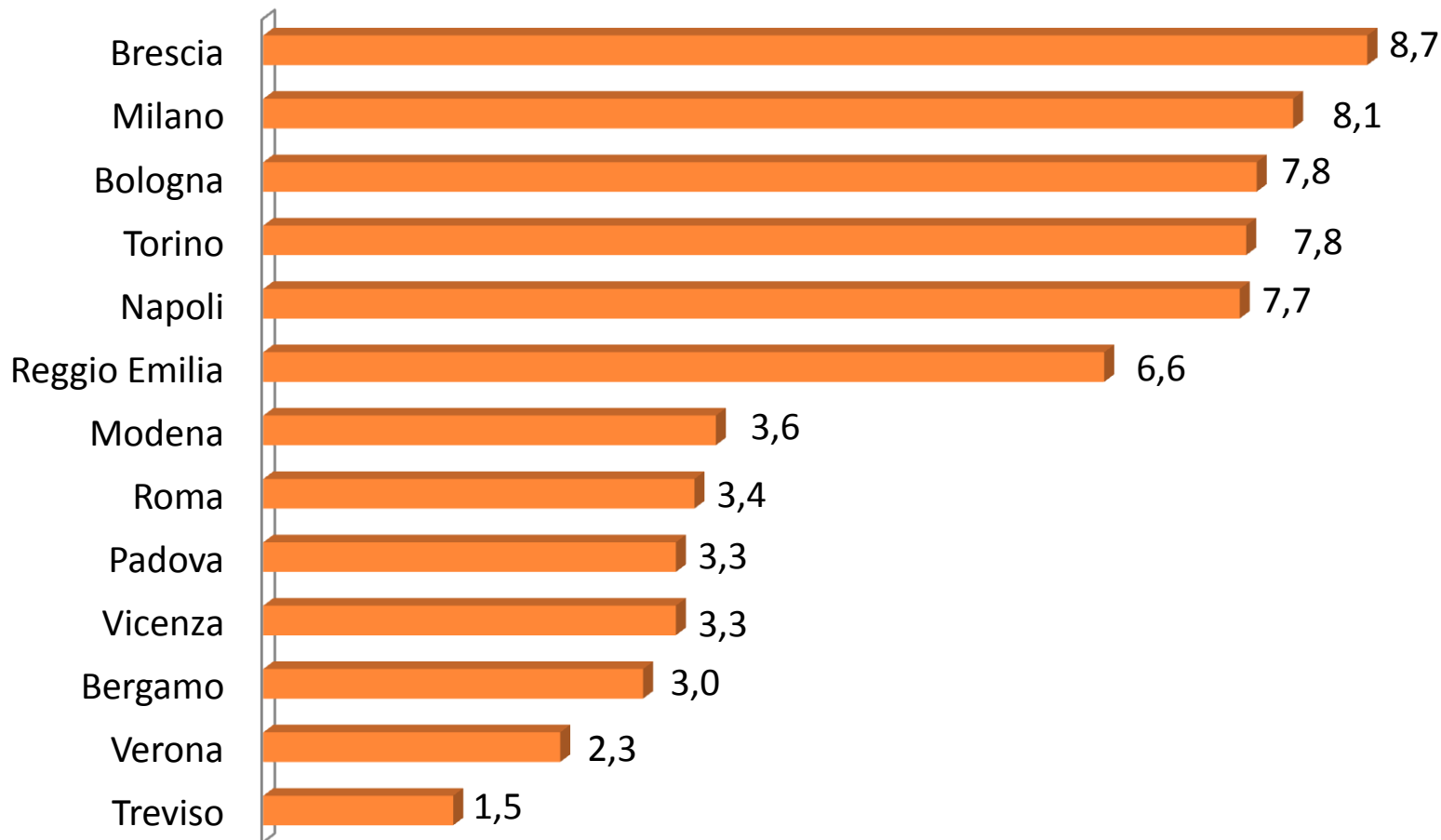
Regions with values of ROE much below the national average (less than 3,0)

n.s. = not significant (Regions with less than 10 firms)

(\*) Average ROE (Net Income/Shareholders' Funds) equal to 5,5 in 2008 (Source: AIDA).

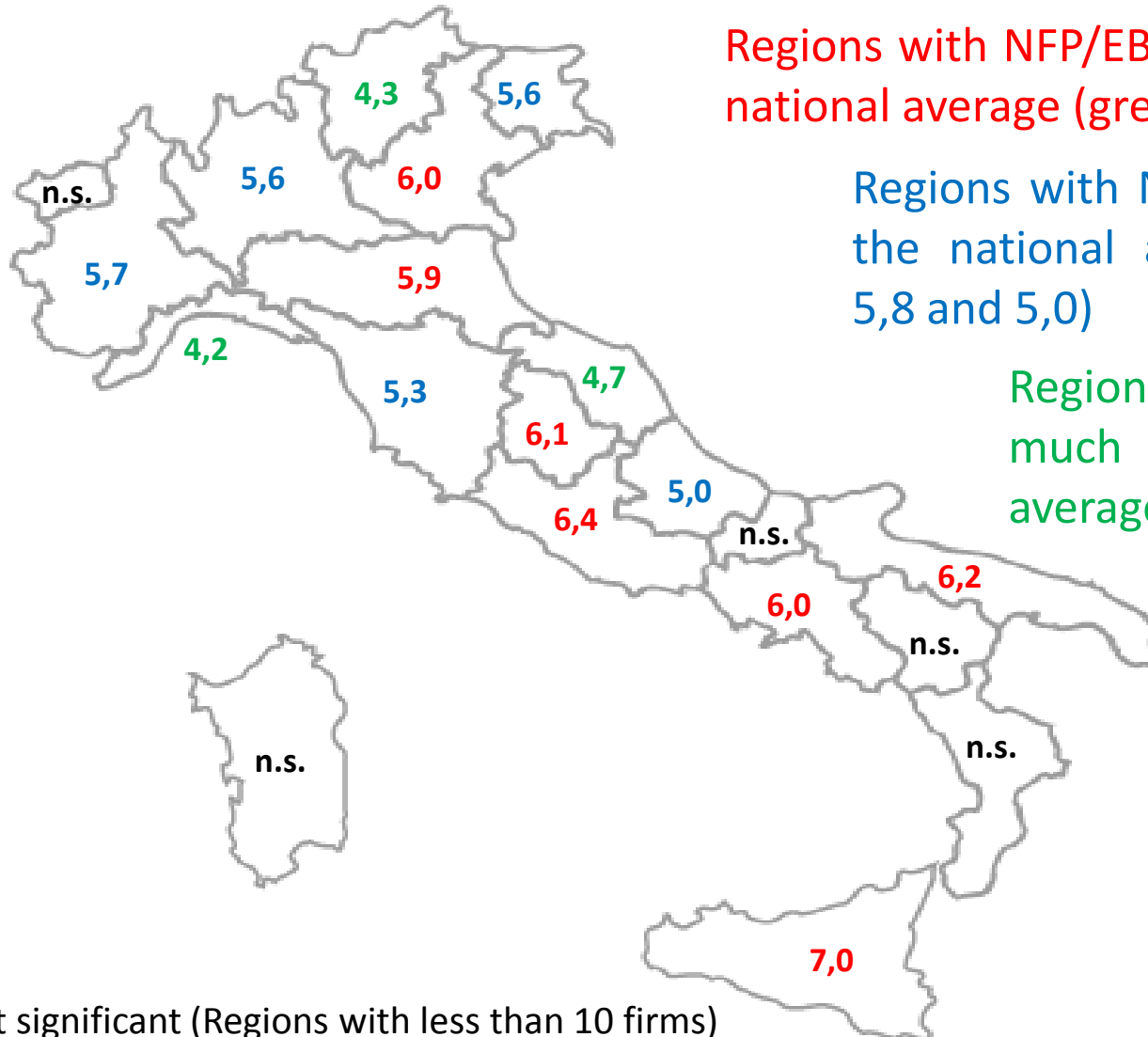


## ROE in the Provinces where Family firms are more present (\*)



(\*) Provinces with more than 50 companies in the area.

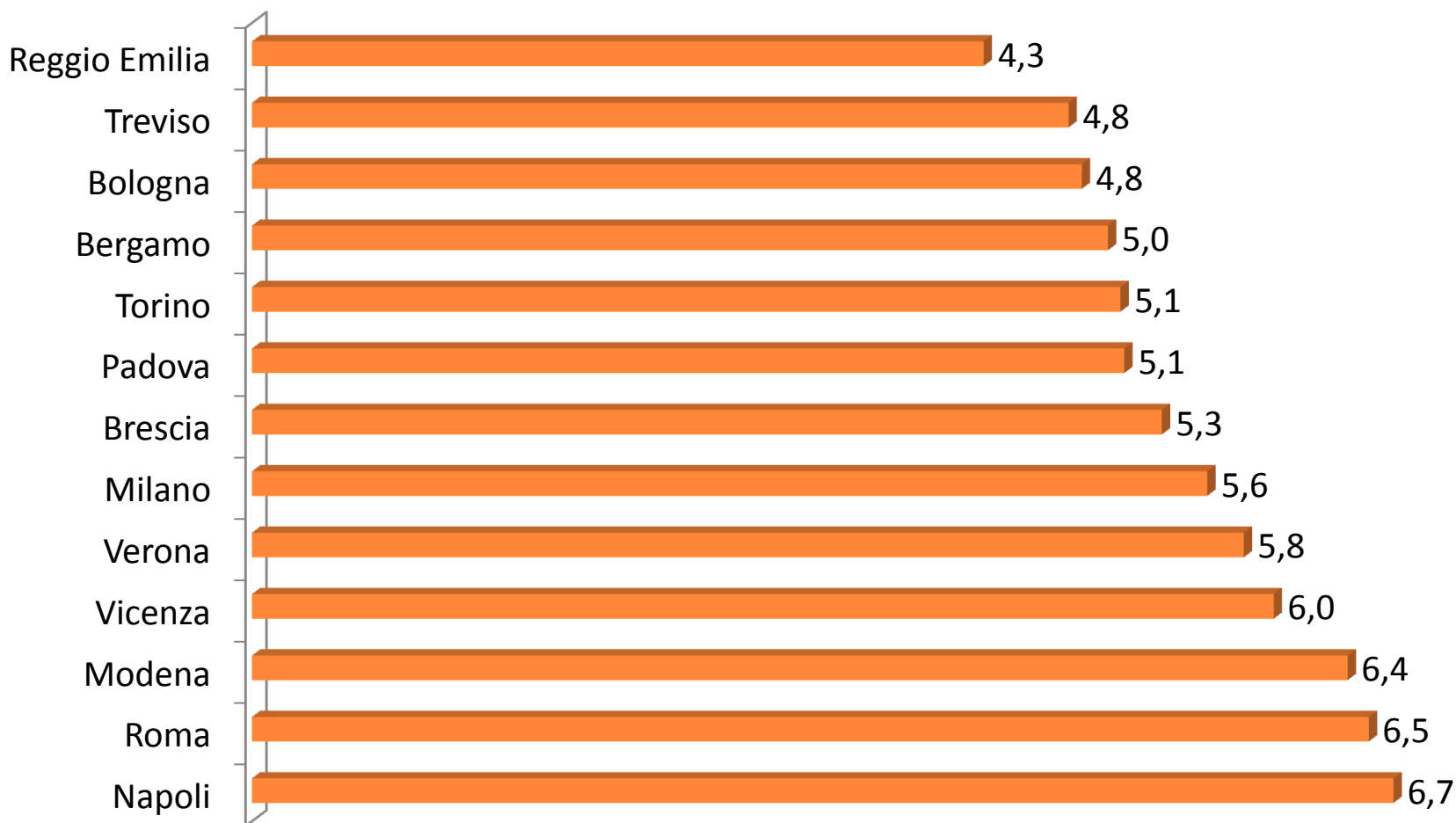
## NFP/EBITDA in the Family firms and geographical area (\*)



n.s. = not significant (Regions with less than 10 firms)

(\*) Average NFP/EBITDA equal to 5,8 in 2008 (Source: AIDA).

## NFP/EBITDA in the Provinces where Family firms are more present (\*)



(\*) Provinces with more than 50 companies in the area.

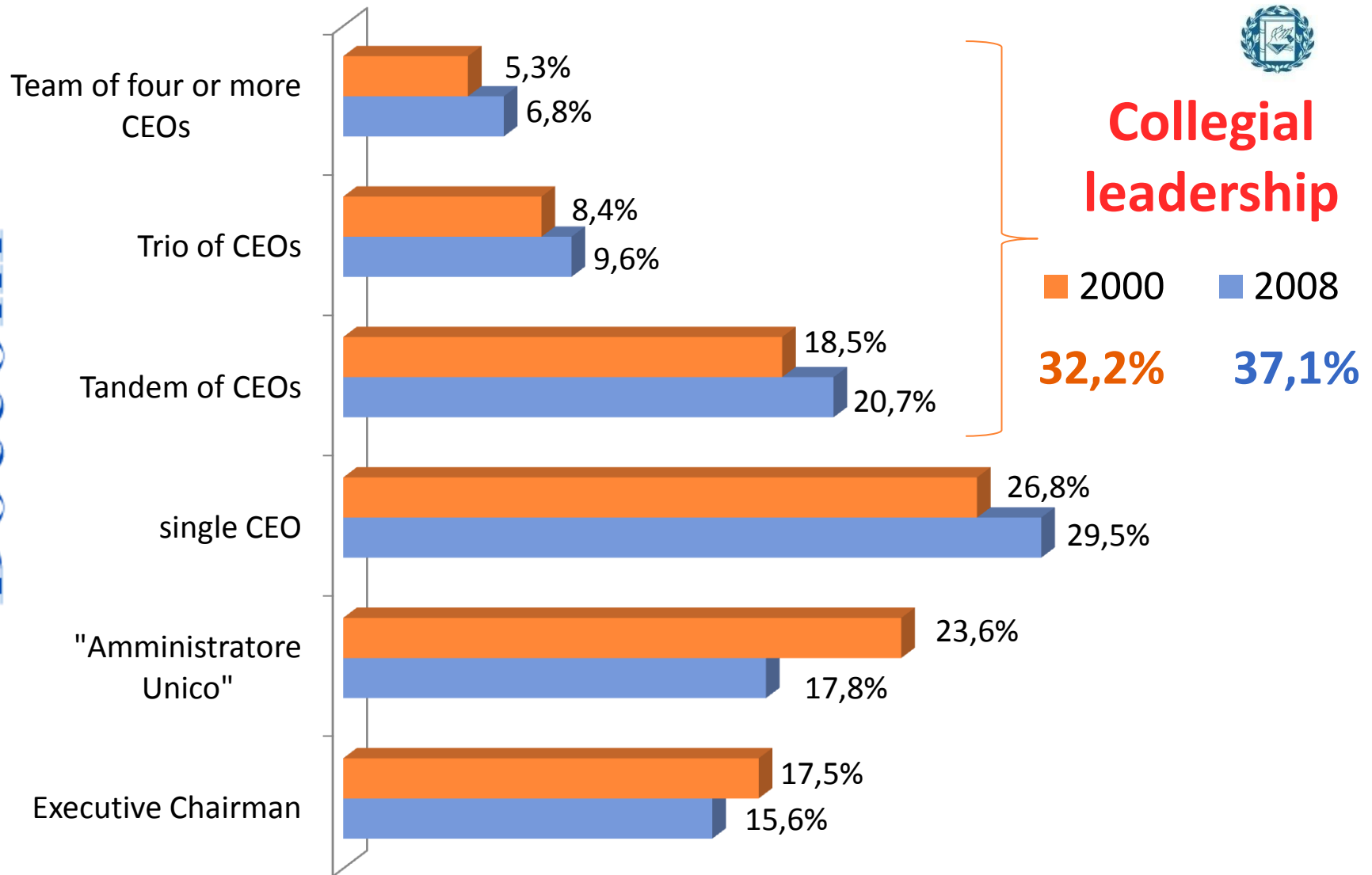
## Part IV

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# The challenge of collegial leadership

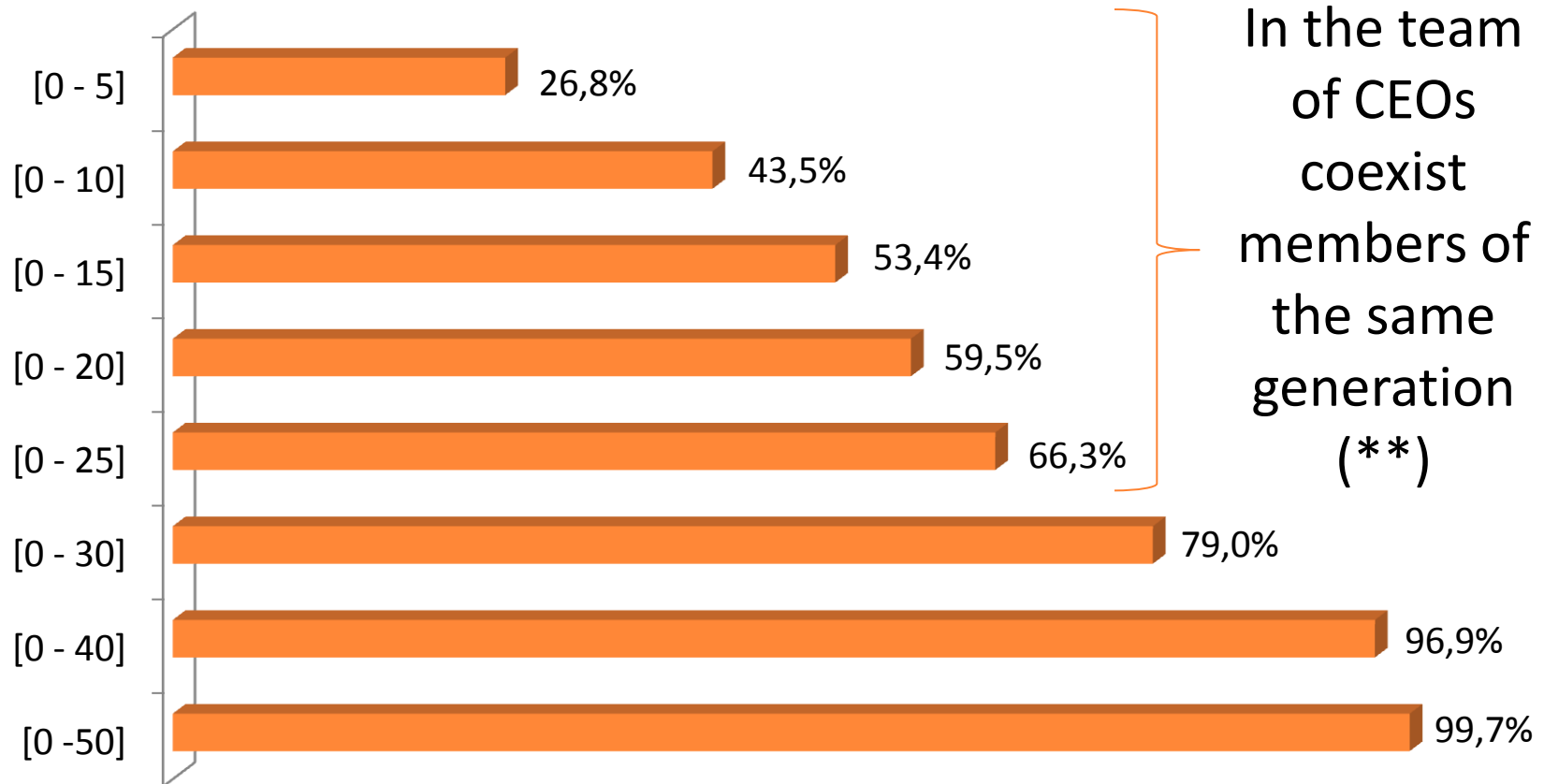
# The importance of collegial leadership

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(\*) In 247 out of 743 family firms (about 33% of cases) in which there is only one CEO in charge, he also covers the role of Chairman.

## Age difference between the oldest and youngest CEO in the team in charge (\*)



(\*) Percentages calculated in 37,1% of cases in which there is a collegial leadership.

(\*\*) Generations are defined by checking the age of the company with respect to the tenure of the leader in charge, and assuming a time period of 25 years as a splitting line between one generation and the next.

# Collegial leadership and firm age

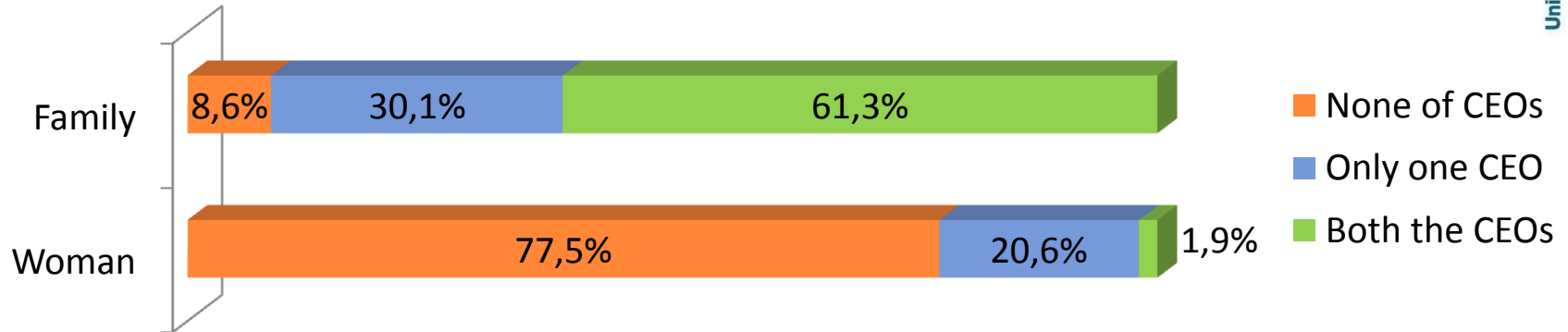


## Leadership structures and firm age

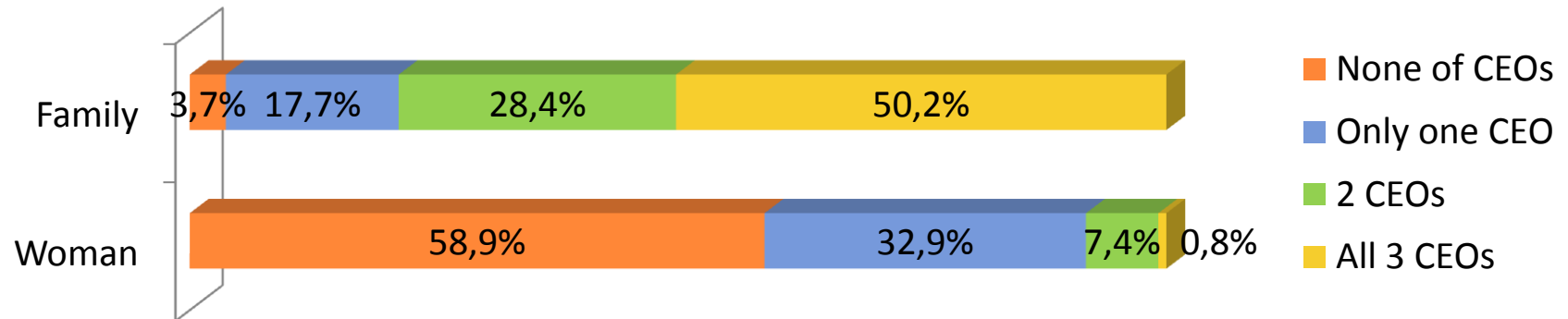
Leadership structures	N	Very young	Young	Mature	Long-lived
Tandem of CEOs	<b>20,7%</b>	16,1%	20,5%	23,0%	18,8%
Trio of CEOs	<b>9,6%</b>	7,5%	9,2%	10,8%	9,6%
Team of four or more CEOs	<b>6,8%</b>	3,7%	8,1%	6,9%	6,6%
Collegial leadership	<b>37,1%</b>	27,3%	37,8%	40,7%	35,0%
Individual leadership	<b>62,9%</b>	72,7%	62,2%	59,3%	65,0%
Total	100,0%	100,0%	100,0%	100,0%	100,0%

## Models of collegial leadership (\*)

### Tandem of CEOs



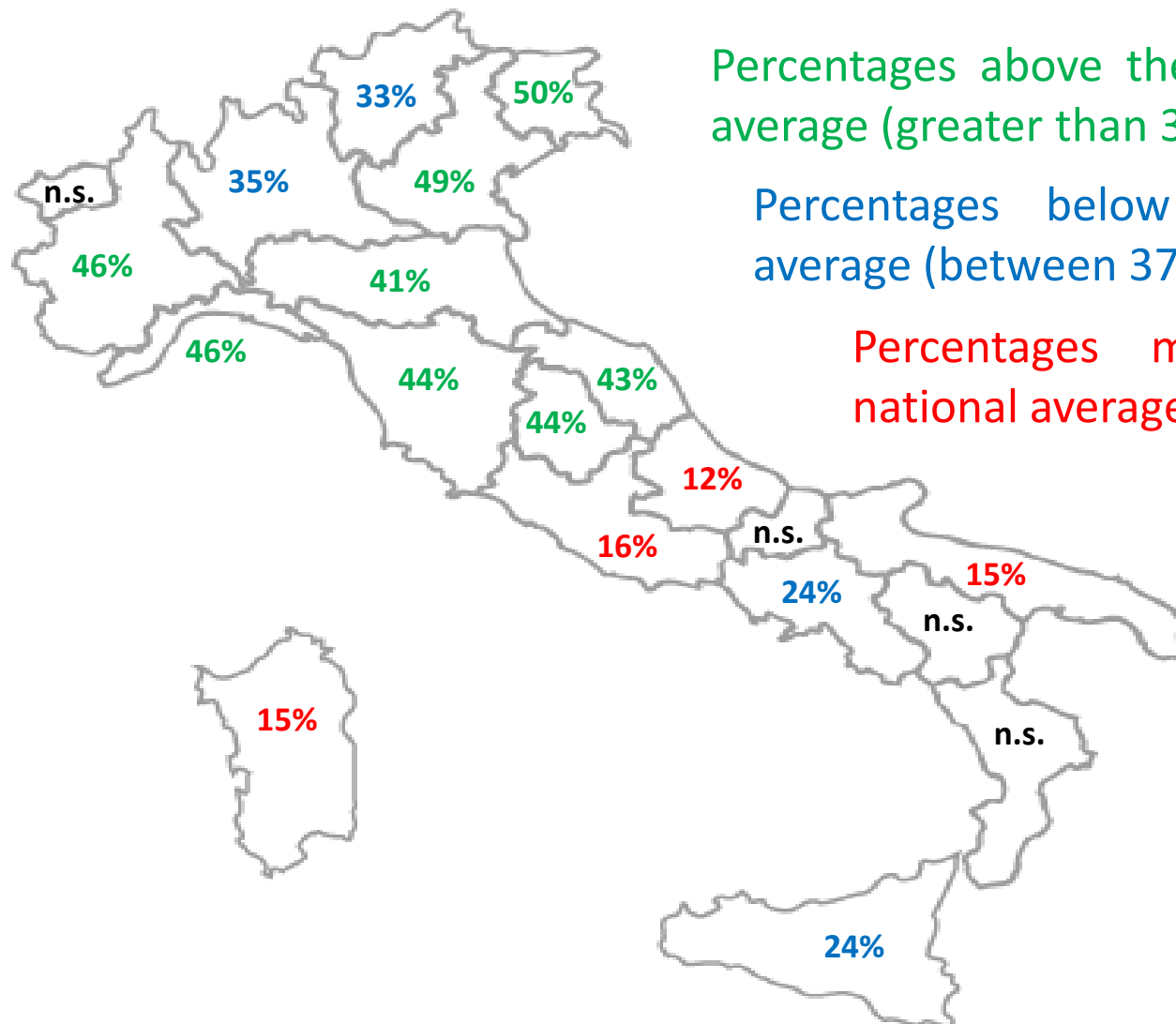
### Trio of CEOs



(\*) In 699 out of 936 total firms (about 75% of cases) one of the CEOs also covers the Chairman position.



# Collegial leadership and Regions



Percentages above the national average (greater than 37,1%) (\*)

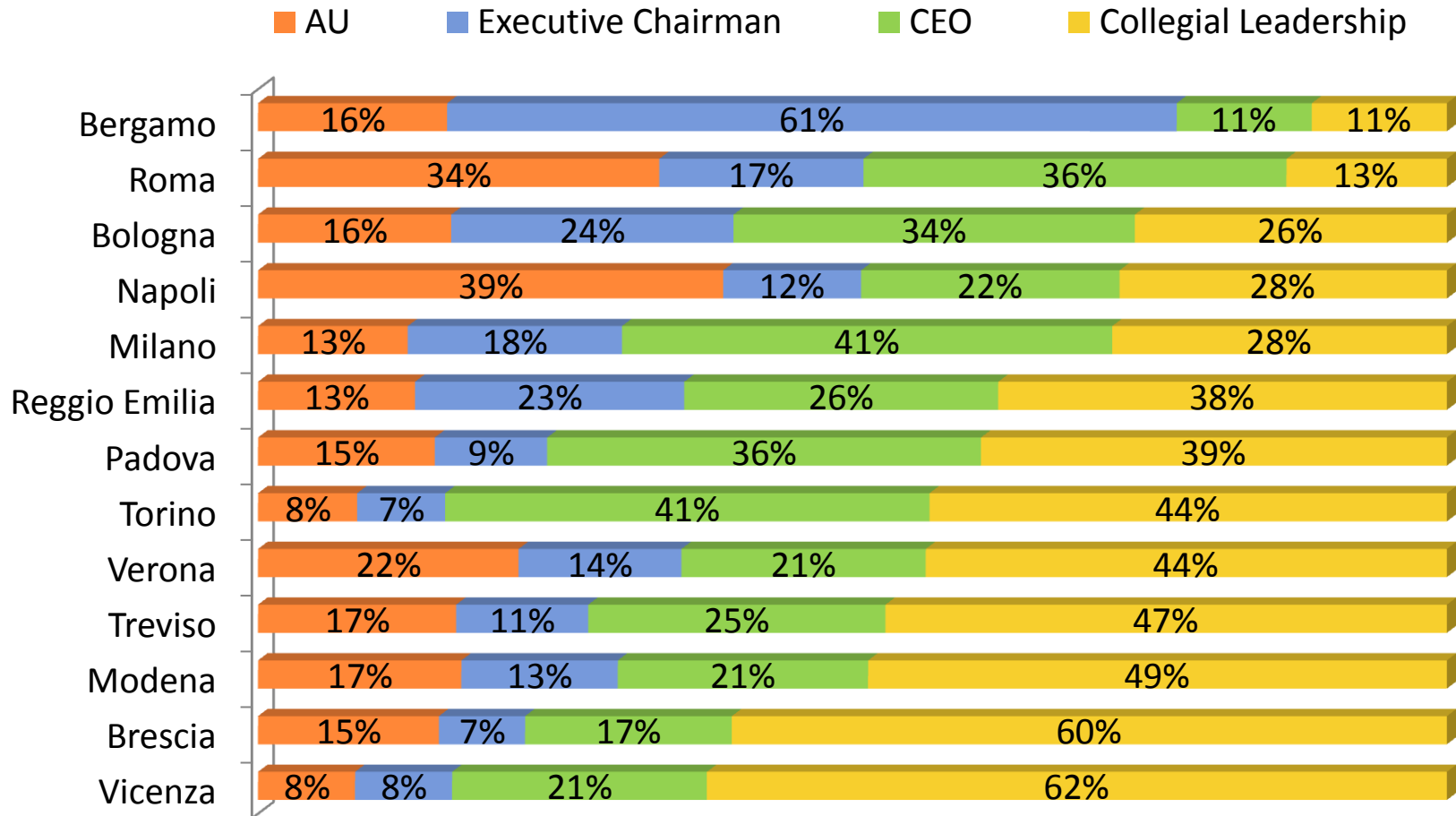
Percentages below the national average (between 37,1% and 20,0%)

Percentages much below the national average (less than 20,0%)

n.s. = not significant (Regions with less than 10 firms)

(\*) The percentage of firms with a collegial model was equal to 37,1% in 2008.

## Leadership structures in the Provinces where Family firms are more present (\*)



(\*) Provinces with more than 50 companies in the area.

# Leadership structures and performance



Leadership models	%	$\Delta$ ROI	$\Delta$ ROE	$\Delta$ Growth
Individual leadership	<b>62,9%</b>	-0,2	<b>+0,9**</b>	+0,3
Collegial leadership	<b>37,1%</b>	+0,2	<b>-0,9**</b>	-0,3

ROI and ROE in the table show that firm performances are **positively (+)** or **negatively (-)** affected by the different configuration of leadership compared to the national average and the figure is statistically significant with:

\*\*\*High significance ( $p < .001$ )

\*\*Medium significance ( $p < .01$ )

\*Acceptable significance ( $p < .10$ )

Data processing is related to the period 2000-2008 (Source: Aida).

## Part V

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Family leaders are good for their companies (although non-family leaders are slowly increasing)



## Individual leadership and performance

Individual leadership (*)	%	$\Delta$ ROI	$\Delta$ ROE	$\Delta$ Growth
Family leader	77,6%	+0,3*	+1,2***	+0,7**
Non Family leader	22,4%	-1,1***	-0,7	-0,8*

ROI and ROE in the table show that firm performance are **positively (+)** or **negatively (-)** affected by the different configuration of leadership compared to the national average and the figure is statistically significant with:

\*\*\*High significance ( $p < .001$ )

\*\*Medium significance ( $p < .01$ )

\*Acceptable significance ( $p < .10$ )

Data processing is related to the period 2000-2008 (Source: Aida).

(\*) The comparison for both types of individual leadership is carried out against all other models.



## Collegial leadership and performance

Collegial leadership (*)	%	$\Delta$ ROI	$\Delta$ ROE	$\Delta$ Growth
Less than 50% of family CEOs	14,1%	-0,6*	-0,8	-0,4
Family CEOs greater than or equal to 50%	32,3%	-0,3	-1,0*	-0,8*
All CEOs are family members	53,6%	+0,6***	-0,4	+0,2

ROI and ROE in the table show that firm performance are **positively (+)** or **negatively (-)** affected by the different configuration of leadership compared to the national average and the figure is statistically significant with:

\*\*\*High significance ( $p < .001$ )

\*\*Medium significance ( $p < .01$ )

\*Acceptable significance ( $p < .10$ )

Data processing is related to the period 2000-2008 (Source: Aida).

(\*) The comparison for both types of individual leadership is carried out against all other models.



## Leadership succession and familiarity

Year	Family			Non family		
	Outgoing	Ingoing	Balance	Outgoing	Ingoing	Balance
2000	16	16	0	23	23	0
2001	44	38	-6	39	45	6
2002	55	57	2	43	41	-2
2003	40	58	18	52	34	-18
2004	50	62	12	50	38	-12
2005	65	63	-2	42	44	2
2006	46	40	-6	44	50	6
2007	60	54	-6	43	49	6
2008	64	45	-19	38	57	19
Total	440	433	-7	374	381	7

Since 2005 there is a turnaround in favor of incoming leaders not belonging to the controlling family.

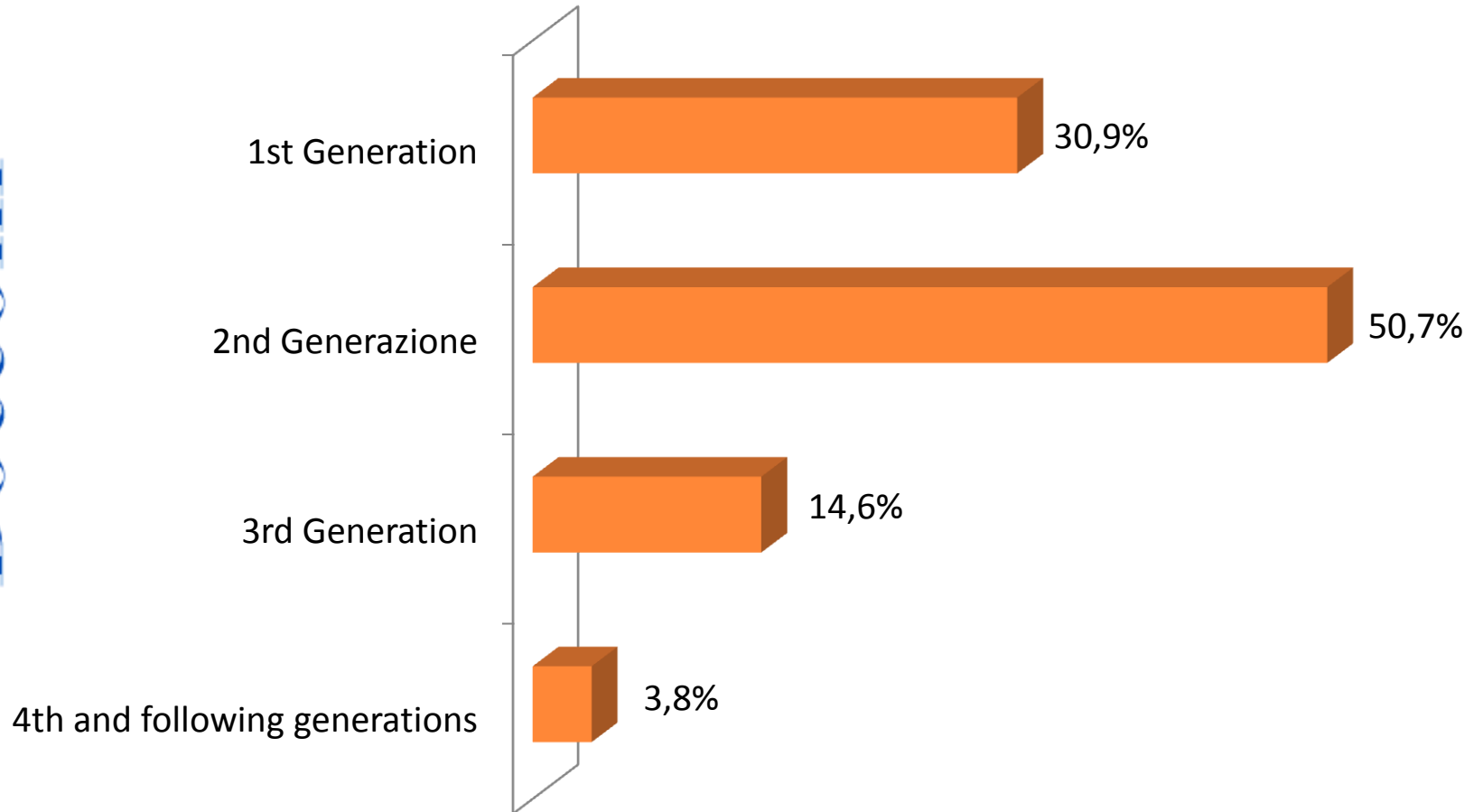
## Part VI

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The validation of a popular saying:  
“the first generation builds, the  
second maintains and the third  
destroys”



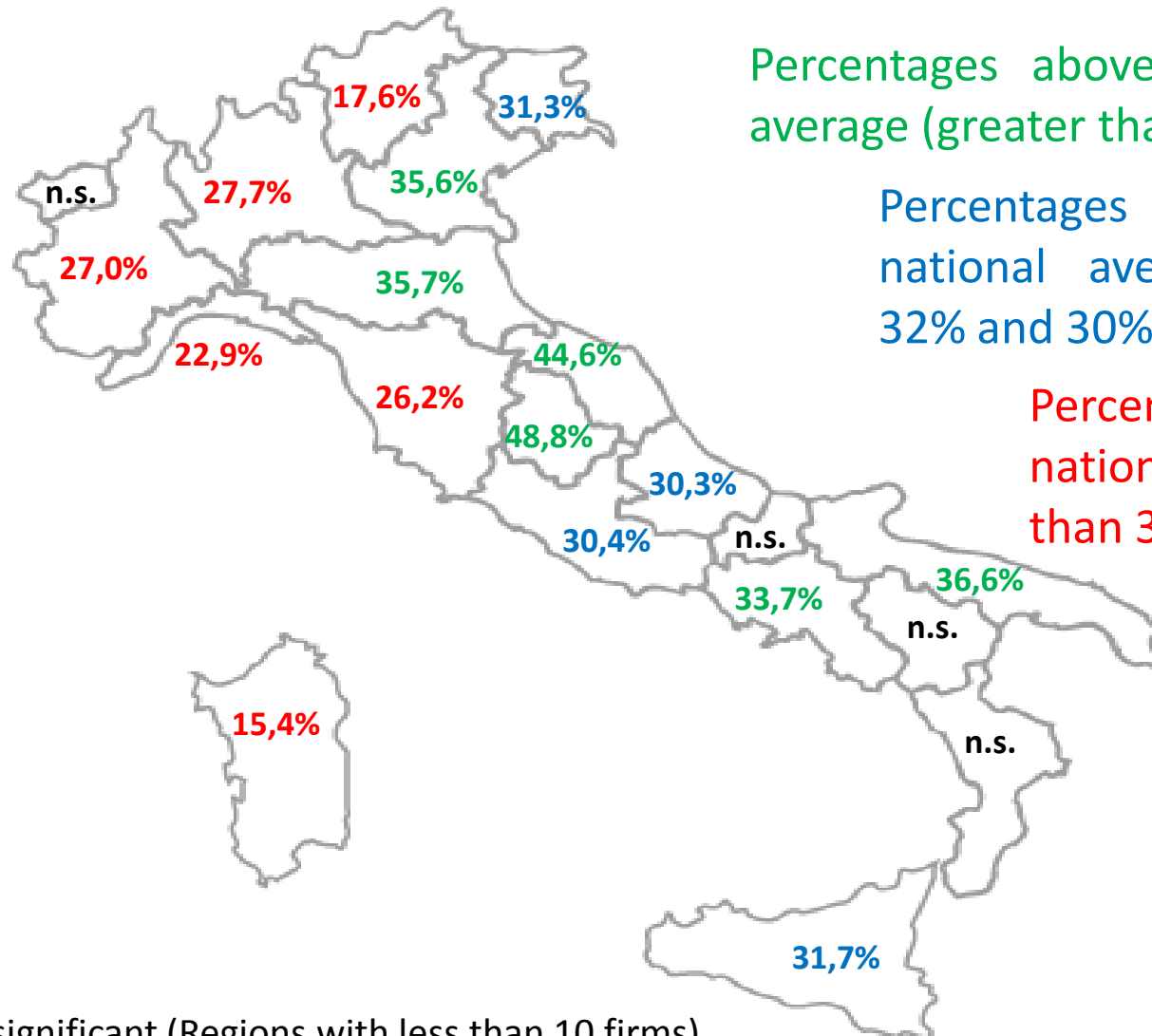
## Generation of the firm leader (\*)



(\*) Generations are defined by checking the age of the company with respect to the tenure of the leader in charge, and assuming a time period of 25 years as a splitting line between one generation and the next.

# Comparing generations (2/5)

## Firms of first generation and geographical area (\*)



n.s. = not significant (Regions with less than 10 firms)

(\*) The percentage of the firms of first generation is equal to 31% in 2008.

# Comparing generations (3/5)

## Leadership structures in the different generations



Leadership structures	%	1 <sup>st</sup> generation	2 <sup>nd</sup> generation	3 <sup>th</sup> and following generations
“Amministratore Unico”	<b>17,8%</b>	26,2%	17,2%	5,6%
Executive Chairman	<b>15,6%</b>	19,3%	14,0%	14,0%
Only one CEO	<b>29,5%</b>	15,7%	32,4%	44,6%
Tandem of CEOs	<b>20,7%</b>	19,7%	20,9%	21,6%
Trio of CEOs	<b>9,6%</b>	11,3%	8,8%	9,0%
Team of 4 or more CEOs	<b>6,8%</b>	7,8%	6,7%	5,2%
Total	100,0%	100,0%	100,0%	100,0%

# Comparing generations (4/5)



## Family leaders in the different generations

Bocconi

Individual leadership	Average	1 <sup>st</sup> generation	2 <sup>nd</sup> generation	3 <sup>th</sup> and following generations
“Amministratore Unico”	85,8%	99,5%	74,5%	73,1%
Family Executive Chairman	87,3%	100,0%	79,3%	80,0%
Family single CEO	67,4%	99,2%	62,1%	59,2%
Total average	77,6%	99,6%	69,2%	65,0%

Collegial leadership	Average	1 <sup>st</sup> generation	2 <sup>nd</sup> generation	3 <sup>th</sup> and following generations
Family CEOs greater than or equal to 50%	85,9%	94,4%	81,1%	83,7%



## Generation of the firm leader and performance

Generation	$\Delta$ ROI	$\Delta$ ROE	$\Delta$ Growth
First generation	+0,6***	+2,1***	+1,5***
Second Generation	=0,0	-0,4	= 0,0
Third and following generations	-0,8***	-2,5***	-2,1***

ROI, ROE and GROWTH in the table show that firm performance are **positively (+)** or **negatively (-)** affected by the different generation of the firm leader compared to the national average and the figure is statistically significant with:

\*\*\*High significance ( $p < .001$ )

\*\*Medium significance ( $p < .01$ )

\*Acceptable significance ( $p < .10$ )

Data processing is related to the period 2000-2008 (Source: Aida).

## Part VII

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Some experience is good, too  
much is bad

# Leader age and performance



Age of the firm leader	%	$\Delta$ ROI	$\Delta$ ROE	$\Delta$ Growth
Less than 40 years	7,5%	-0,4	+2,4***	+1,5**
[40-50]	20,2%	+0,3	+1,2***	+0,9*
[50-60]	26,0%	-0,2	-0,7*	+0,5
[60-70]	27,7%	-0,2	-0,6*	-0,9**
More than 70 years	18,6%	+0,4*	-1,1**	-1,2***

ROI, ROE and GROWTH in the table show that firm performance are **positively (+)** or **negatively (-)** affected by the firm leader age compared to the national average and the figure is statistically significant with:

\*\*\*High significance ( $p < .001$ )

\*\*Medium significance ( $p < .01$ )

\*Acceptable significance ( $p < .10$ )

Data processing is related to the period 2000-2008 (Source: Aida).

# Leader tenure and performance



Tenure of the firm leader	%	$\Delta$ ROI	$\Delta$ ROE	$\Delta$ Growth
From 1 to 5 years	26,4%	-1,3***	-0,1	=0,0
From 6 to 10 years	24,6%	+0,3*	+1,0***	+0,5*
From 11 to 19 years	27,4%	+0,7***	-0,4	=0,0
More than 19 years	21,6%	+0,4	-0,7*	-0,6*

ROI, ROE and GROWTH in the table show that the firm performance is **positively (+)** or **negatively (-)** affected by the firm leader tenure compared to the national average and the figure is statistically significant with:

\*\*\*High significance ( $p < .001$ )

\*\*Medium significance ( $p < .01$ )

\*Acceptable significance ( $p < .10$ )

Data processing is related to the period 2000-2008 (Source: Aida).



# First generation leader and performance



Bocconi

Age of the firm leader	First generation		
	$\Delta$ ROI	$\Delta$ ROE	$\Delta$ Growth
Less than 40 years	-0,8	+7,9***	+7,0***
[40-50]	+0,7*	+3,7***	+3,6***
[50-60]	+0,5	-0,3	+1,8**
[60-70]	-0,8**	-2,2***	-3,0***
More than 70 years	+0,2	-2,2***	-2,3***

ROI, ROE and GROWTH in the table show that firm performance are **positively (+)** or **negatively (-)** affected by the firm leader tenure compared to the national average and the figure is statistically significant with:

\*\*\*High significance ( $p < .001$ ) \*\*Medium significance ( $p < .01$ ) \*Acceptable significance ( $p < .10$ )

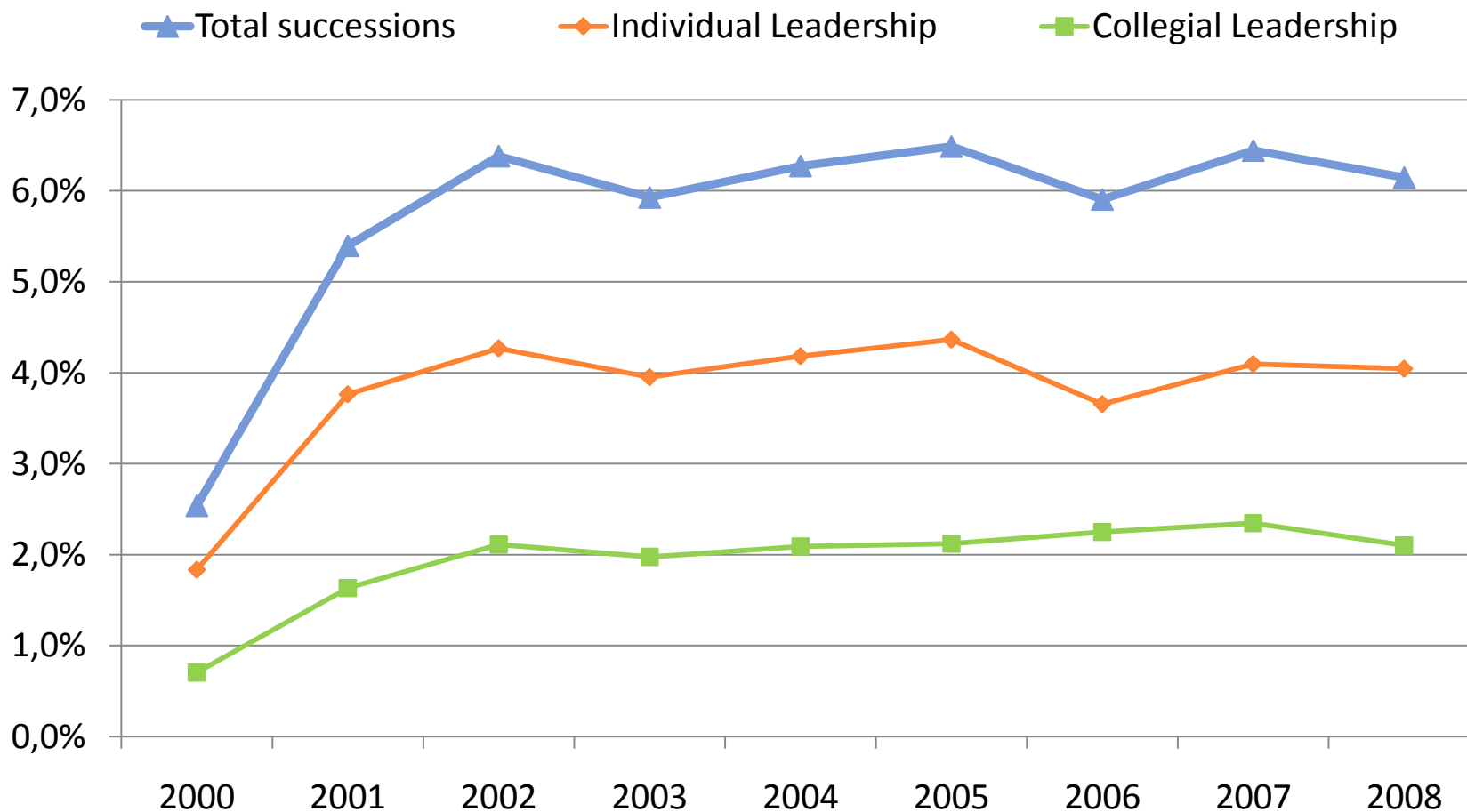
Data processing is related to the period 2000-2008 (Source: Aida).

## Part VII

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The generational change proceeds  
with (too much?) regularity

## Leadership successions in the period 2000-2008 (\*)



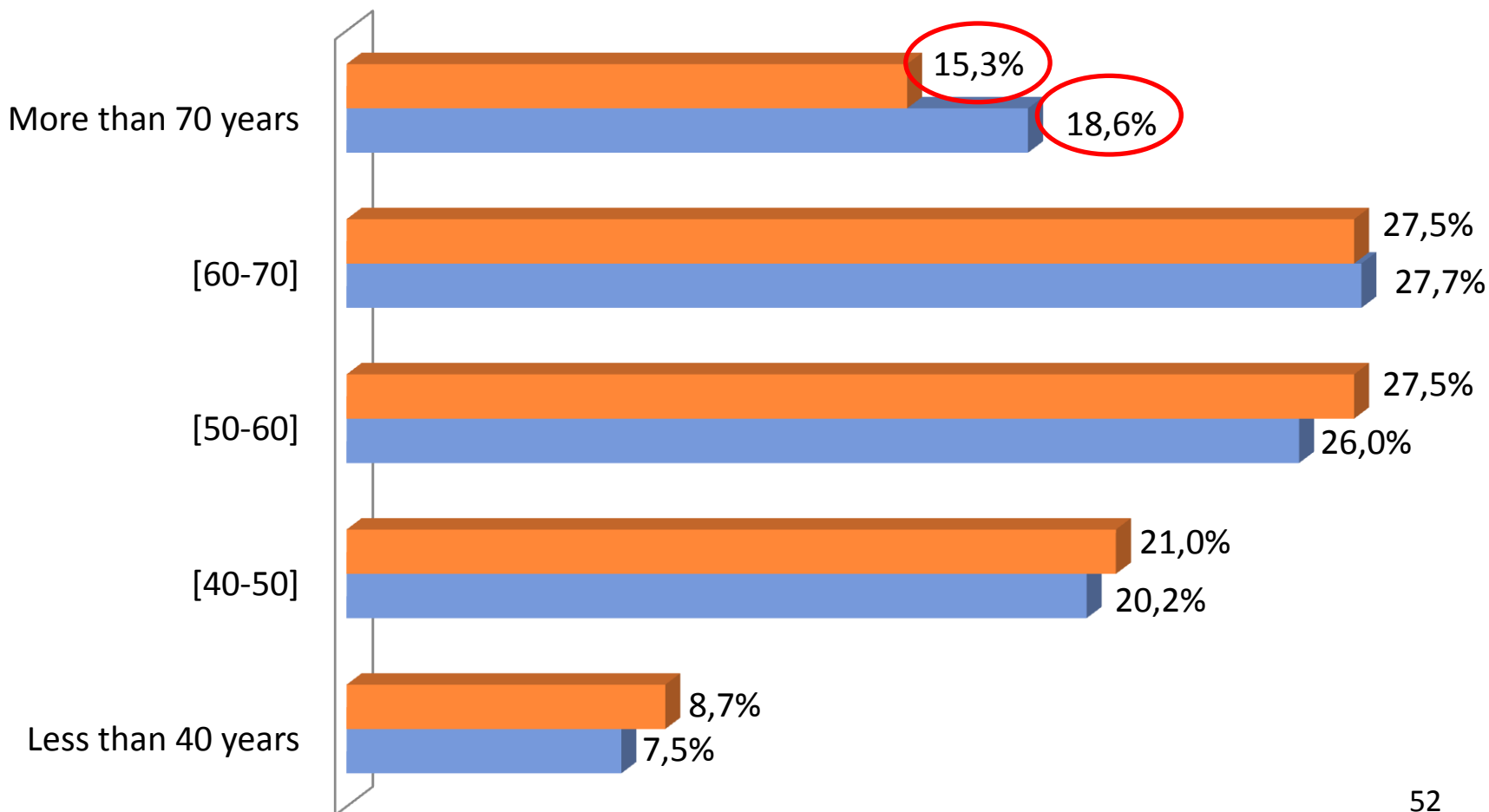
(\*) Percentages are calculated for each year as the percentage of successions (over the total number of firms) occurred in both individual leadership (“Amministratore Unico”, Executive Chairman and single CEO), and collegial leadership models.

## Age of the firm leader: a comparison

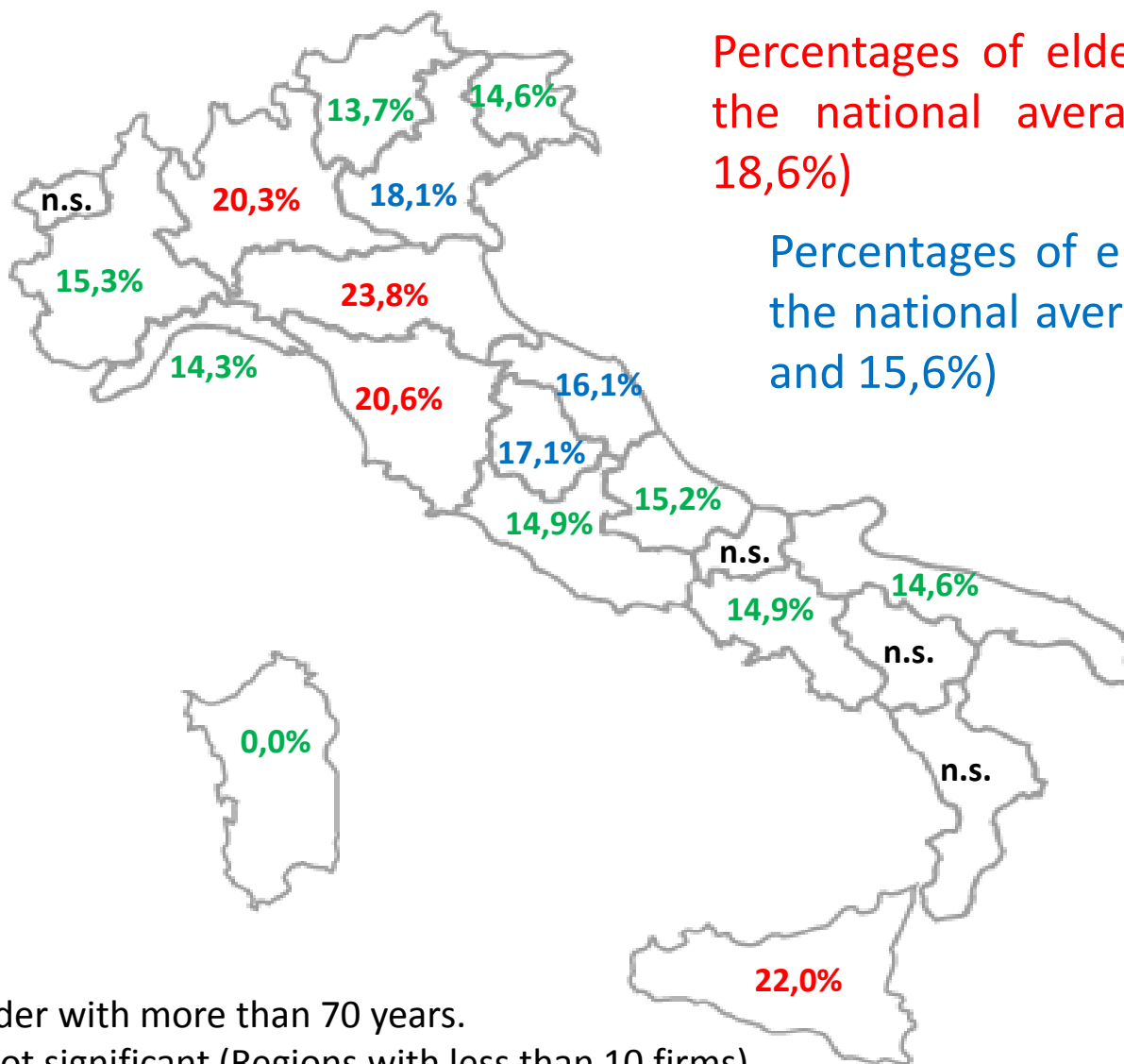


■ 1st Edition of the AUB Observatory (2007) ■ 2nd Edition of the AUB Observatory (2008)

Bocconi



## Elderly leaders and geographical area (\*)



(\*) Leader with more than 70 years.

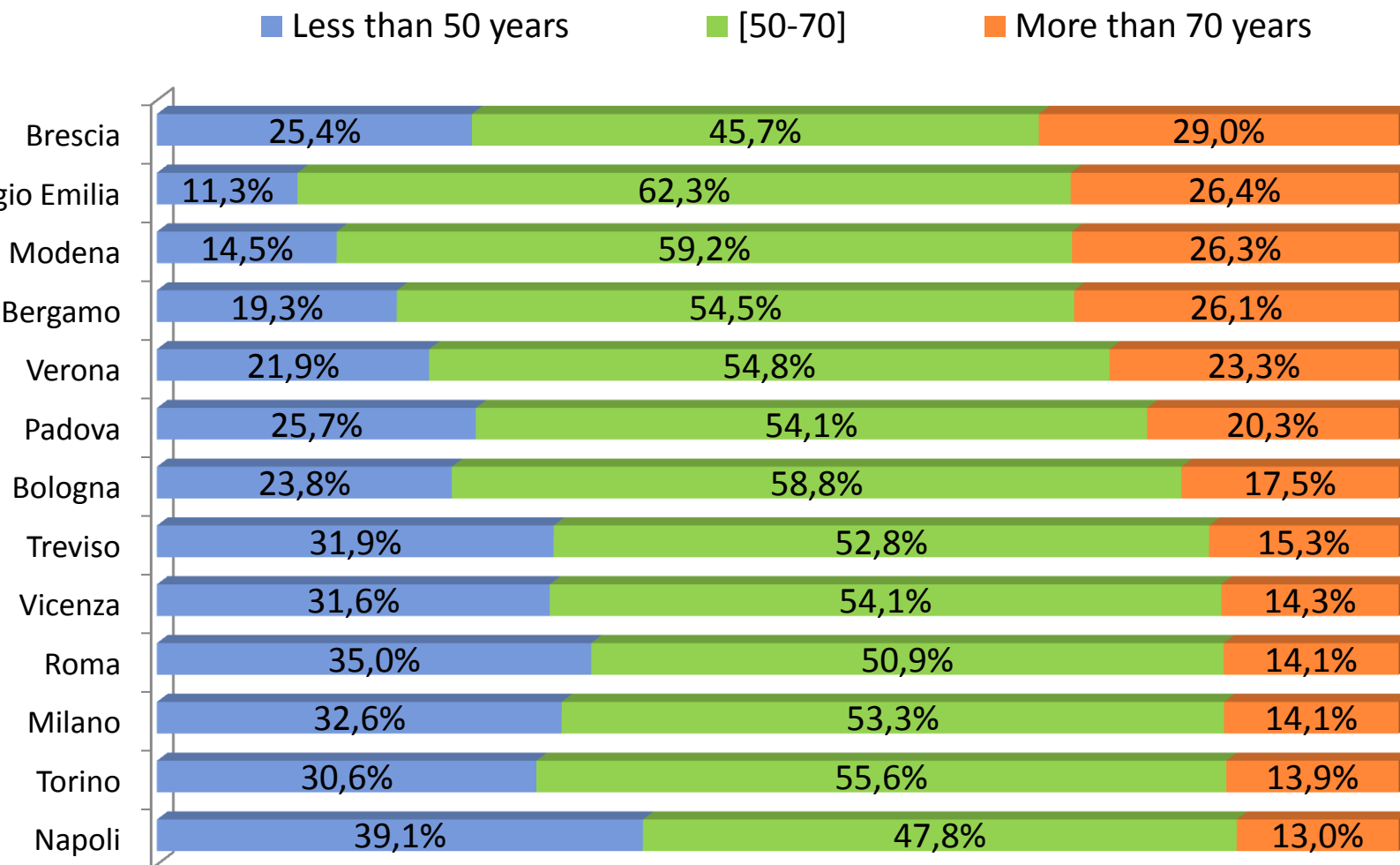
n.s. = not significant (Regions with less than 10 firms)

# Leader age (3/3)

## Leader age in the Provinces where Family firms are more present (\*)



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(\*) Provinces with more than 50 companies in the area.

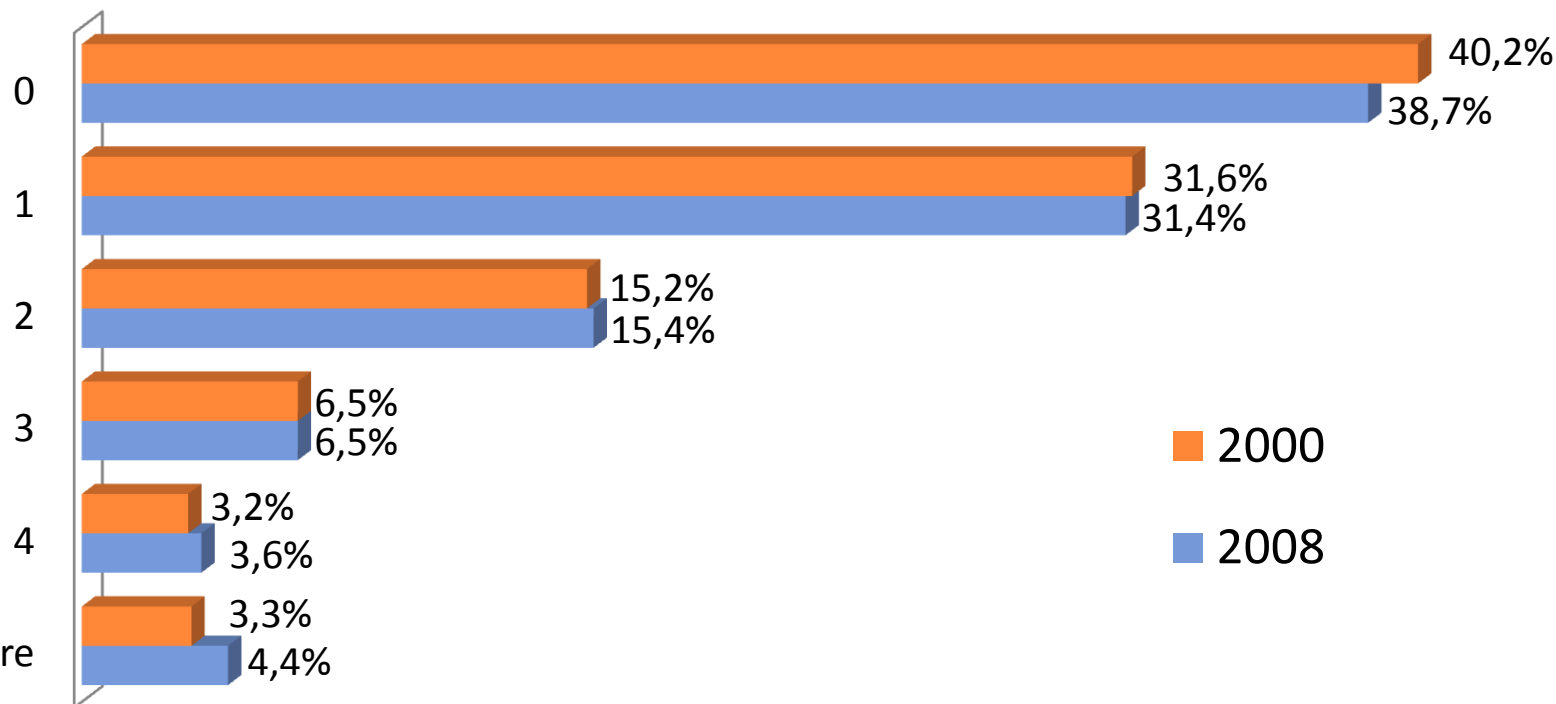
## Part IX

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Women in firm leadership: “too much noise about nothing” (but women seem “to help” other women)

# Women in the ownership structure (1/2)

## Women shareholders in the ownership



- ✓ Women are positively related to the number of shareholders (\*) and their percentage was equal to 24.9% in 2008 (\*\*);
- ✓ In 8,6% of cases, women represent more than 50% of shareholders.

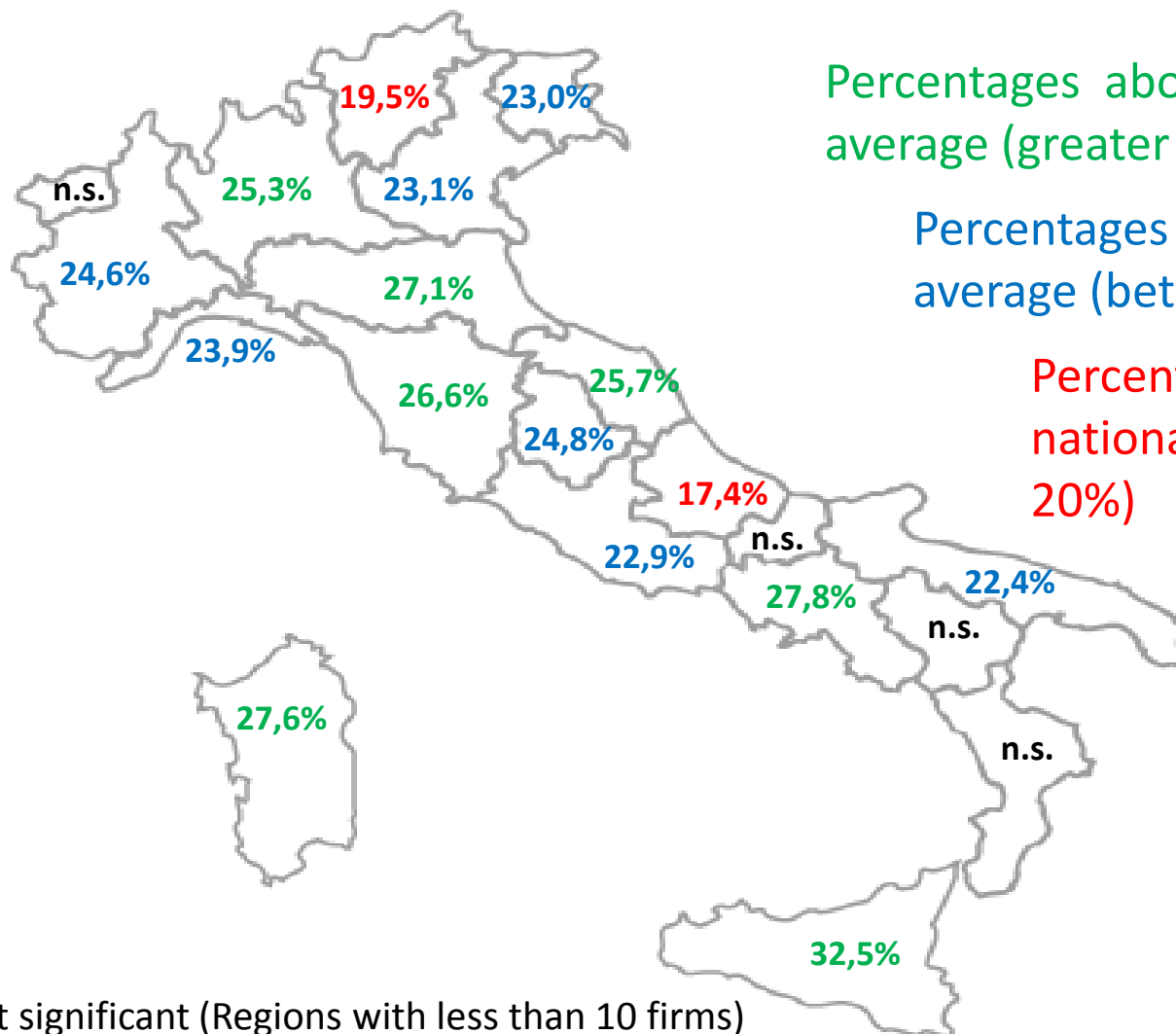
(\*) Statistically significant with  $p < .01$ .

(\*\*) Percentage calculated as the number of women shareholders on the total number of shareholders (excluding legal entities).



# Women in the ownership structure (2/2)

## Women shareholders and geographical area (\*)



Percentages above the national average (greater than 25%)

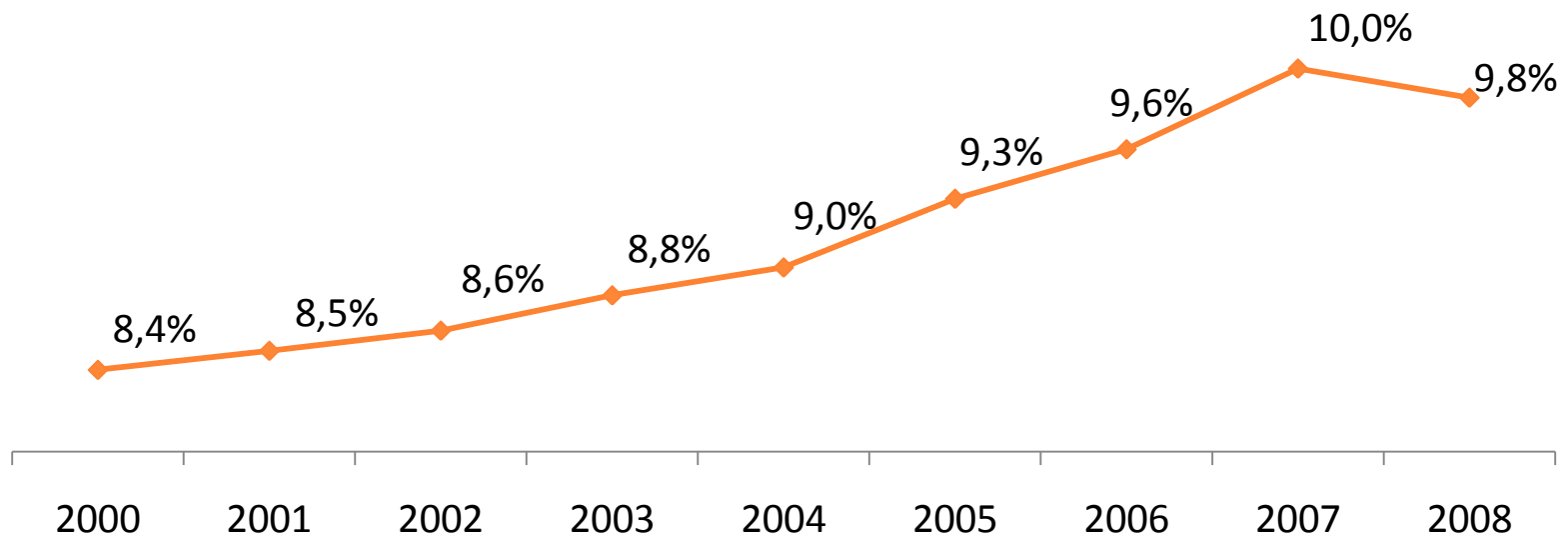
Percentages below the national average (between 25% and 20%)

Percentages much below the national average (less than 20%)

n.s. = not significant (Regions with less than 10 firms)

(\*) Percentages calculated as the number of women shareholders on the total number of shareholders (excluding legal entities).

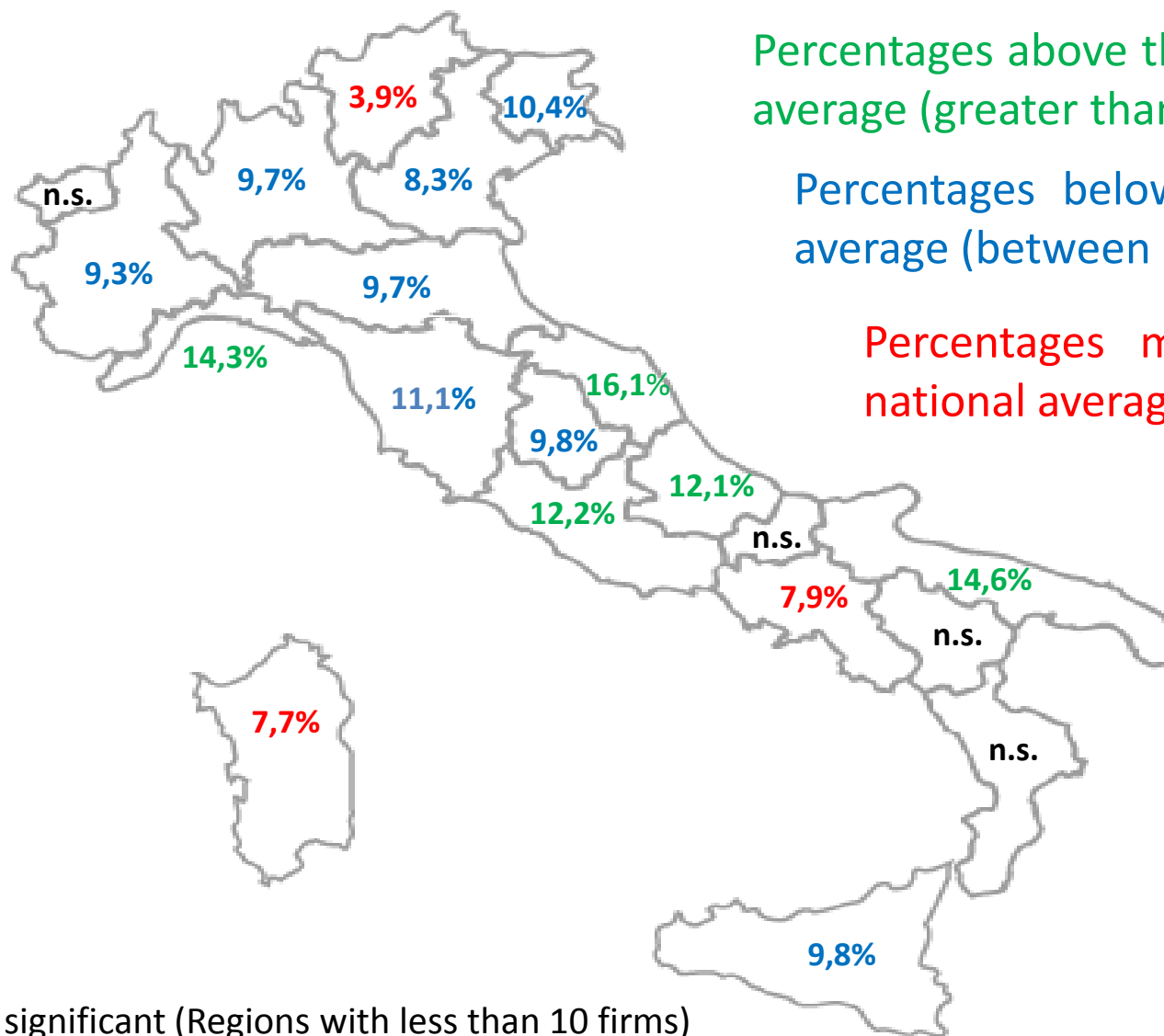
## Woman leader in the period 2000-2008



- There is a negative correlation between firm longevity and the presence of a woman leader: it decreases from 12,4% in young firms to 7,6% in long-lived firms;
- The presence of a woman leader is still limited in large companies (6,9%), although the increase in place since 2000 (4,1%).

# Women and firm leadership (2/2)

## Women leaders and geographical area



n.s. = not significant (Regions with less than 10 firms)

# Women shareholders and women leaders

## Women shareholders and women leaders in the Provinces where family firms are more present (\*)



<b>Higher</b>	<b>Bologna; Napoli; Torino; Treviso</b>	<b>Milano; Roma</b>	<b>Higher</b>
	<b>Bergamo; Brescia</b>	<b>Modena; Padova; Reggio Emilia; Verona; Vicenza</b>	<b>Lower</b>
<b>Higher</b>			<b>Lower</b>

### WOMEN SHAREHOLDERS

(compared with the national average)

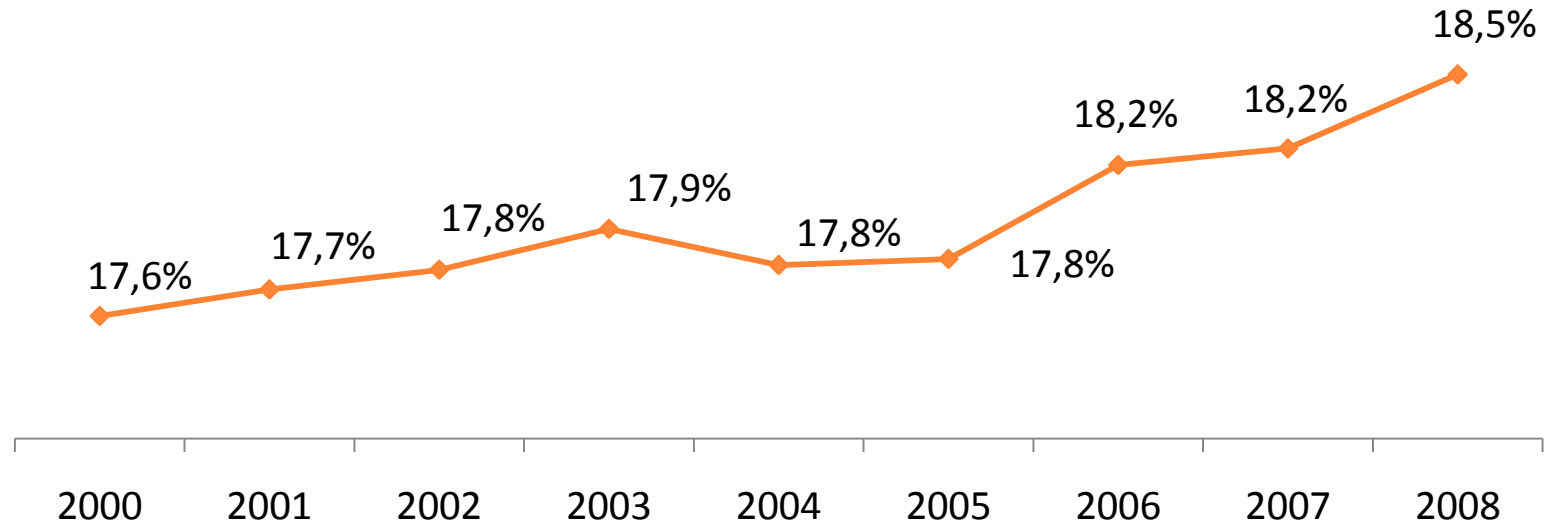
### WOMEN LEADERS

(compared with the national average)

(\*) Provinces with more than 50 companies in the area.

# Women on Boards

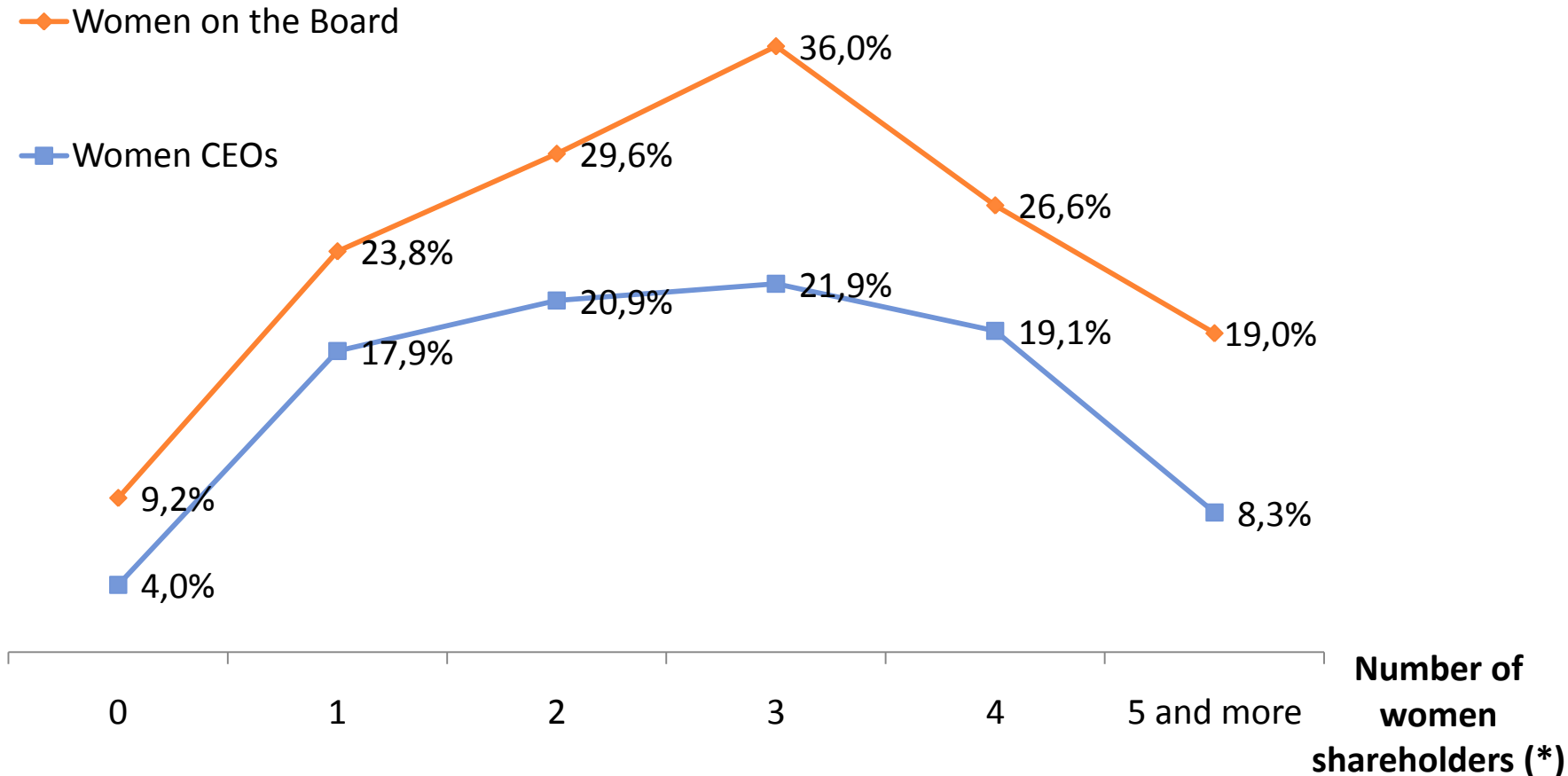
## Women in boards of directors in the period 2000-2008



- There is a negative correlation between the proportion of women on the board and the firm size: in 2008 it was equal to 13% in large companies;
- The proportion of women directors is higher in 100% family-controlled firms (20%).

# The determinants of women's presence(1/2)

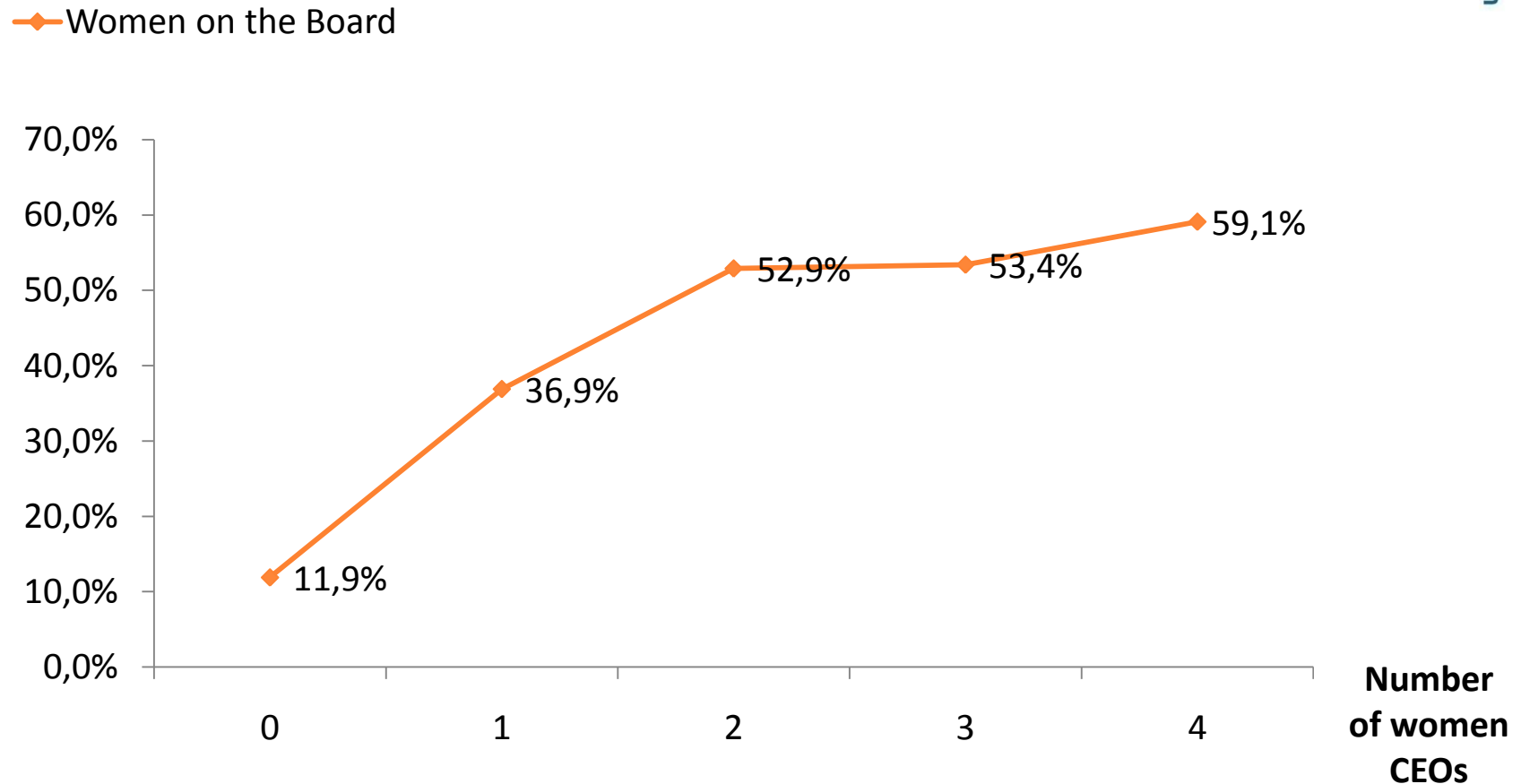
## The relationship between women shareholders and women CEOs and women on the board



(\*) Firms with four or more women shareholders represent about 8% of the population.

# The determinants of women's presence(2/2)

## The relationship between women on the Board and women CEOs



## Women on the board of directors

Proportion of women	%	$\Delta$ ROI	$\Delta$ ROE	$\Delta$ Growth
None	45,5%	-0,8***	-1,0***	-0,2
1% - 33%	24,4%	+0,6***	-0,3	-0,8
33% - 49%	17,2%	+0,9***	+1,3**	+1,4***
50% and more	12,9%	-0,4	+1,3**	=0,0

## Women leaders

Women Leaders	%	$\Delta$ ROI	$\Delta$ ROE	$\Delta$ Growth
Woman leader	62,9%	+0,1	-0,3	-0,6
At least one woman in the team of CEOs	37,1%	+0,5*	+1,8***	=0,0

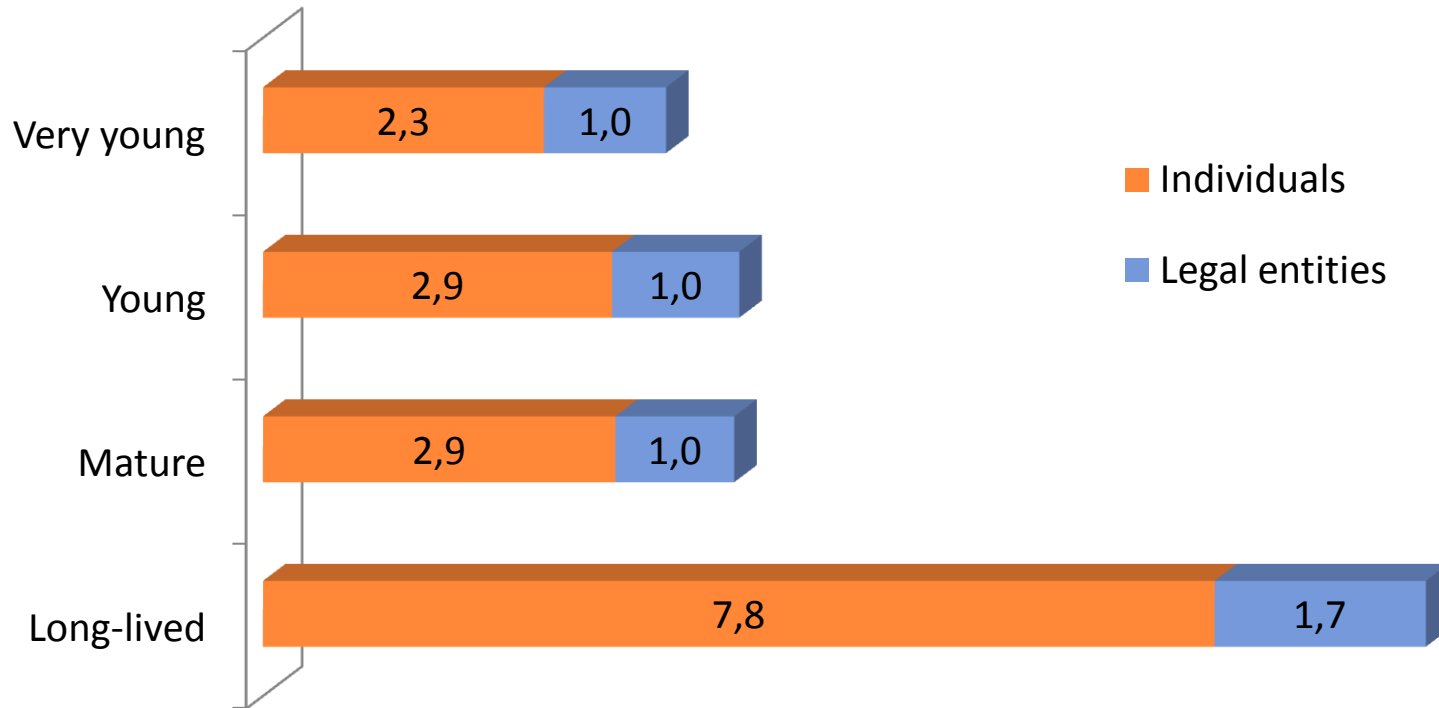


## Part X

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The corporate structure to  
manage the “generational drift”

**Average number of shareholders in relation to the firm longevity and the nature (individual or legal entity) of shareholders**



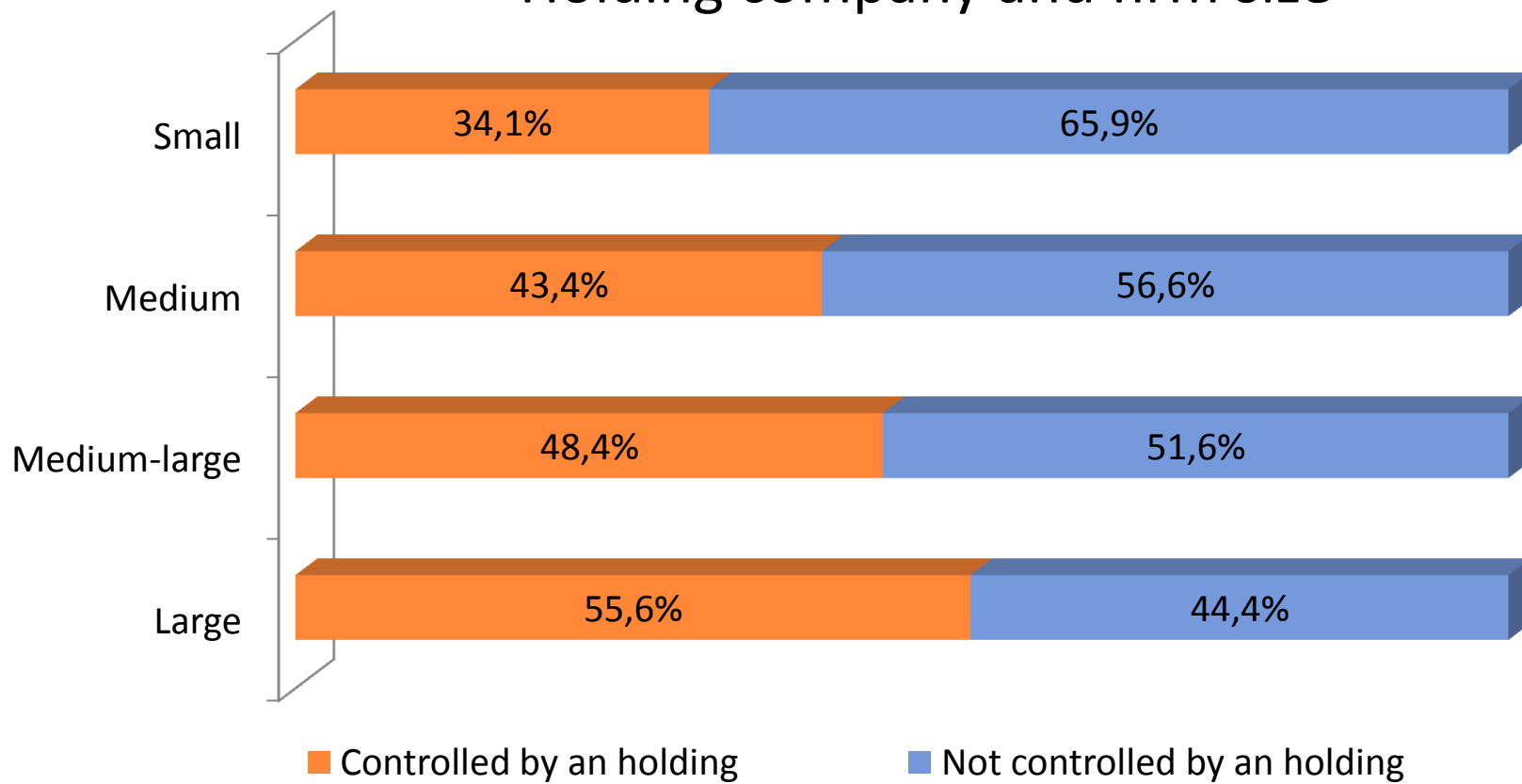
Further analyses show that the average number of shareholders (both individuals and legal entities) is also linked to company size, passing from 3,8 in the smaller companies to 5,5 in large companies.

# Holding companies (1/2)

Firms controlled by an holding (\*) = **1024**  
(equal to **40,6%** of firms)

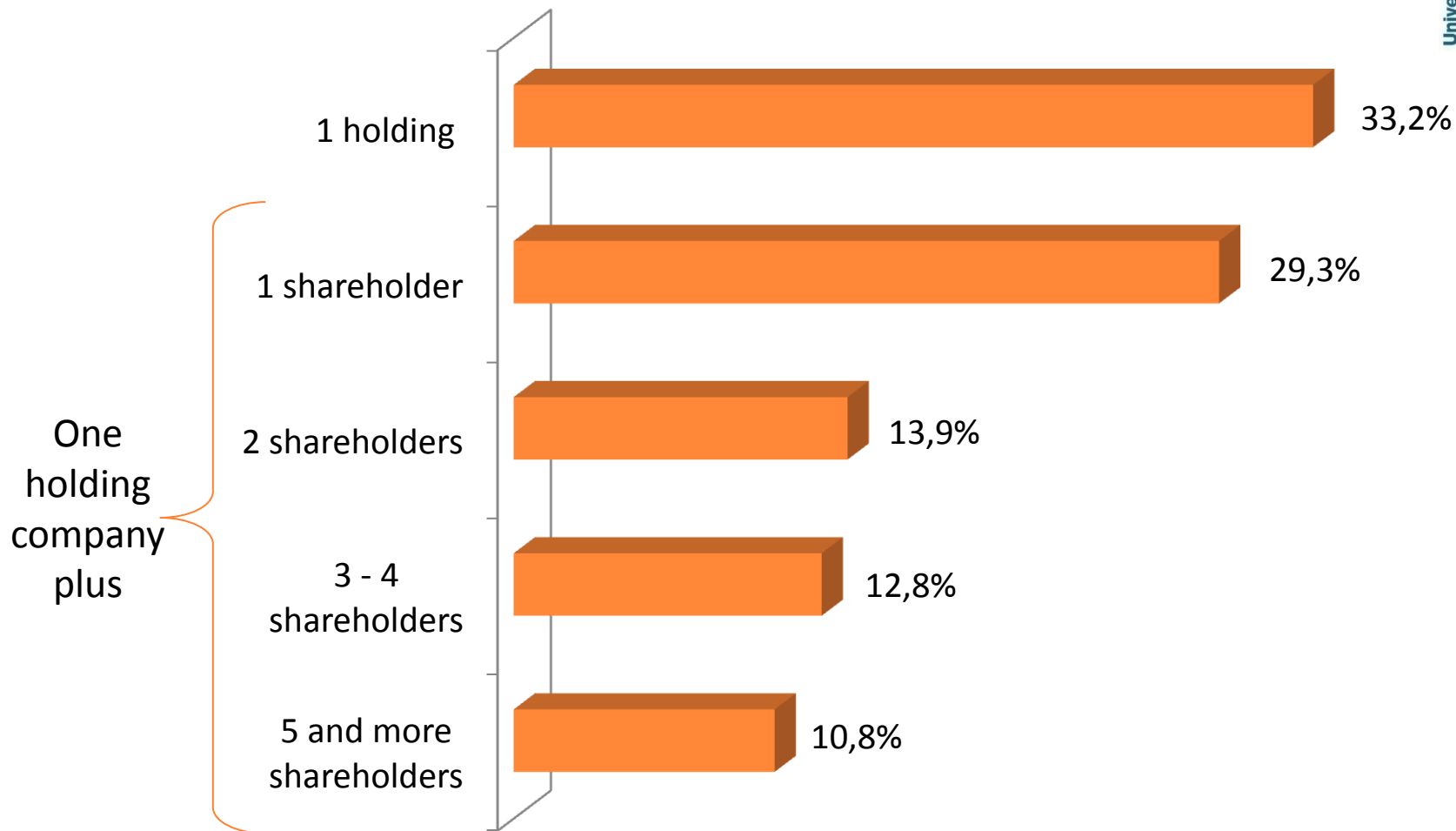


## Holding company and firm size



(\*) Legal entity with a percentage of control not lower than 50%.

## Corporate structure of firms controlled by an holding company





A company is considered as a family-controlled firm if:

- One or two families hold at least 50% of the capital (if not listed);
- One or two families hold at least 25% of the capital (if listed);
- The firm is controlled by another legal entity which satisfies one of the two criteria stated above.

In case of mono-business groups:

It was considered to include the controlling company if:

- i) the controlling firm is just a financial holding;
- ii) there is only one relevant (operating) subsidiary satisfying our criteria (revenues higher than 50 million €);
- iii) the consolidation area of the controlling company substantially equal the dimension of the larger controlled firm.

All the controlling firms were excluded, both on the first level (in case of inclusion of the parent company in the list) and on the subsequent levels.



## In case of multi-business groups:

The parent companies were excluded (often holding)

- The controlled operating companies on the second level of the control chain have been included.
- Financial holding on the second level (sub-holding, identified through the 2007 ATECORI code) were included in the following cases:
  - ✓ companies controlled by them at least at 50% and with revenues higher than 50 million €, which operate in the same industry;
  - ✓ there is only one company controlled at least at 50% and with revenues higher than 50 million €.
- It was decided to exclude also the controlled firms at third and higher level of the control chain, since the information are comprised in the consolidated balance-sheet of their second-level controlling company.



Data and information collection about the governing bodies and firm leaders was conducted through encoding the “Company Profile”, which is an official filing registered at the Italian Chamber of Commerce (Source: Chamber of Commerce, Industry, Agriculture and Artisanry of Milan). For the reason above:

- The familiarity of “Amministratore Unico”, Chairman, CEOs, and all members of the Board of Directors has been detected on the affinity with the family name of the controlling owner. As a matter of fact, data could be slightly underestimated;
- The same procedure was followed for the individuals belonging to the family owner that hold stock shares.

## Firm longevity:

- **Very young** = firms with less than 10 years;
- **Young** = firms between 10 and 25 years;
- **Mature** = firms between 25 and 50 years;
- **Long-lived** = firms with more than 50 years.

## Firm size:

- **Small** = turnover between 50 and 100 million €;
- **Medium** = turnover between 100 e 150 million €;
- **Medium-large** = turnover between 150 e 250 million €;
- **Large** = turnover above 250 million €.