



In collaborazione con:



CAMERA DI
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AIdAF-EY Chair
in Strategic Management
of Family Business
in memory of Alberto Falck



Università Commerciale
Luigi Bocconi

7

The AUB Observatory Report
on Italian Family Businesses

Edition

by Guido Corbetta, Alessandro Minichilli, Fabio Quarato

- The firms included in the AUB Observatory
- AUB Family businesses performance: back to 2007 levels?
- Main leadership models: joint leadership and sole director
- Family leaders perform well
- Young leaders perform better; women do not seem
- The number of non-family leaders increases
- Elite companies: a benchmark to be considered
- A comparison with large listed companies
- Size, structured leadership models and non-family members drive acquisitions
- Size, structured leadership models and non-family members drive foreign direct investments

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The firms included in the AUB Observatory

The (new) population



The **15.722** companies with annual turnover exceeding 20 million euros:

- generate around 2,000 billion euros in revenue and 458 billion euros in value added (corresponding to **66,5%** of that generated by Italian businesses in the industrial and services sectors)*;
- employ approximately 4,7 million people, of whom 3,8 million in Italy (corresponding to **33,1%** of the employees of Italian businesses in the industrial and services sectors)*.

Among these, **10.231 (65,1%)** are family businesses and:

- generate around 790 billion euros in revenue and 177 billion euros in value added;
- employ approximately 2,3 million people, of whom 1,5 million in Italy (corresponding to **13,4%** of the employees of Italian businesses in the industrial and the services sectors)*.

* Source: ISTAT. Report on the structure and competitiveness of industrial and service-providing companies.

The AUB research population of the seventh edition

OWNERSHIP STRUCTURE	Small companies *		Medium and large companies**		Total	
	N	%	N	%	N	%
Family Businesses	6.047	70,1%	4.184	59,0%	10.231	65,1%
Branches of foreign companies	1.123	13,0%	1.473	20,8%	2.596	16,5%
Coalitions	490	6,3%	505	7,1%	995	6,3%
Cooperatives and Consortia	541	5,7%	398	5,6%	939	6,0%
State/Local authorities	259	3,0%	353	5,0%	612	3,9%
Controlled by Investment/P.E. Funds	115	1,3%	141	2,0%	256	1,6%
Controlled by banks	42	0,5%	38	0,5%	80	0,5%
Controlled by foundations	13	0,1%	0	0,0%	13	0,1%
<i>Total</i>	8.630	100%	7.092	100%	15.722	100,0%

(*) Small companies: with revenues between 20 to 50 million euros in 2013 (source: Aida).

(**) Medium and large companies: with revenues over 50 million euros in 2013 (source: Aida).

The AUB research population of medium and large companies 2007-2013

OWNERSHIP STRUCTURE	2007		2008		2009		2010		2011		2012		2013	
	N	%	N	%	N	%	N	%	N	%	N	%	N	%
Family Businesses (*)	4.251	55,5%	4.221	55,1%	3.893	57,1%	4.077	57,4%	4.249	58,0%	4.100	58,0%	4.184	59,0%
Branches of foreign companies	1.817	23,7%	1.779	23,2%	1.449	21,3%	1.513	21,3%	1.544	21,1%	1.466	20,7%	1.473	20,8%
Coalitions	694	9,0%	662	8,6%	596	8,7%	588	8,3%	609	8,3%	572	8,1%	505	7,1%
Cooperatives and Consortia	423	5,5%	428	5,6%	396	5,8%	411	5,8%	407	5,6%	402	5,7%	398	5,6%
State/Local authorities	397	5,5%	411	5,4%	349	5,1%	357	5,0%	359	4,9%	353	5,0%	353	5,0%
Controlled by Investment/P.E. Funds	-	-	84	1,1%	93	1,4%	118	1,7%	117	1,6%	142	2,0%	141	2,0%
Controlled by banks	81	1,1%	75	1,0%	40	0,6%	41	0,6%	35	0,5%	34	0,5%	38	0,5%
<i>Total</i>	<i>7.663</i>	<i>100%</i>	<i>7.660</i>	<i>100%</i>	<i>6.816</i>	<i>100%</i>	<i>7.105</i>	<i>100%</i>	<i>7.320</i>	<i>100%</i>	<i>7.069</i>	<i>100%</i>	7.092	100%

(*) In order to avoid data duplication, a representative sample of 5,150 (2,651 family businesses and 2,499 non-family businesses) has been selected from the population of 7,092 AUB companies with sales revenues over 50 million euros in 2013; (for additional information consult the note on methodology).

From the **4.100** AUB family businesses of the 6° edition to the **4.184** companies of the 7° edition

4.100

AUB Observatory 6th Edition

Companies whose revenue fell below the € 50 mln threshold in 2013

271

Companies involved in M&A's

38

Companies involved in bankruptcy proceedings

65

Companies present in both editions

3.726

Newly established companies whose revenue met the € 50 mln threshold in 2013

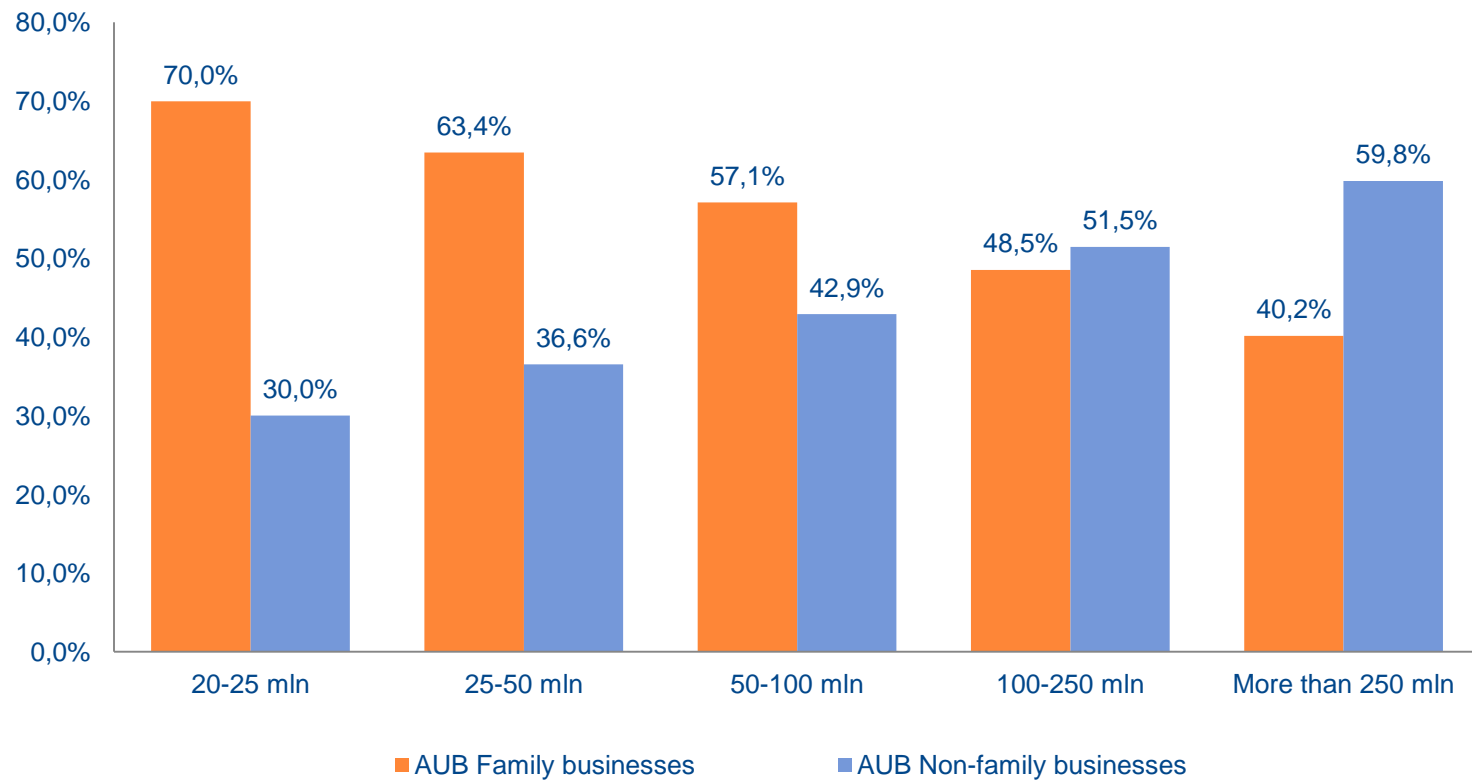
458

AUB Observatory 7th Edition

4.184

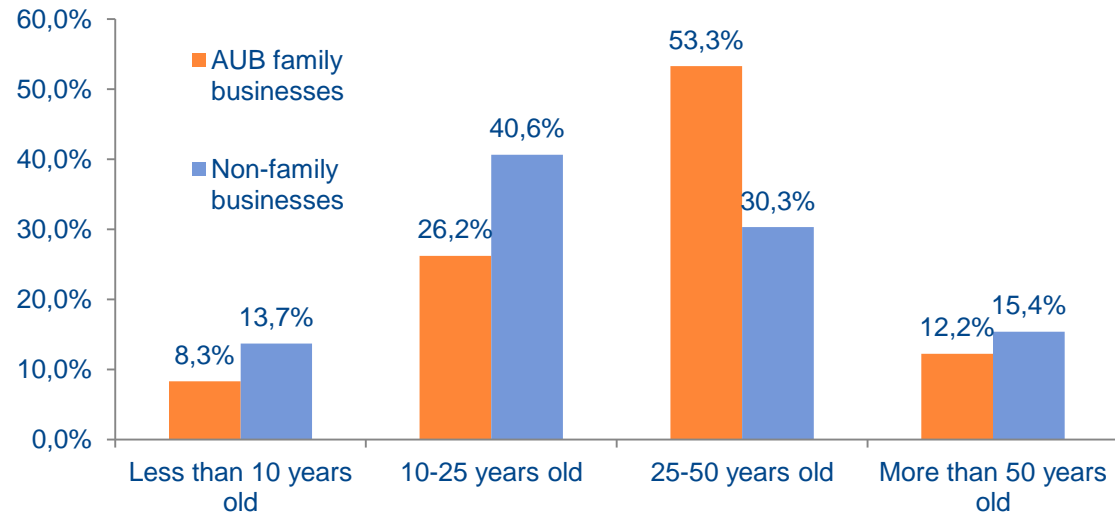
The size of family businesses is, on average, smaller.

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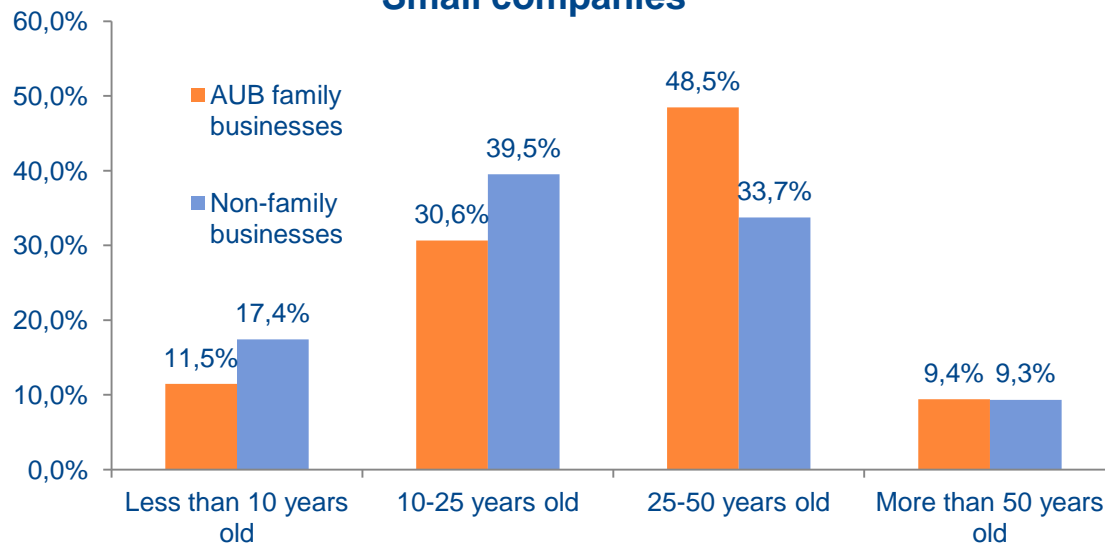


**Family businesses,
and in particular the
medium- and large-
sized, have a longer
life-span**

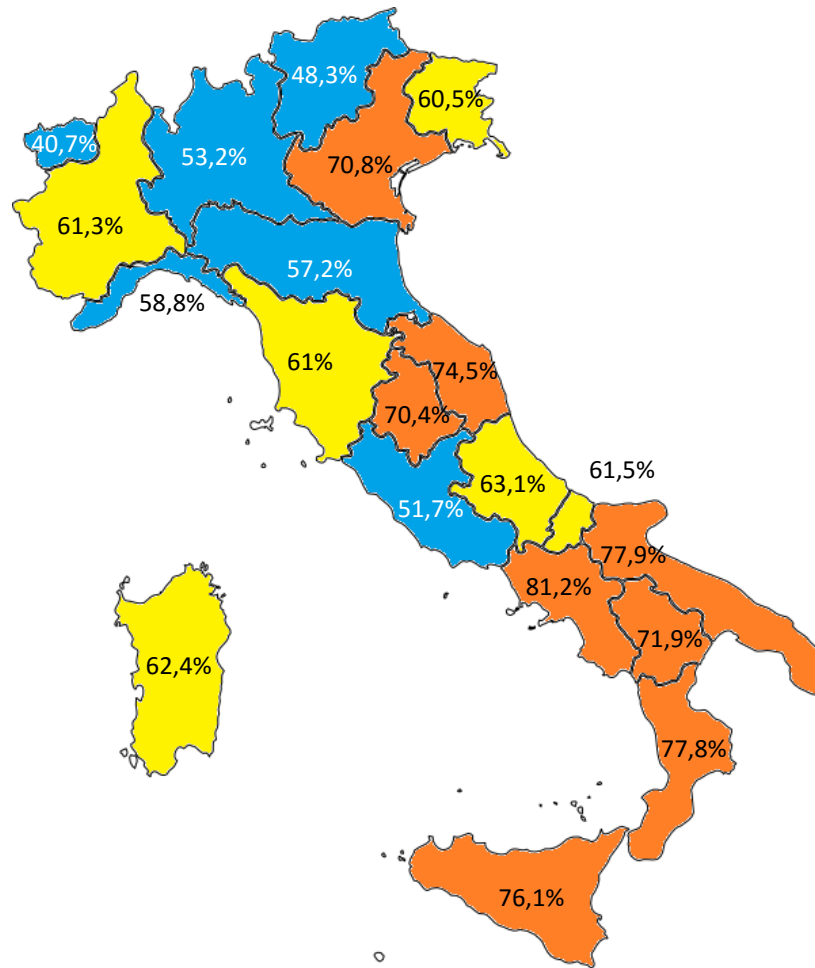
Medium and large companies



Small companies



Family businesses as a percentage on all companies within a region with sales revenue exceeding 20 million euros.

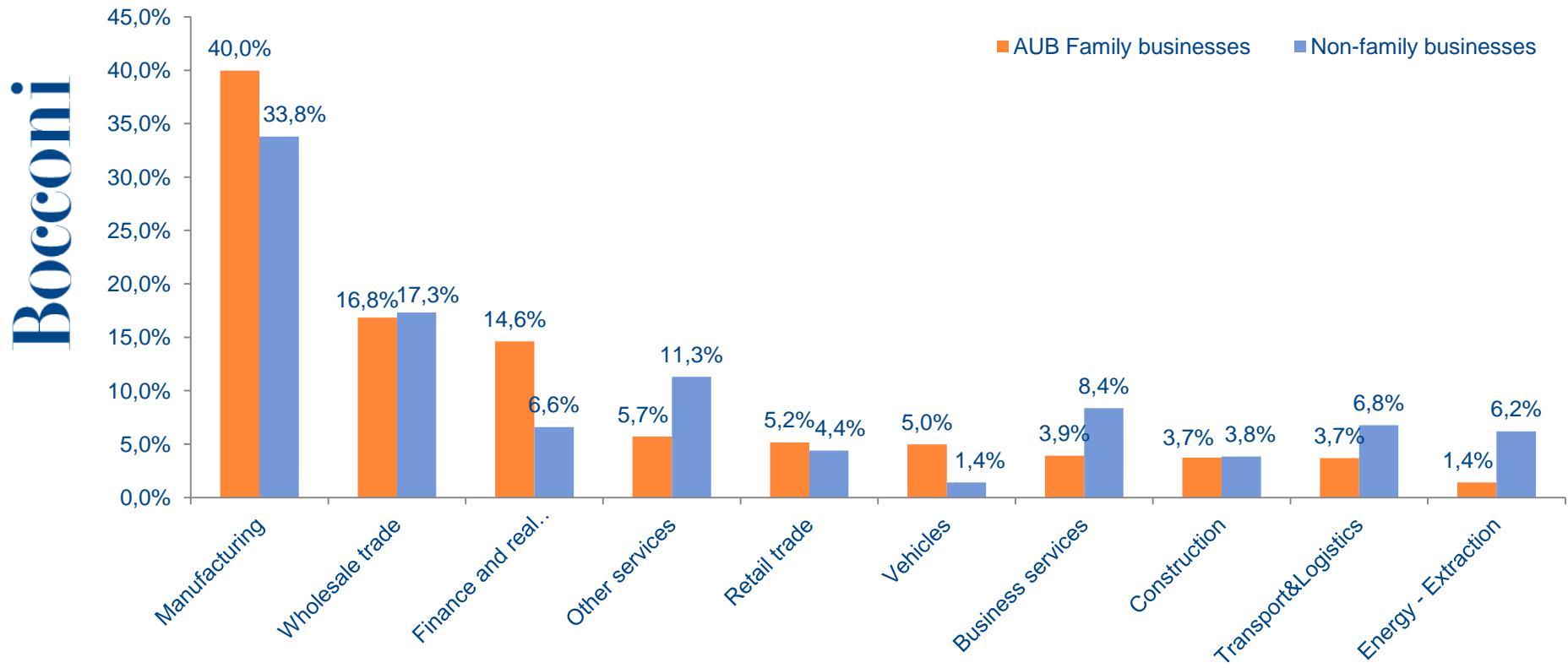


Regions with an incidence higher than the national average (exceeding 65%)

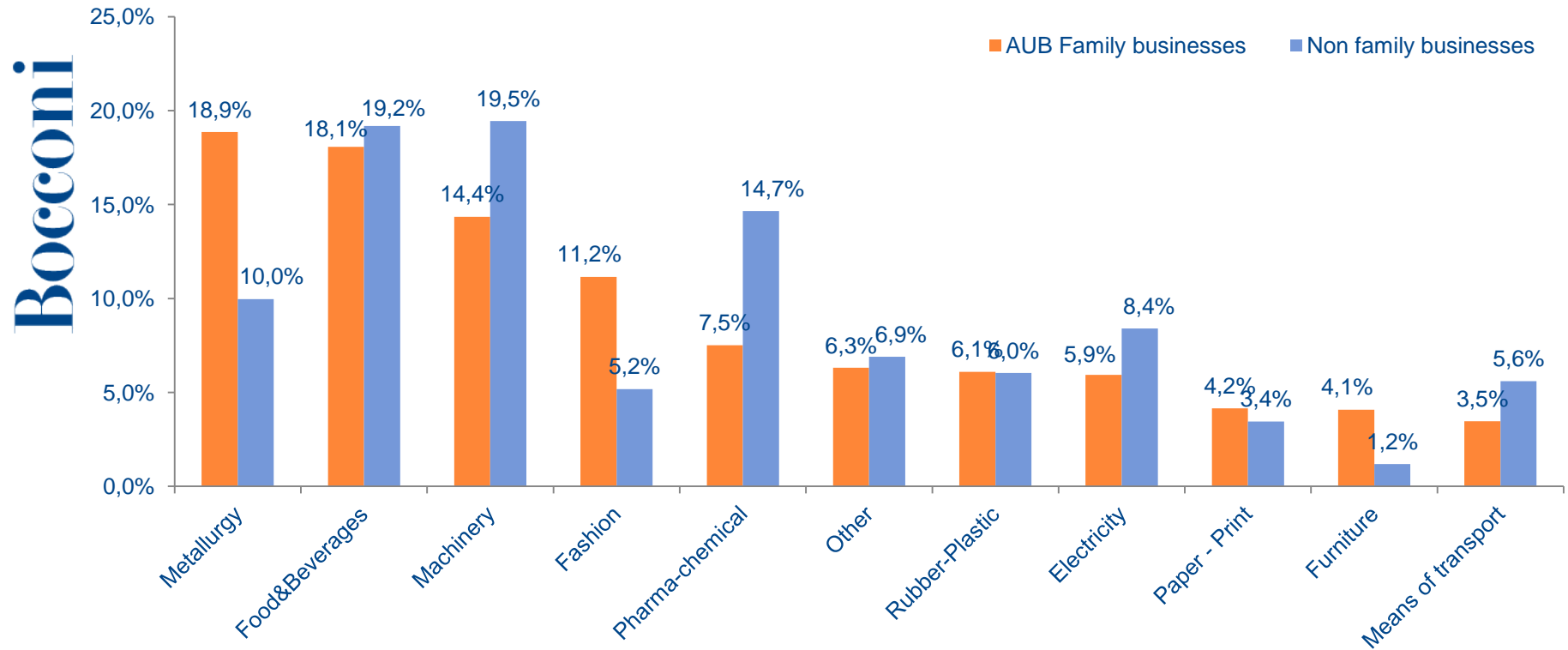
Regions with an incidence between 60 and 65%

Regions with an incidence lower than 60%

The presence of family businesses is particularly visible in the Manufacturing industry and Commerce.



In the Manufacturing industry, family businesses are particularly active in the Metallurgy, Fashion, Furniture, and Paper-Printing sectors



In the time period 2010-2014, family businesses have contributed more significantly to the rise in employment than non-family businesses

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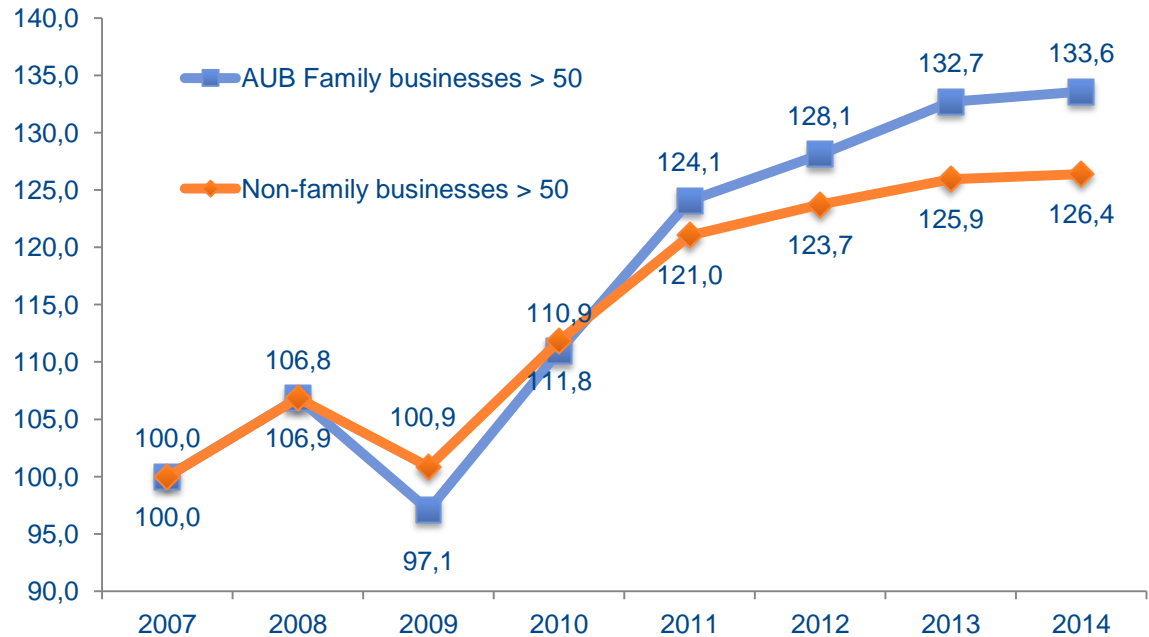
Ownership Structure	Δ Employees 2010-11	Δ Employees 2011-12	Δ Employees 2012-13	Δ Employees 2013-14	CAGR Employees 2010-14
AUB family businesses	12,3%	0,3%	4,3%	4,5%	5,3%
Non-family businesses	3,1%	-0,2%	1,3%	0,7%	1,2%
Branches of foreign companies	4,5%	1,4%	5,5%	-2,8%	2,1%
State/Local authorities	-2,5%	-1,8%	-0,1%	0,5%	-1,0%
Cooperatives and Consortia	5,3%	2,6%	-0,4%	2,8%	2,6%
Coalitions AUB	9,6%	-3,7%	-3,8%	9,0%	2,6%
Controlled by Investment Funds. and P.E. Funds	2,8%	-1,6%	-4,5%	2,4%	-0,3%

(*) (source: Aida).

AUB Family businesses performance: back to 2007 levels?

* 2014 financial data are available for approximately 60% of the companies included in the AUB Observatory.

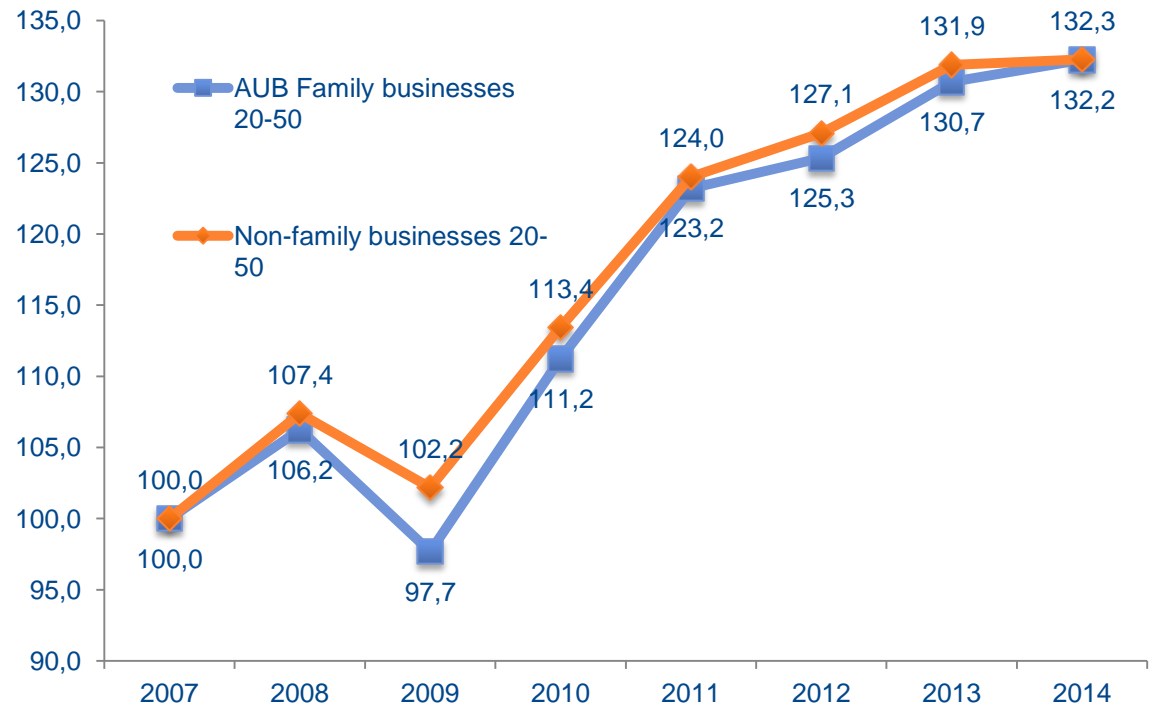
On average, medium and large family businesses experienced a higher growth than non-family businesses.



Non-family businesses (>50)	2007	2008	2009	2010	2011	2012	2013	2014
Controlled by Investment / P.E. Funds	100	110	106	119	135	139	140	142
Coalitions	100	109	104	119	130	135	138	139
Cooperatives and Consortia	100	111	112	120	127	132	137	134
State/Local authorities	100	110	115	122	128	133	137	131
Branches of foreign companies	100	104	95	106	115	116	117	119

(*) Cumulative growth (100 in base year 2007), calculated on the basis of sales revenues growth rates (source: Aida). Cumulative growth for non-family businesses has been calculated as the weighted average of sales revenue growth rates of non-family businesses with different ownership structures.

Instead, for small companies, there is no significant difference between the growth rates of family businesses and non-family businesses.



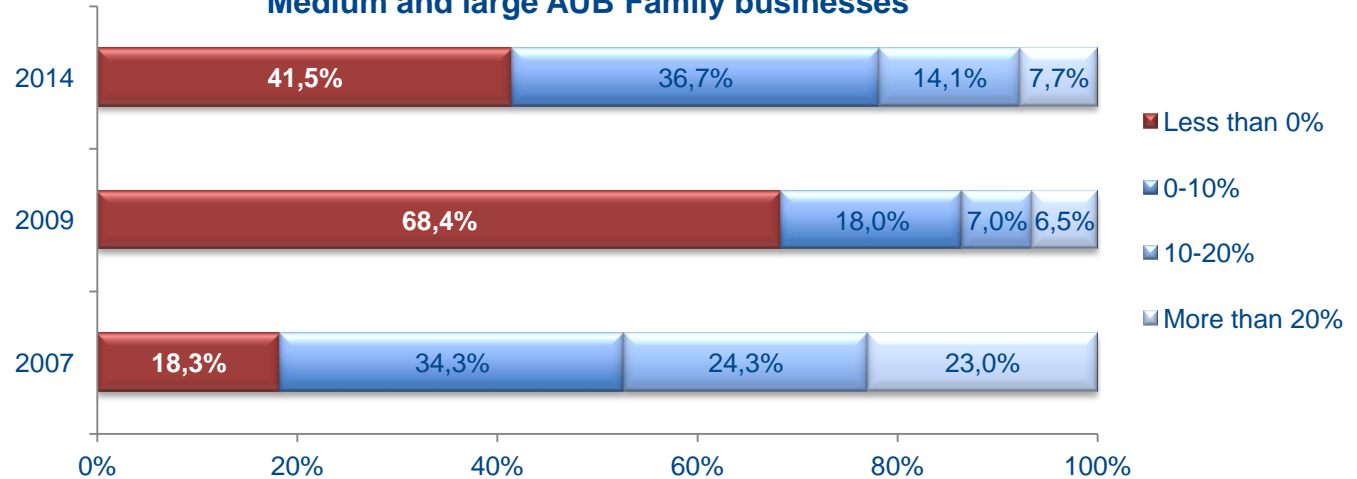
Non-family businesses (20-50)	2007	2008	2009	2010	2011	2012	2013	2014
Cooperatives and Consortia	100	111	112	122	135	142	149	143
State/Local authorities	100	111	115	120	128	133	134	135
Coalitions	100	106	101	113	125	126	131	133
Branches of foreign companies	100	106	96	108	119	120	125	128
Controlled by Investment / P.E. Funds	100	105	95	108	114	119	121	120

(*) Cumulative growth (100 in base year 2007), calculated on the basis of sales revenues growth rates (source: Aida). Cumulative growth for non-family businesses has been calculated as the weighted average of sales revenues growth rates of non-family businesses with different ownership structures.

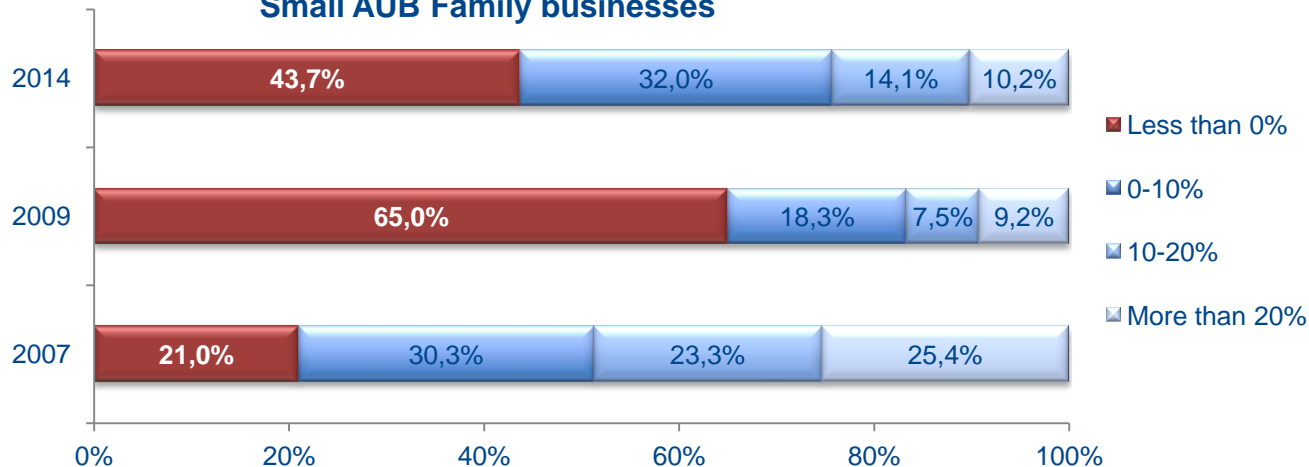
The percentage of companies with a negative growth rate remains high.

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Medium and large AUB Family businesses

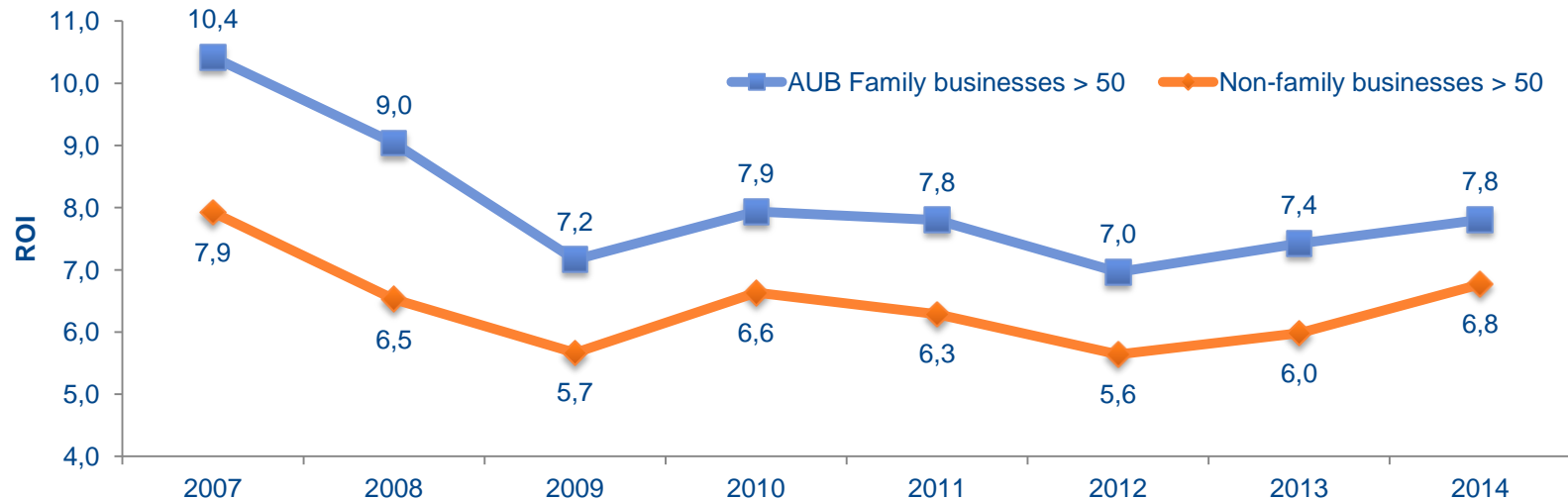


Small AUB Family businesses



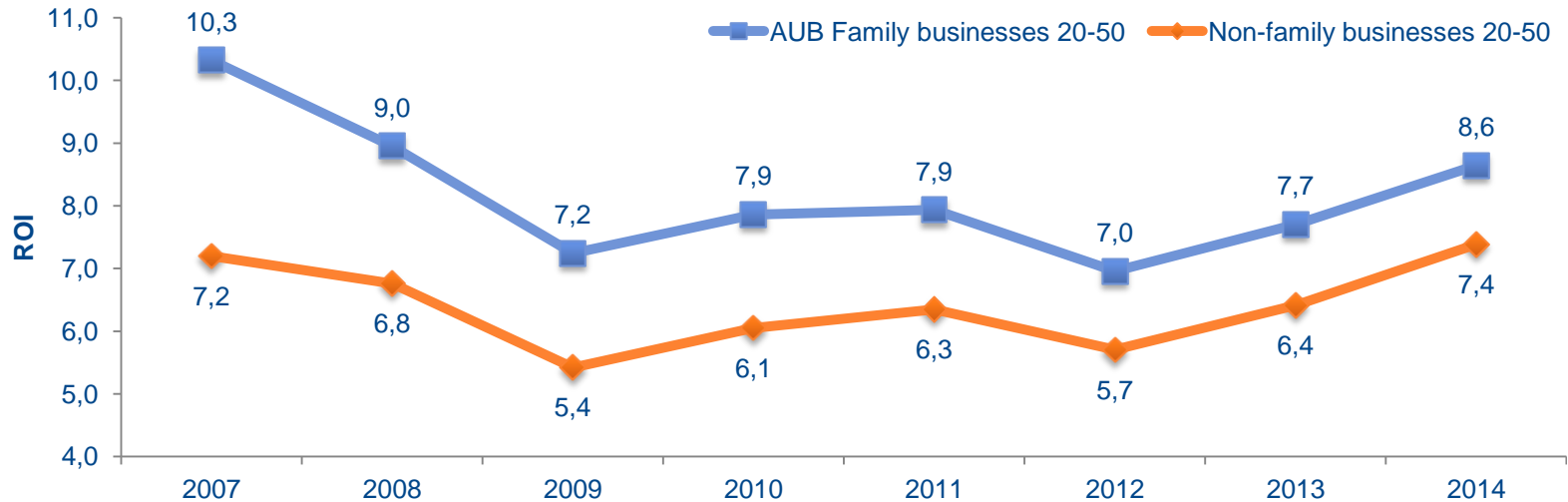
The positive gap in operating profitability between medium/large AUB family businesses and non-family businesses persists...

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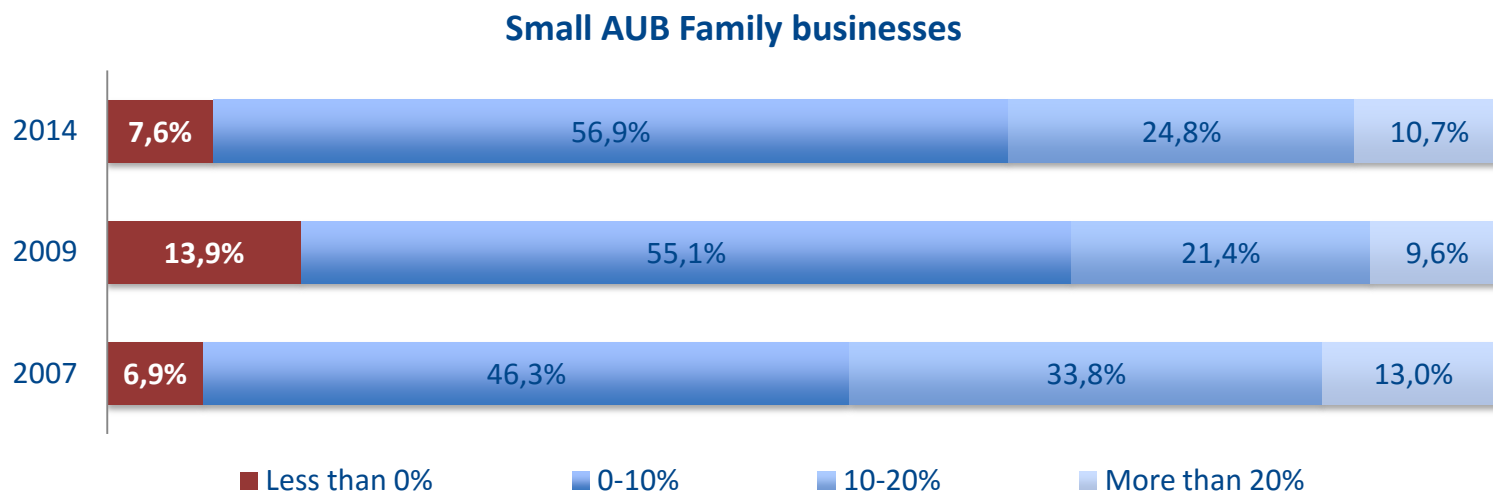
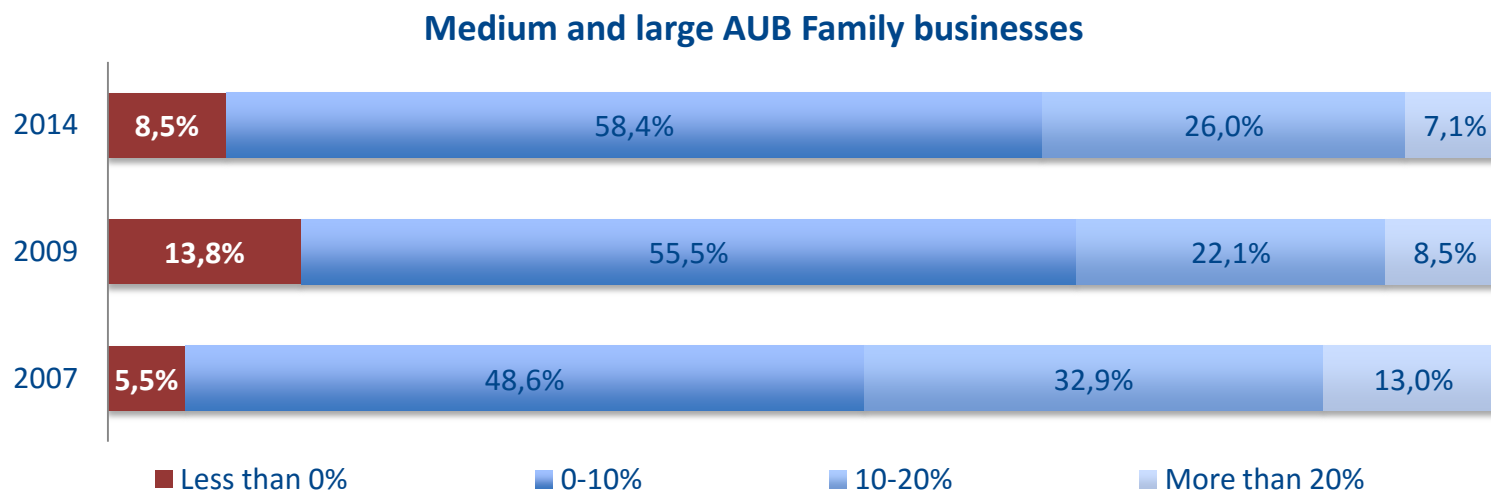
Non-family businesses (>50)	2007	2008	2009	2010	2011	2012	2013	2014
Branches of foreign companies	9,0	7,0	5,8	7,3	7,0	6,7	7,0	7,8
State/Local authorities	5,3	5,1	6,3	6,5	6,0	4,0	6,1	7,0
Coalitions	8,3	7,9	6,4	7,7	7,0	6,1	5,8	6,9
Controlled by Investment / P.E. Funds	7,6	6,3	5,0	5,5	4,8	3,8	3,7	4,6
Cooperatives and Consortia	5,7	4,4	4,1	3,6	3,4	2,8	3,1	3,5

... the same holds true for companies of small size.

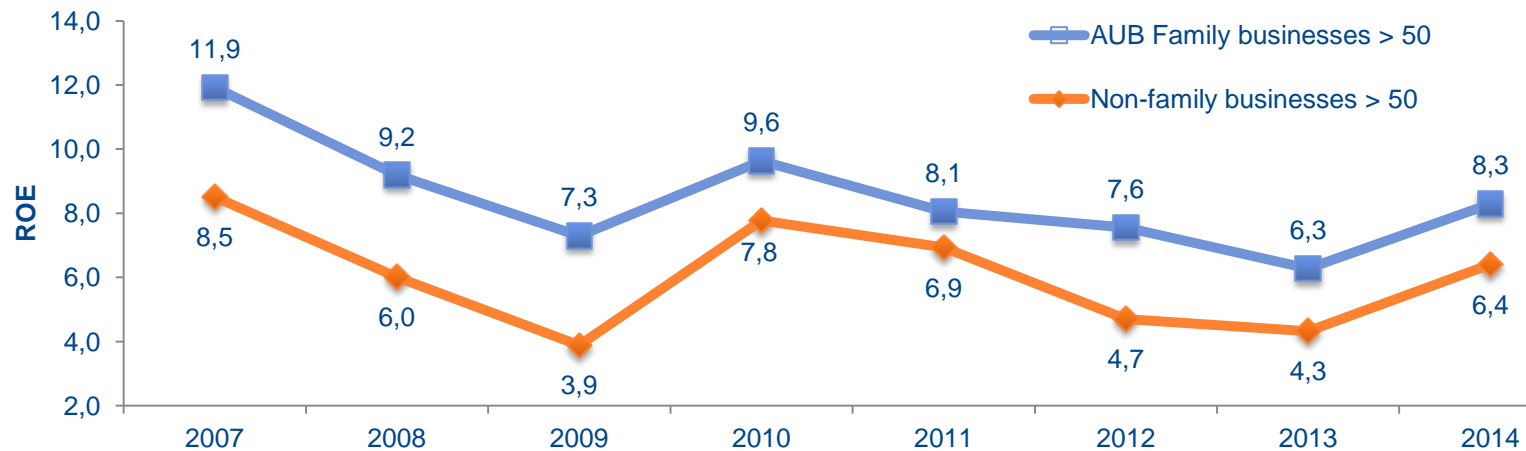


Non-family businesses (20-50)	2007	2008	2009	2010	2011	2012	2013	2014
State/Local authorities	3,8	4,9	5,1	5,0	5,7	4,7	6,3	9,1
Branches of foreign companies	8,5	8,3	6,2	7,3	7,4	7,2	7,8	8,9
Controlled by Investment / P.E. Funds	8,2	7,1	3,2	7,0	5,9	6,3	7,1	7,1
Coalitions	9,0	7,1	5,2	6,4	6,8	5,8	6,3	7,1
Cooperatives and Consortia	5,3	4,9	4,7	4,0	4,7	3,6	4,2	4,4

The percentage of companies with a negative ROI is (almost) back to its 2007 level

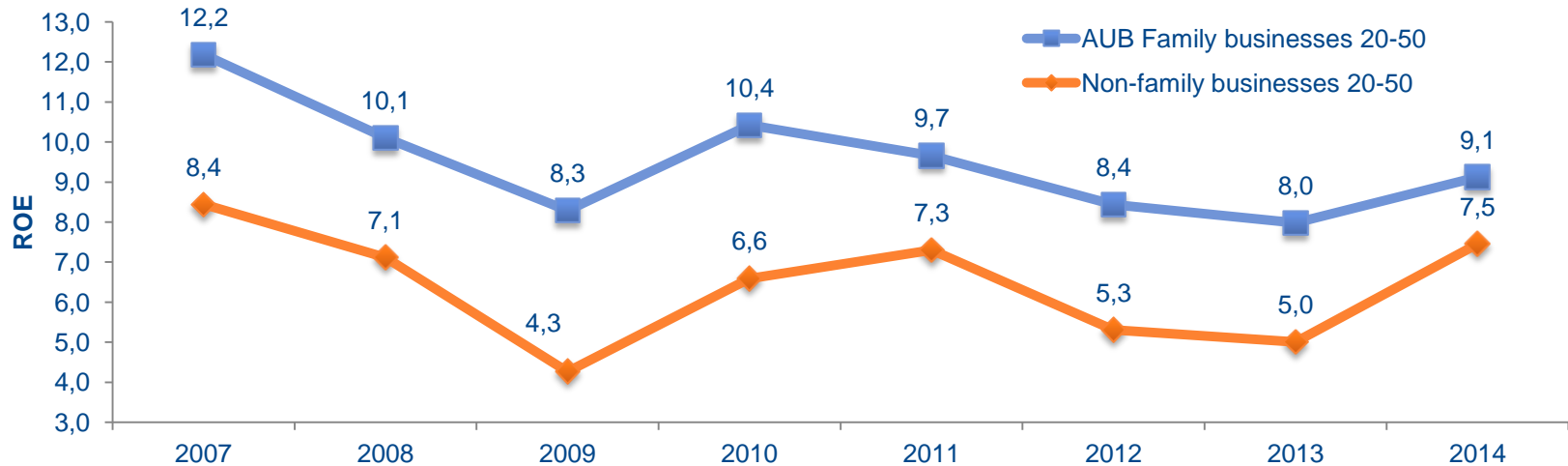


The positive gap in the return on net capital between family and non-family businesses persists among medium/large businesses



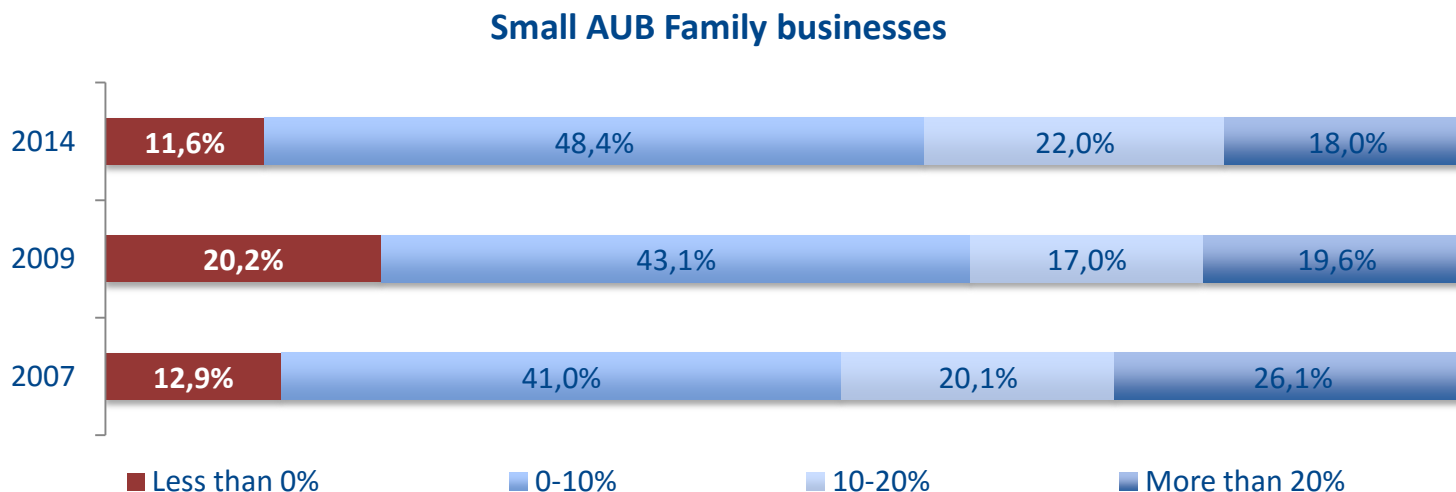
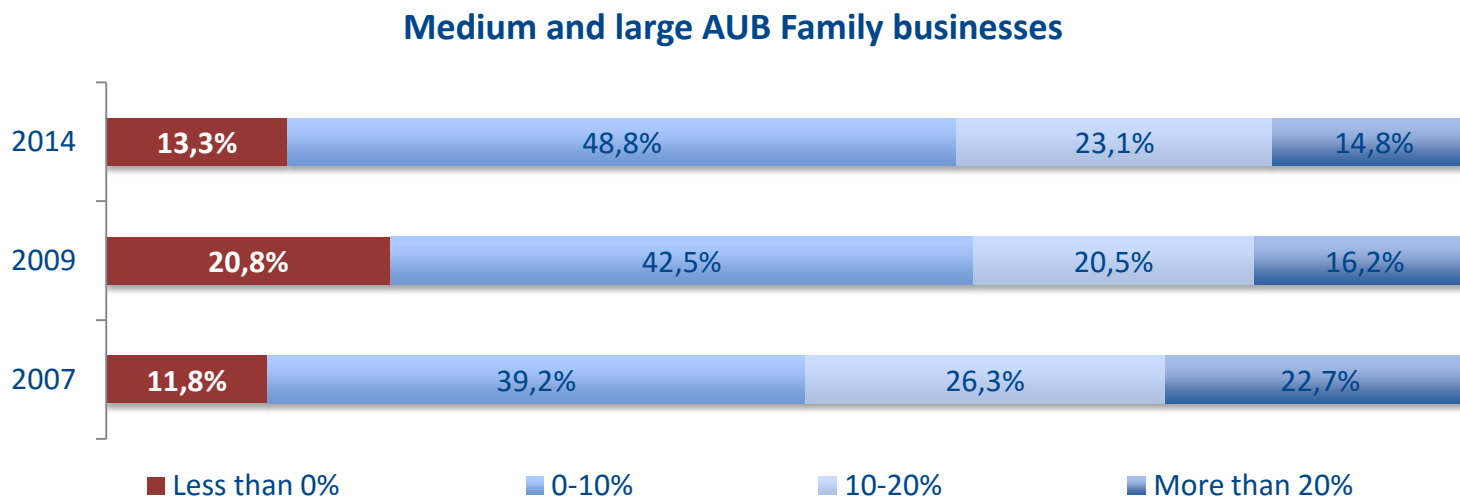
Non-family businesses (>50)	2007	2008	2009	2010	2011	2012	2013	2014
Branches of foreign companies	9,5	6,2	3,5	9,3	8,2	6,3	5,7	7,9
Controlled by Investment / P.E. Funds	4,5	1,0	-8,6	-0,4	-0,9	-4,0	-4,1	6,9
Coalitions	12,1	10,0	7,9	9,0	8,1	5,7	4,7	5,2
State/Local authorities	4,4	4,5	4,9	5,8	3,3	2,7	4,3	3,0
Cooperatives and Consortia	4,4	3,0	3,2	2,8	3,8	-0,4	-0,2	1,8

... the same is true for small companies

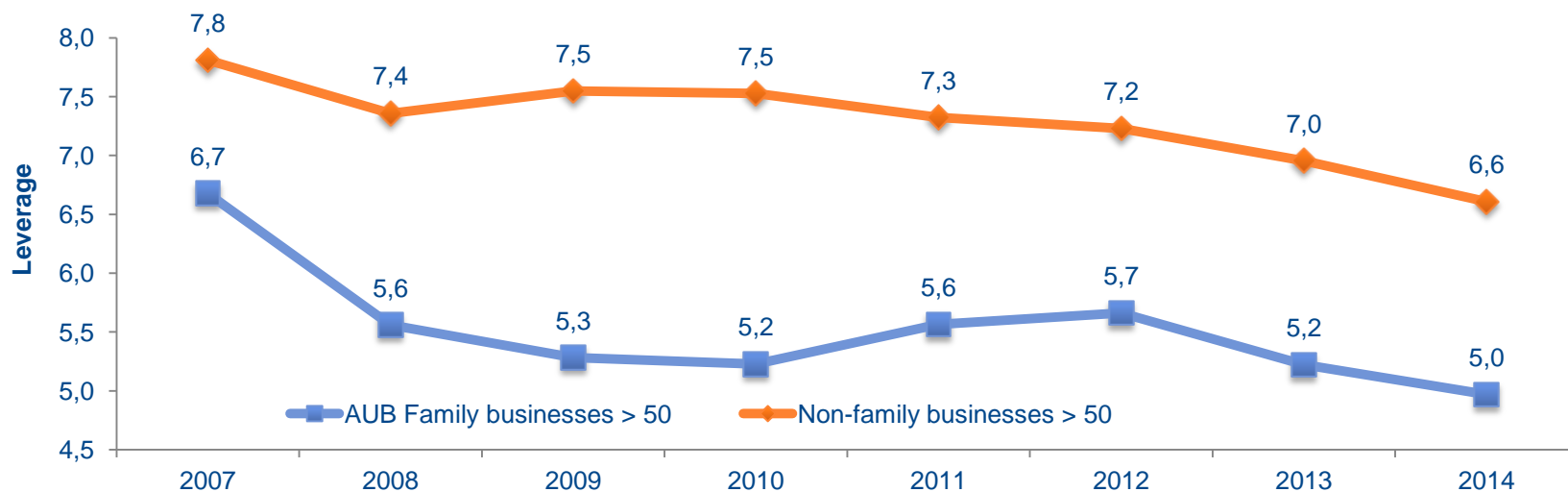


Non-family businesses (20-50)	2007	2008	2009	2010	2011	2012	2013	2014
Controlled by Investment / P.E. Funds	12,7	11,7	2,5	9,0	3,9	-0,2	3,4	14,0
Coalitions	12,0	10,4	7,4	9,2	8,8	7,2	6,7	10,8
State/Local authorities	3,8	7,5	4,8	5,0	7,0	7,2	6,9	9,1
Branches of foreign companies	9,8	7,4	2,9	7,0	8,0	6,3	5,6	7,4
Cooperatives and Consortia	3,2	1,9	3,4	4,0	4,7	1,5	1,2	2,3

The proportion of small companies with a negative ROE is (almost) back to its 2007 level.



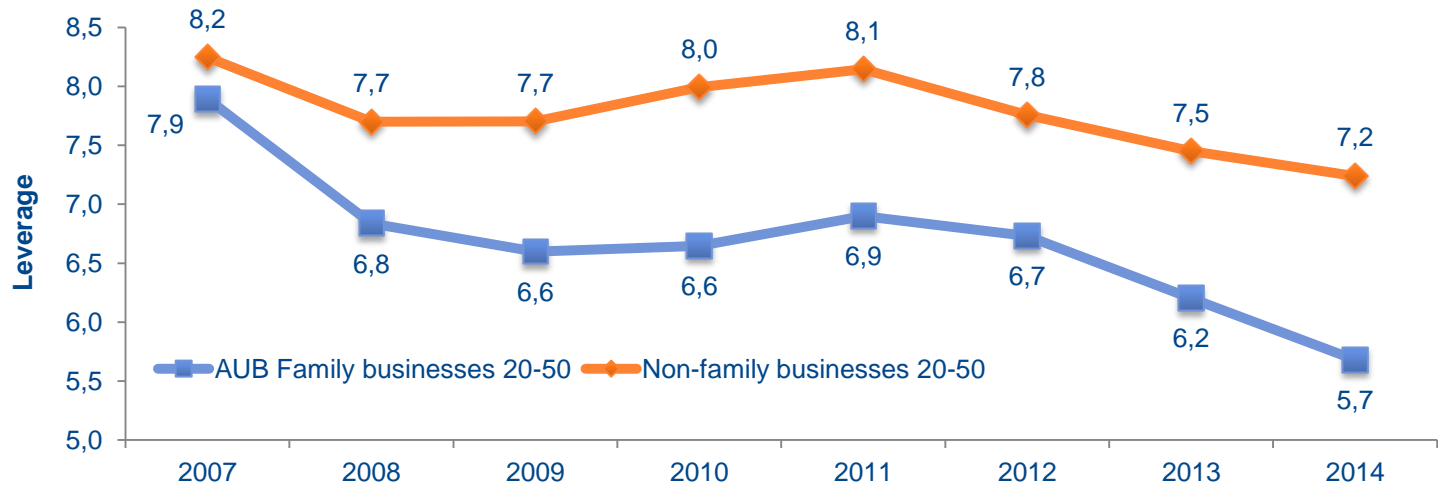
Leverage at its lowest in 2014 for both family businesses and non-family businesses



Non-family businesses (>50)	2007	2008	2009	2010	2011	2012	2013	2014
Branches of foreign companies	6,9	6,6	6,7	6,8	6,6	6,6	6,2	5,4
Coalitions	8,4	7,0	7,3	7,0	7,5	6,5	6,6	5,9
State/Local authorities	8,5	8,3	8,2	7,7	7,7	7,7	7,9	7,6
Controlled by Investment / P.E. Funds	8,9	8,1	8,2	7,5	6,5	7,2	6,3	7,6
Cooperatives and Consortia	11,1	10,3	11,2	11,4	10,4	11,1	11,0	13,1

(*) Leverage= Total Assets/Equity (source: Aida). The ratio for non-family businesses is a weighted average of the ratios of all businesses with a non-family ownership structure.

Leverage in small companies is, on average, 0,6-0,7 points higher than in medium and large companies, but a widening gap exists between family and non-family businesses.

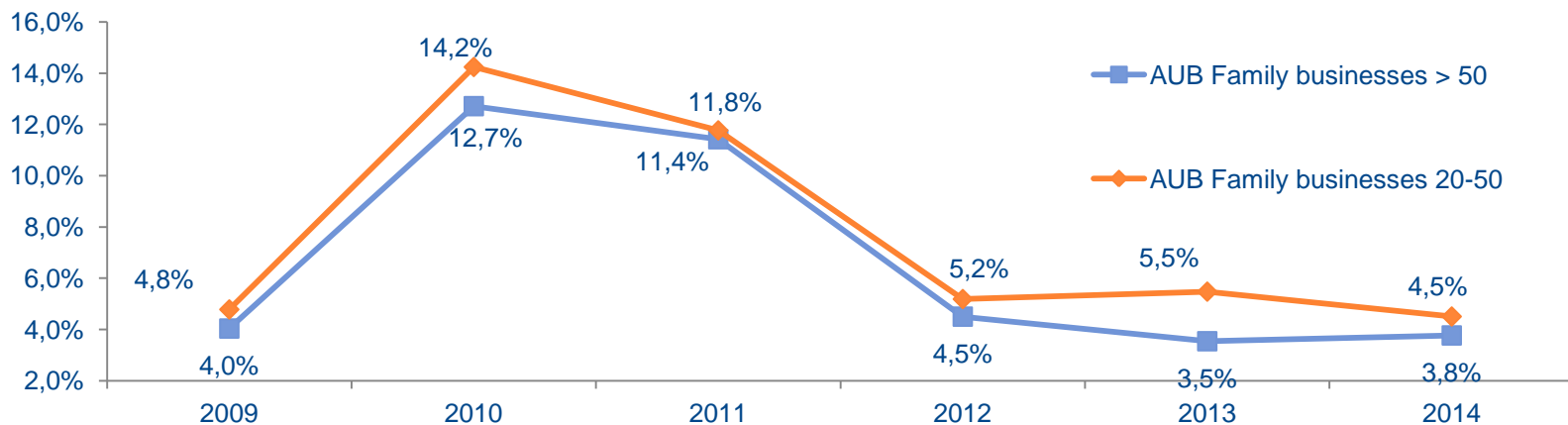


Non-family businesses (20-50)	2007	2008	2009	2010	2011	2012	2013	2014
Controlled by Investment / P.E. Funds	7,7	6,0	6,6	6,6	8,1	7,6	6,8	5,9
Branches of foreign companies	7,3	6,9	6,6	6,8	7,0	6,7	6,3	6,1
State/Local authorities	8,4	8,9	8,3	8,1	7,6	7,3	7,4	6,3
Coalitions	7,3	7,0	6,9	7,1	7,2	7,0	7,0	6,6
Cooperatives and Consortia	11,8	10,3	11,3	11,5	12,0	11,5	10,9	11,2

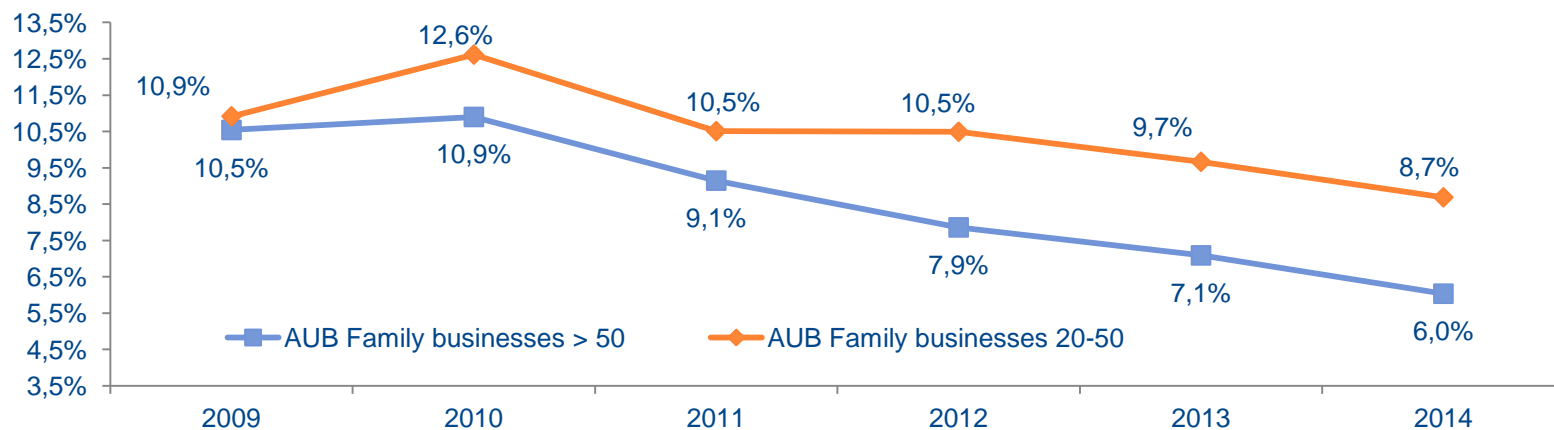
(*) Leverage= Total Assets/Equity (source: Aida). The ratio for non-family businesses is a weighted average of the ratios of all businesses with a non-family ownership structure.

Variations in Net Fixed Assets and Equity

Change in Net Fixed Assets (*)



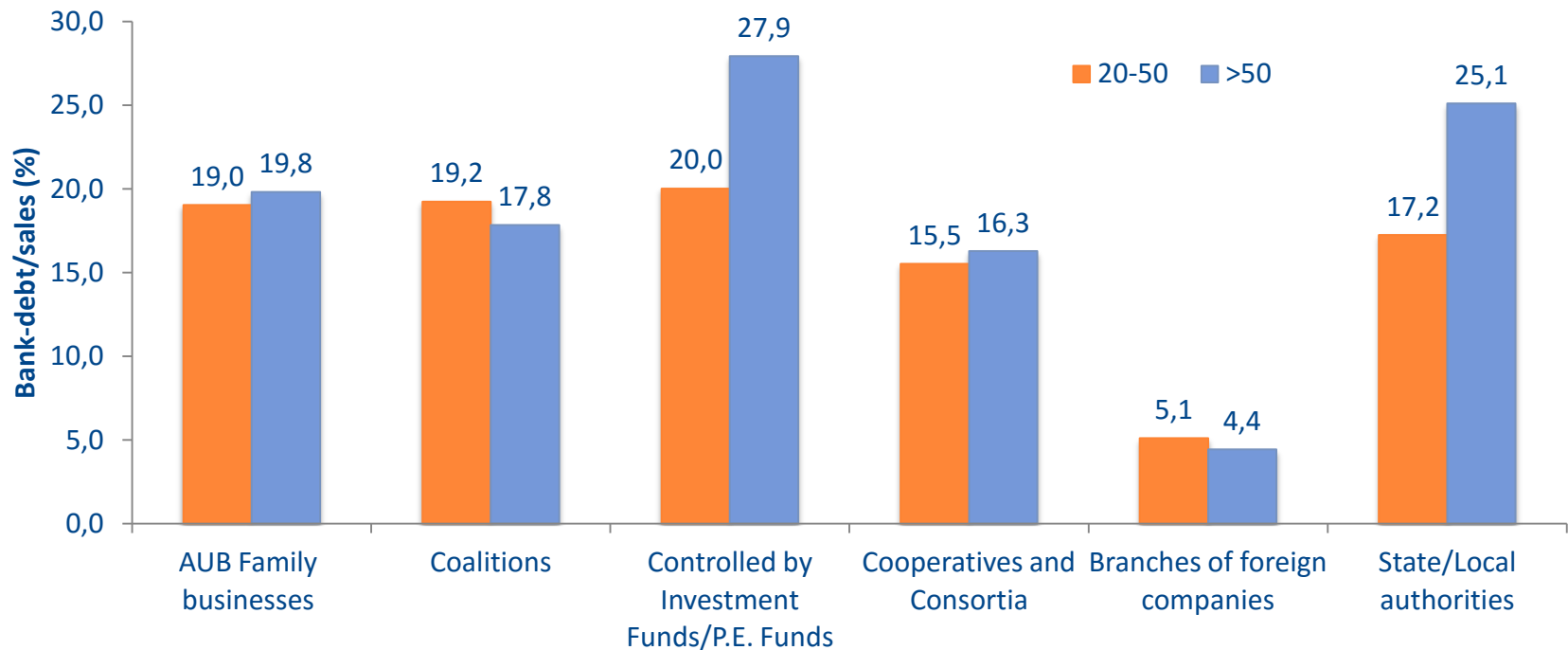
Change in Equity (*)



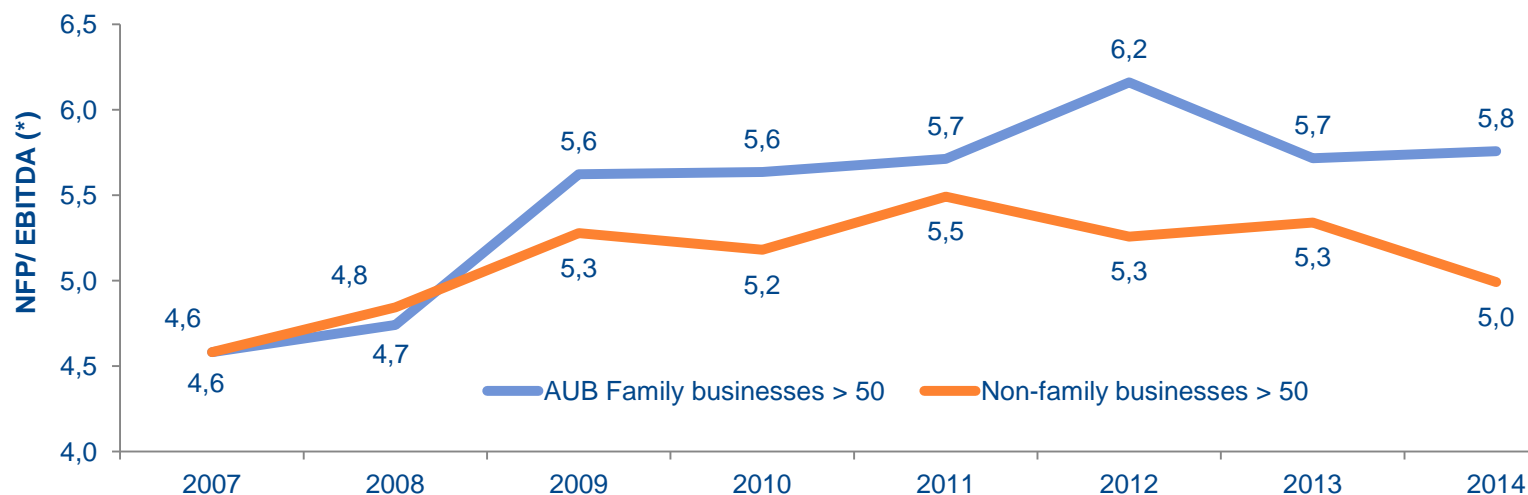
(*) source: Aida.

With the exception of state and investment funds-owned companies, there is no significant difference between the levels of bank-debt to sales of small and medium/large enterprises.

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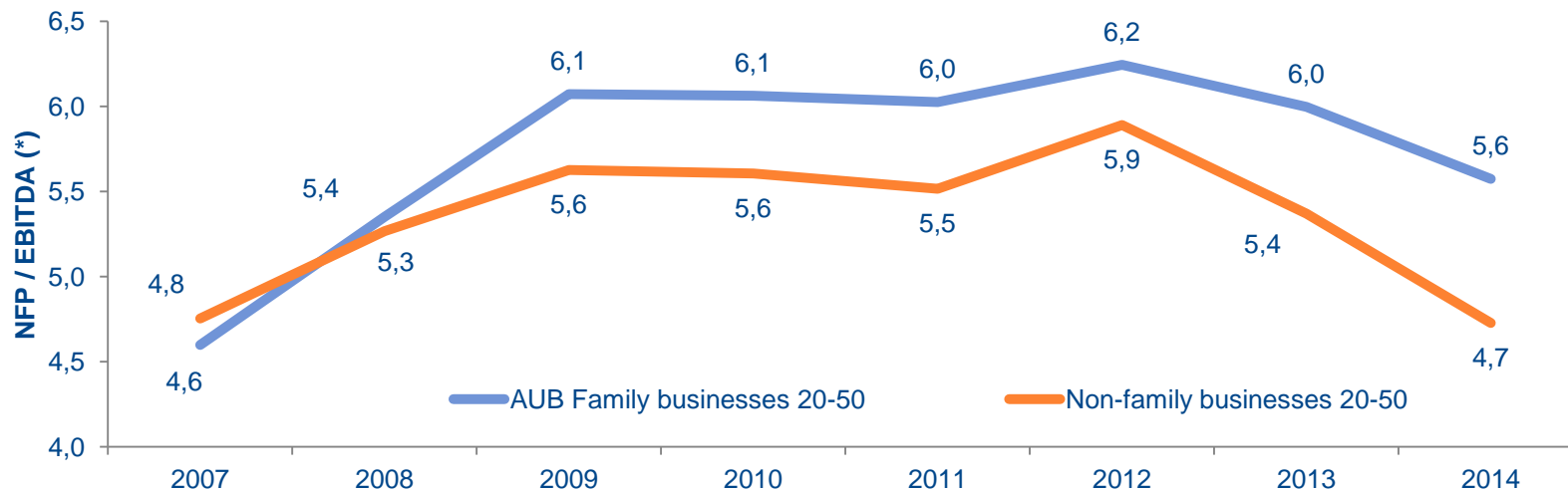
The debt-repayment ability is stable among family businesses, while it has risen in 2014 among non-family businesses.



Non-family businesses (>50)	2007	2008	2009	2010	2011	2012	2013	2014
Controlled by Investment / P.E. Funds	4,6	7,0	6,6	5,8	5,5	4,5	6,4	2,7
Branches of foreign companies	3,5	3,7	4,1	3,7	4,4	3,9	4,1	4,2
Coalitions	4,6	5,0	6,1	5,0	5,1	5,7	5,9	4,5
State/Local authorities	4,3	4,9	5,3	5,7	4,9	5,2	4,0	5,6
Cooperatives and Consortia	7,6	7,3	7,1	8,6	9,0	8,4	8,2	7,4

(*) The ratio was calculated for all companies with positive values of NPF and EBITDA (source: Aida). The ratio for non-family businesses is a weighted average of the ratios of all businesses with a non-family ownership structure.

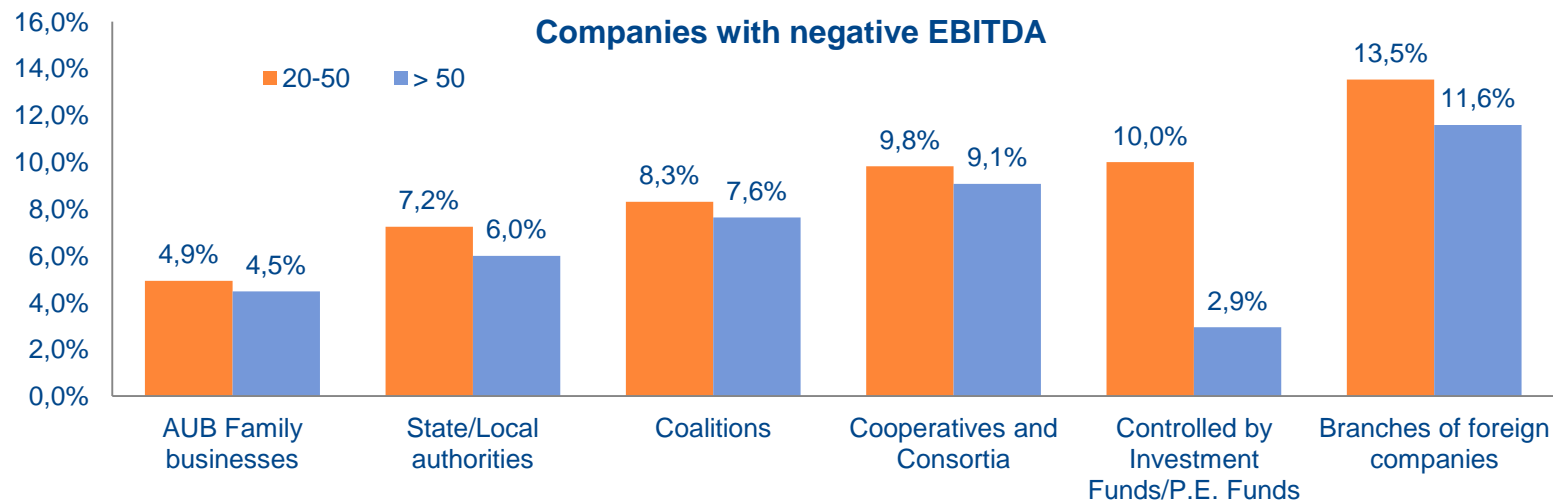
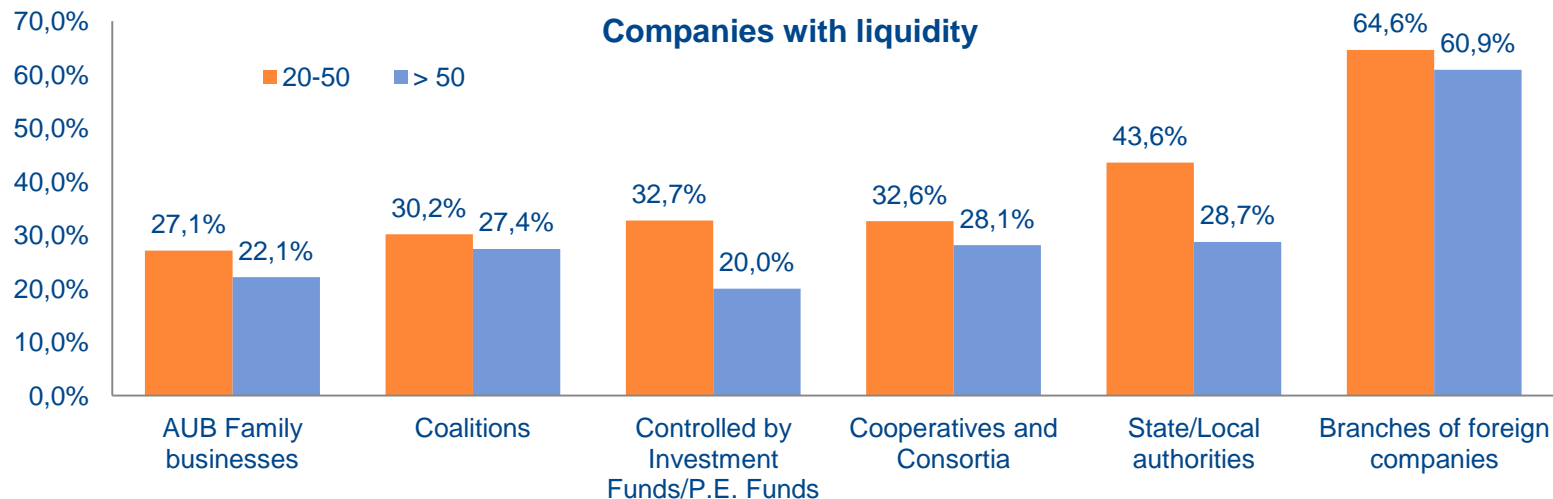
Also among small companies, the ability to repay debts is lower in family businesses than in non-family businesses.



Non-family businesses (20-50)	2007	2008	2009	2010	2011	2012	2013	2014
State/Local authorities	4,3	4,0	3,9	4,0	3,9	4,6	3,3	2,7
Coalitions	4,3	5,4	6,1	5,8	5,9	5,9	6,0	4,2
Branches of foreign companies	4,2	4,5	5,0	5,0	5,1	5,4	4,7	4,7
Controlled by Investment / P.E. Funds	4,2	4,6	5,4	4,8	5,2	4,9	3,8	5,2
Cooperatives and Consortia	6,1	6,7	6,8	6,9	6,4	7,3	6,8	5,8

(*) The ration was calculated for all companies with positive values of NPF and EBITDA (source: Aida). The ratio for non-family businesses is a weighted average of the ratios of all businesses with a non-family ownership structure.

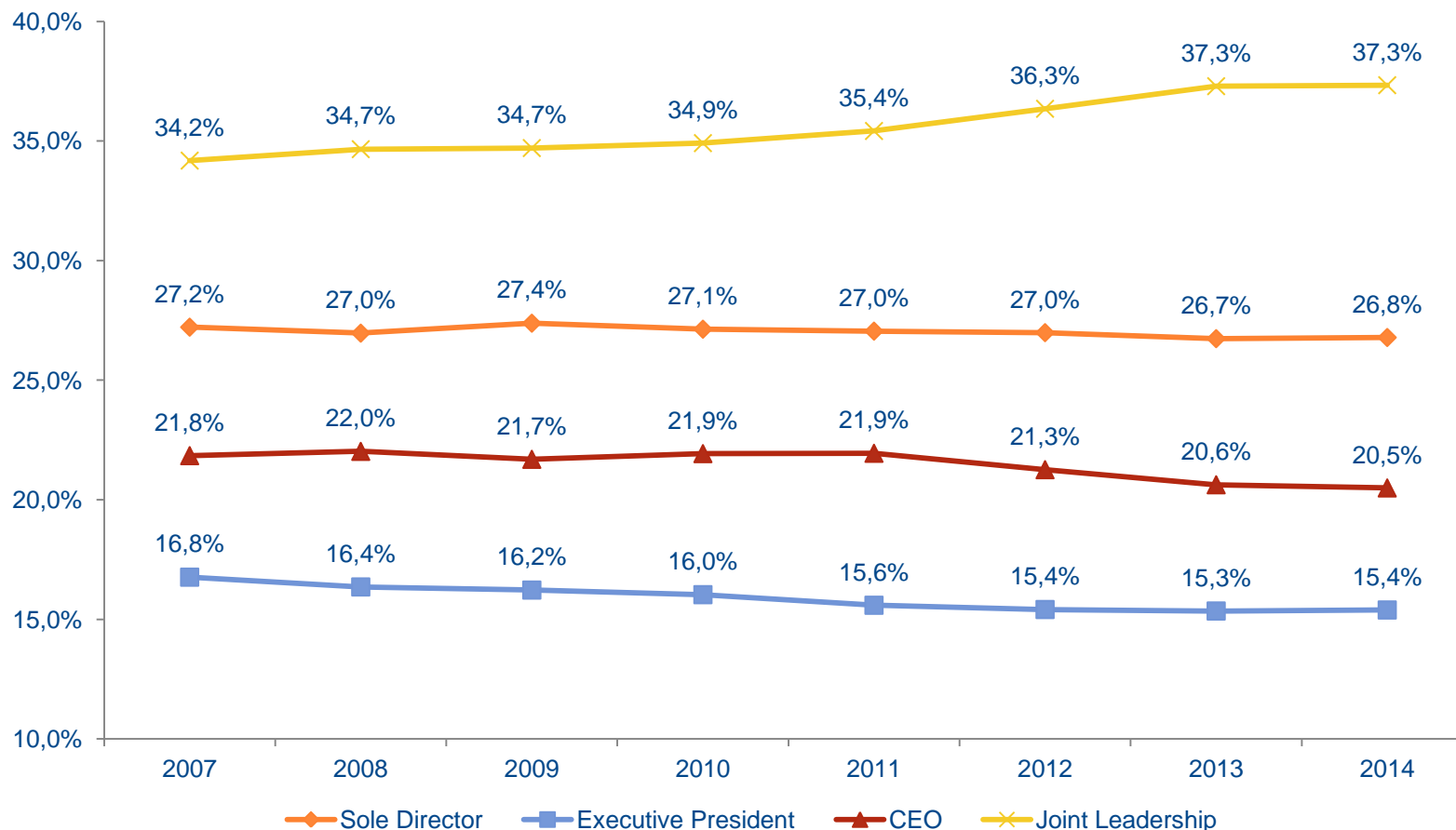
Companies with liquidity and negative EBITDA



Main leadership models: joint leadership and sole director

The evolution of leadership models among family businesses with revenues above 20 million euros in the time period 2007-2014

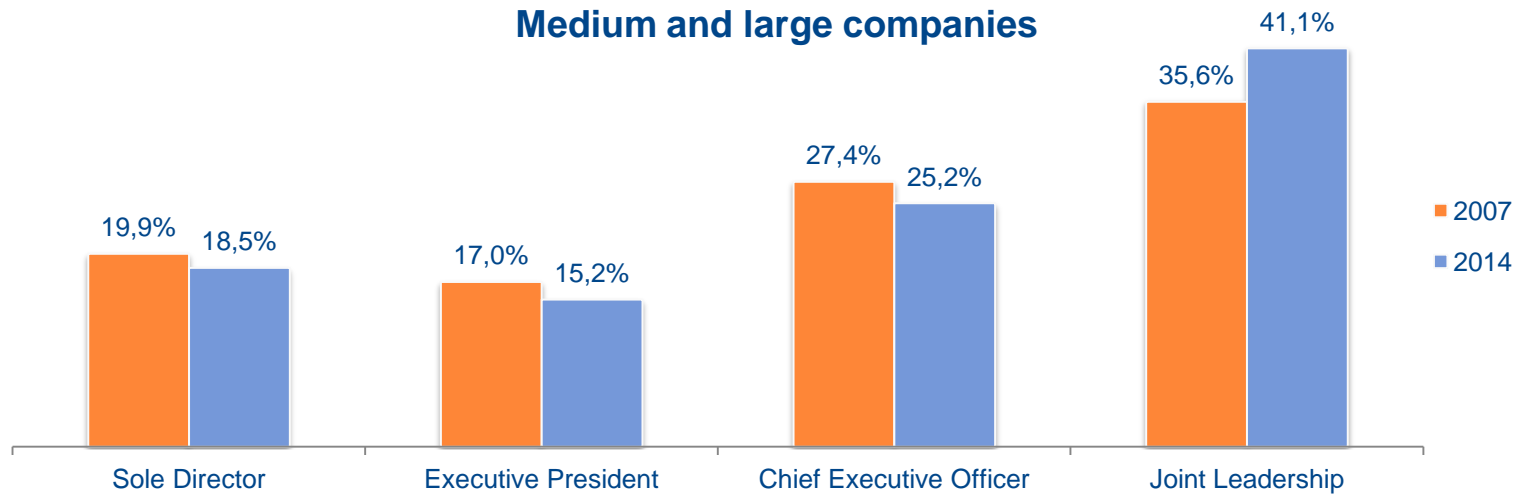
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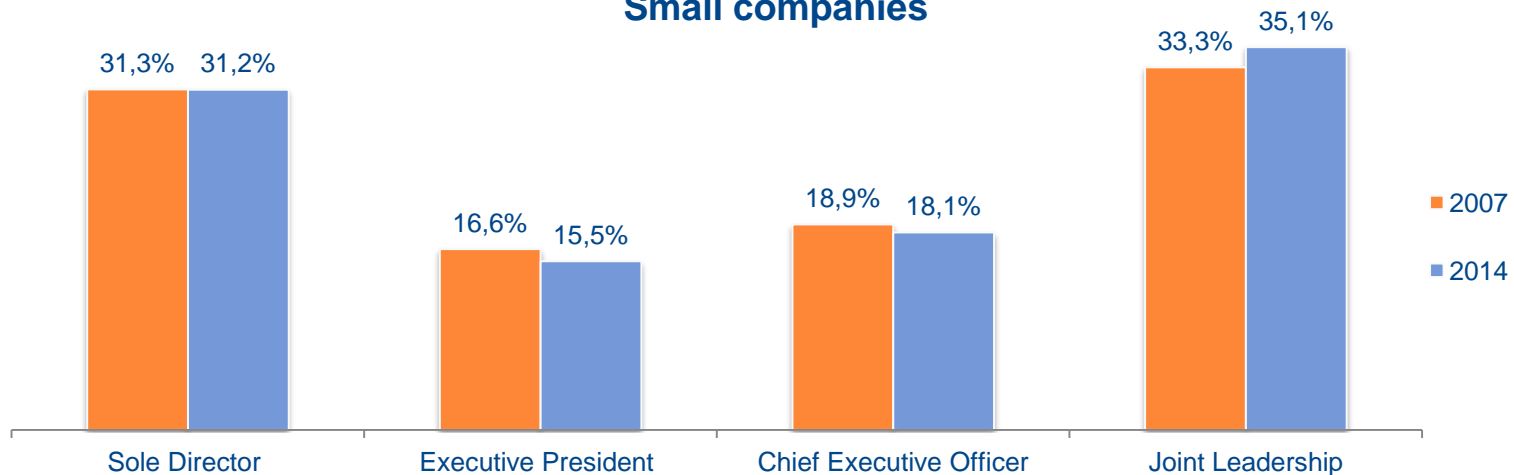
The evolution of leadership models in small and medium/large companies

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Medium and large companies



Small companies



An overview on leadership models

	Sole director		Executive Chairman		CEO		Joint Leadership (*)	
	20-50	>50	20-50	>50	20-50	>50	20-50	>50
Company's age	23,6	24,4	29,3	30,1	30,9	33,8	31,9	33,5
First generation	48,0%	48,9%	40,8%	35,0%	20,8%	22,3%	35,9%	34,7%
Family-leadership	89,8%	87,5%	93,3%	88,1%	76,3%	69,5%	65,6%	56,3%
Leader's age	57,0	58,5	61,2	60,5	55,9	55,8	60,8	62,0
Management Board Composition			54,6%	43,9%	41,1%	30,2%	50,7%	39,7%
% Family-managers			78,8%	70,7%	70,0%	60,8%	78,1%	70,8%
% Female managers			21,8%	19,1%	20,9%	18,1%	21,4%	19,6%
% Young managers (< 40 years old)			13,4%	15,0%	12,9%	12,5%	13,0%	12,3%
% Executive managers			32,0%	47,1%	35,5%	45,1%	76,2%	72,4%
Sales revenue (mln Euro)	29,3	109,4	29,8	149,7	31,4	295,5	31,8	171,1

(*) In case of joint leadership, the leader's age is computed as the average of the ages of CEOs.

Companies managed by a sole director perform statistically better in terms of profitability

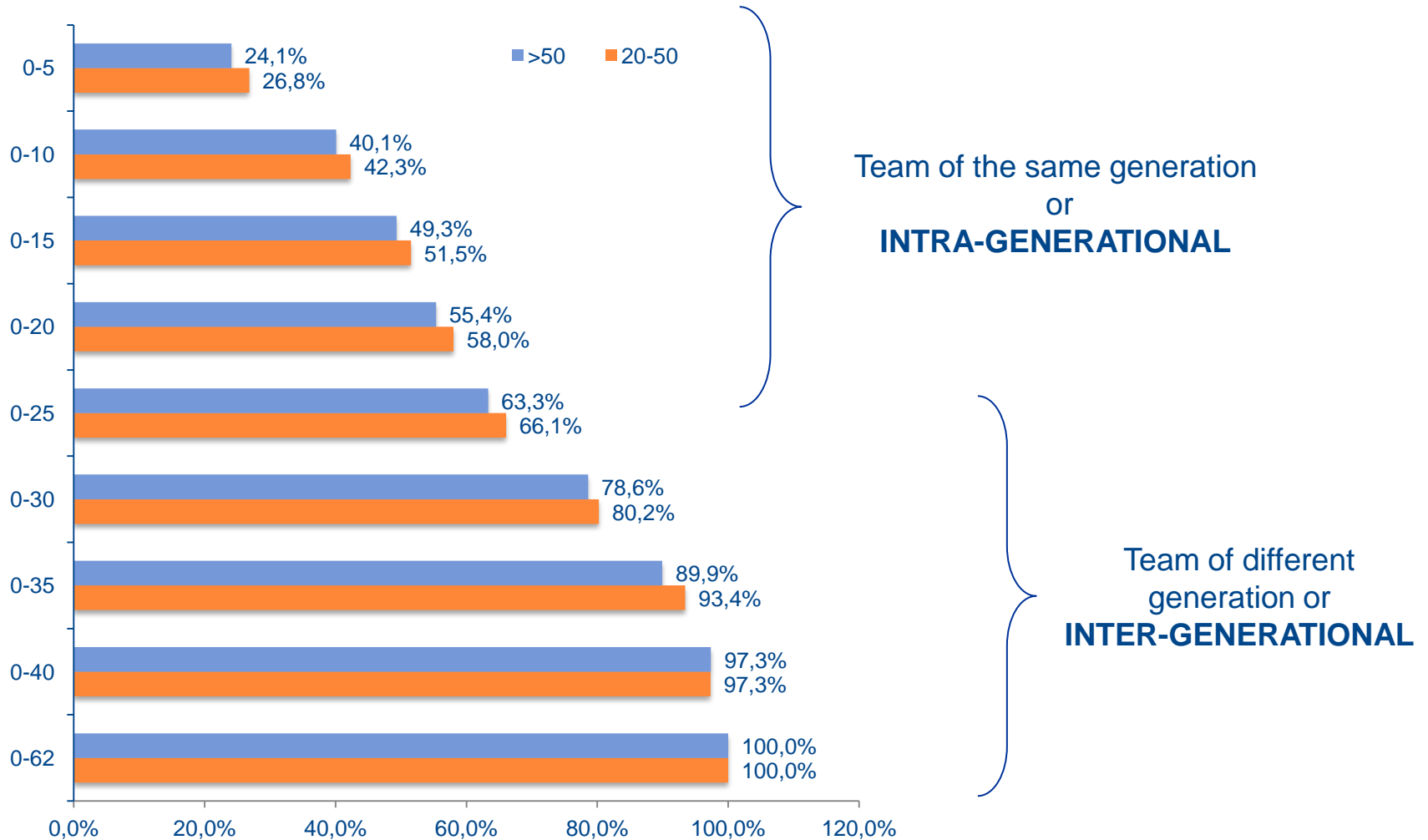
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Leadership Models	Δ ROI		Δ ROE		Δ Sales Revenue Growth	
	20-50	>50	20-50	>50	20-50	>50
Sole Director	0,5***	0,1	1,7 ***	1,1**	0,6**	1,5***
Executive Chairman	-0,0	0,1	-0,3	-0,2	0,3	-0,2
CEO	-0,4 **	-0,2	-0,8 *	-0,4	-0,7**	-0,2
Collegiale leadership	-0,2	0,1	-0,9 **	-0,2	-0,2	-0,5**

The values indicate that the various leadership models are characterized by a performance that is “x” points higher (+) or lower (-) than the population average. The difference is highly significant (***) if the p value is <.01, significant (**) if the p value is <.05, discretely significant (*) if the p value is <.1). For the analysis 2004-2014 data were used for companies >50 mln € and 2007-2014 data for companies 20-50 mln € (source: Aida). An OLS regression has been run with the following controls: 1) company's age; 2) company's size; 3) year (firm year dummies); 4) sector (firm year industry) using the first 2 digits of the Ateco 2007 code ; 5) standard errors clustered by company.

The age difference between the youngest and the oldest CEO.

Bocconi





Bocconi

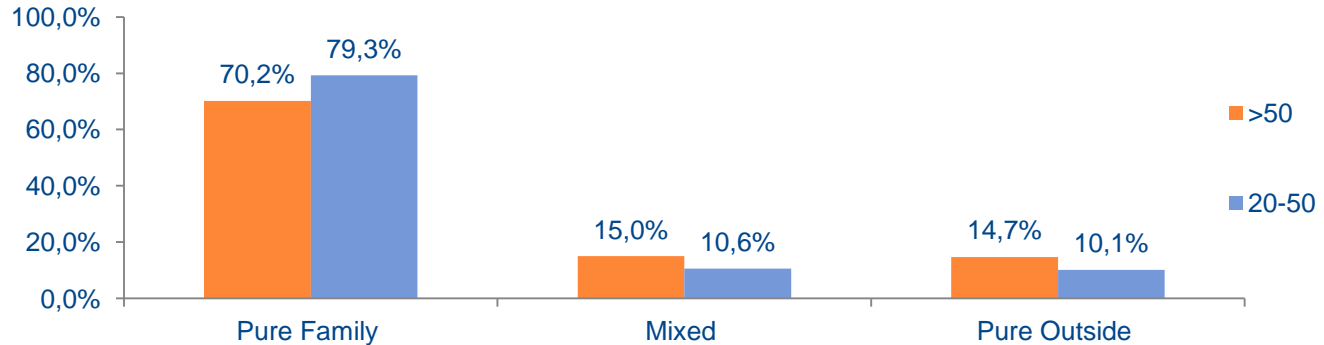
Family leaders perform well

A scheme based on the familiarity of leadership

	"Pure Family" Model		"Mixed" Model		"Pure Outside" Model	
Joint Leadership	All CEOs are family members		At least one CEO is a family member		All CEOs are not family members	
	23,0% (AUB 20-50)	23,3% (AUB > 50)	10,6% (AUB 20-50)	15,0% (AUB > 50)	1,6% (AUB 20-50)	3,0% (AUB > 50)
Individual Leadership *	The leader is a family member				The leader is not a family member	
	56,3% (AUB 20-50)	46,9% (AUB > 50)			8,5% (AUB 20-50)	11,7% (AUB > 50)

(*) Individual Leadership: Sole Director, Executive Chairman or CEO.

The “pure family” model is the most common and leads to superior performance when compared to the “mixed” and “pure outside” models.



leadership model	Δ ROI		Δ ROE		Δ Sales Revenue Growth	
	20-50	>50	20-50	>50	20-50	>50
Pure Family	1,0 ***	0,3 *	1,4 ***	0,5*	0,9 ***	0,8 **
Mixed	-0,5 **	-0,1	-1,4 **	0,2	-1,1 ***	-0,2
Pure Outside	-1,2 ***	-0,4 *	-1,1*	-1,2 *	-0,3	-1,2 ***

The values indicate that the various leadership models are characterized by a performance that is “x” points higher (+) or lower (-) than the population average. The difference is highly significant (***) if the p value is <.01, significant (**) if the p value is <.05, discretely significant (*) if the p value is <.1). For the analysis 2004-2014 data were used for companies >50 mln € and 2007-2014 data for companies 20-50 mln € (source: Aida). An OLS regression has been run with the following controls: 1) company’s age; 2) company’s size; 3) year (firm year dummies); 4) sector (firm year industry) using the first 2 digits of the Ateco 2007 code ; 5) standard errors clustered by company.

... this holds true regardless of the leader's generation.

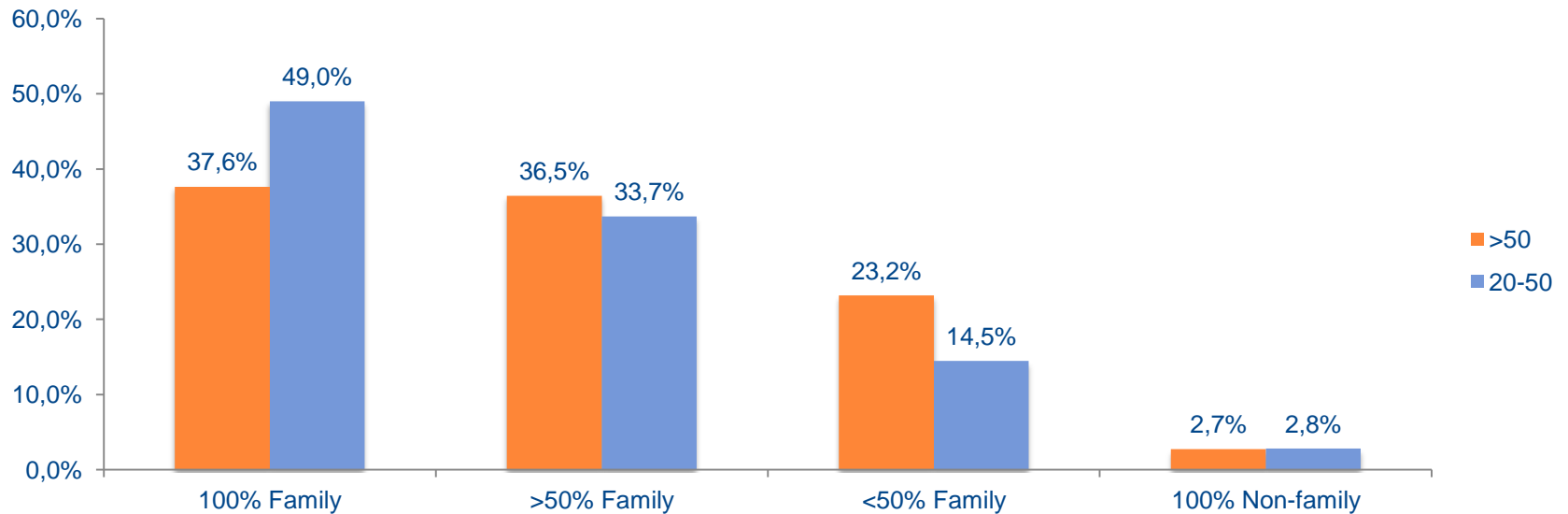
Bocconi

Leadership model	Δ ROI		Δ ROE		Δ Sales Revenue Growth	
	First generation	Successive Generations	First generation	Successive Generations	First generation	Successive Generations
Pure Family	0,6 **	0,5 ***	0,4	0,7*	0,7 ***	0,7 *
Mixed	-0,7 **	-0,1	-0,4	-0,5	-0,7 **	-1,0 *
Pure Outside	0,1	-0,7 ***	-0,4	-0,7	-0,5	-0,0

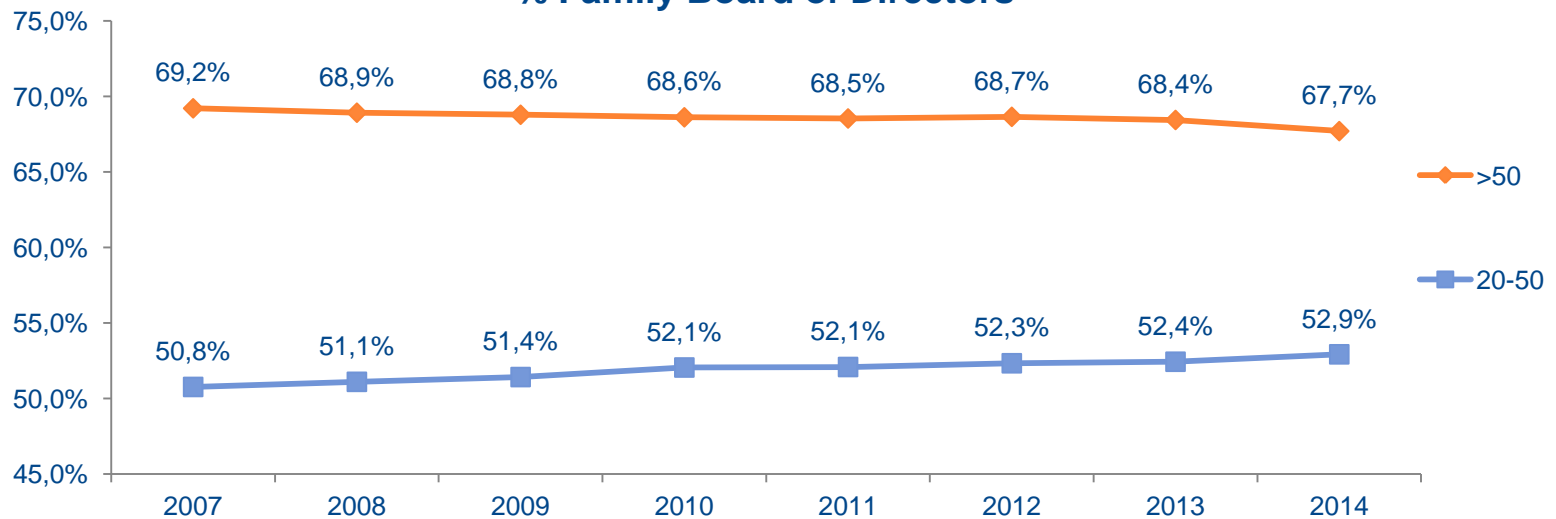
The values indicate that the various leadership models are characterized by a performance that is “x” points higher (+) or lower (-) than the population average. The difference is highly significant (***) if the p value is <.01, significant (**) if the p value is <.05, discretely significant (*) if the p value is <.1). For the analysis 2004-2014 data were used for companies >50 mln € and 2007-2014 data for companies 20-50 mln € (source: Aida). An OLS regression has been run with the following controls: i) company's age; 2) company's size; 3) year (firm year dummies); 4) sector (firm year industry) using the first 2 digits of the Ateco 2007 code ; 5) standard errors clustered by company.

The composition of the Board of Directors

Bocconi



% Family Board of Directors



Young leaders perform better; women do not seem.

Between 2007 and 2014, the proportion of older leaders has been rising

Leader's age	20-50		> 50		Totale	
	2007	2014	2007	2014	2007	2014
Less than 40 years old	11,1%	5,8%	9,1%	4,5%	10,4%	5,3%
40-50 years old	24,5%	19,5%	22,1%	18,2%	23,7%	19,0%
50- 60 years old	26,4%	28,2%	24,7%	28,8%	25,8%	28,4%
60-70 years old	24,4%	24,5%	27,5%	24,8%	25,5%	24,6%
More than 70 years old	13,7%	22,1%	16,6%	23,6%	14,7%	22,6%

Older leaders show weaker performance

Bocconi

	Δ ROI		Δ ROE		Δ Revenue Growth	
Leader's age	20-50	>50	20-50	>50	20-50	>50
Less than 40 years old	-0,2	0,0	1,9 ***	2,0***	3,0***	2,2***
40-50 years old	-0,3	0,2	-0,1	0,7*	0,5*	0,9***
50- 60 years old	0,2*	0,0	0,1	-0,7**	-0,6**	-0,5
60-70 years old	0,5***	0,2	0,1	-0,1	-0,7 **	-0,5
More than 70 years old	-0,5 ***	-0,4**	-1,2***	-0,8***	-0,5 **	-0,9***

The values indicate that companies with leaders belonging to a specific age group are characterized by a performance that is “x” points **higher (+)** or **lower (-)** than the population average. The difference is highly significant (******* or *******) if the p value is <.01, significant (****** o ******) if the p value is <.05, discreetly significant (***** o *****) if the p value is <.1). For the analysis 2004-2014 data were used for companies >50 mln € and 2007-2014 data for companies 20-50 mln € (source: Aida). An OLS regression has been run with the following controls: i) company's age; 2) company's size; 3) year (firm year dummies); 4) sector (firm year industry) using the first 2 digits of the Ateco 2007 code ; 5) standard errors clustered by company

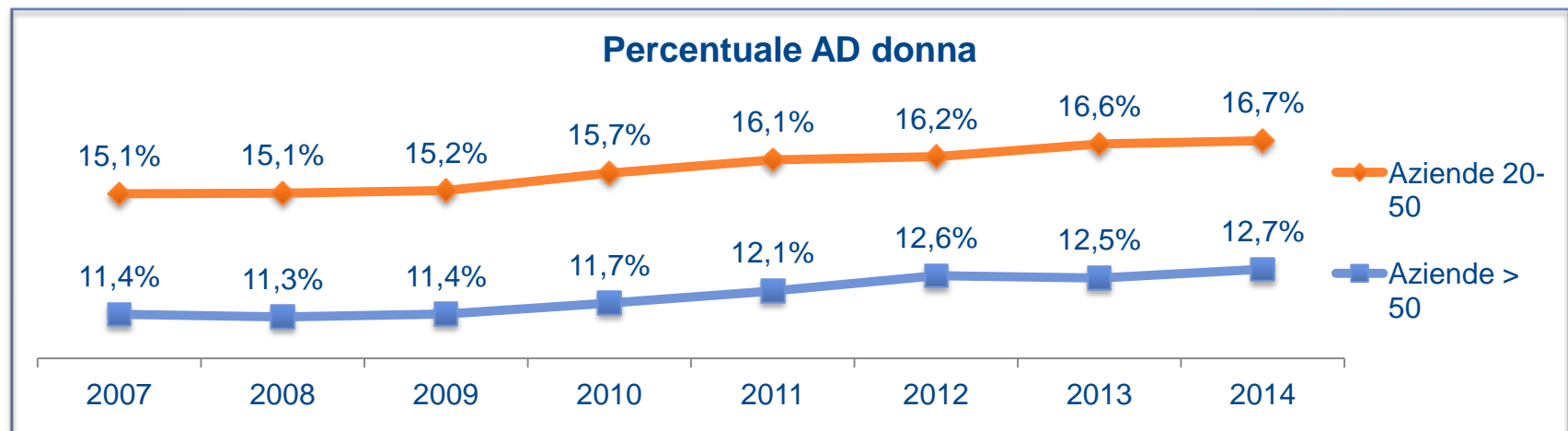
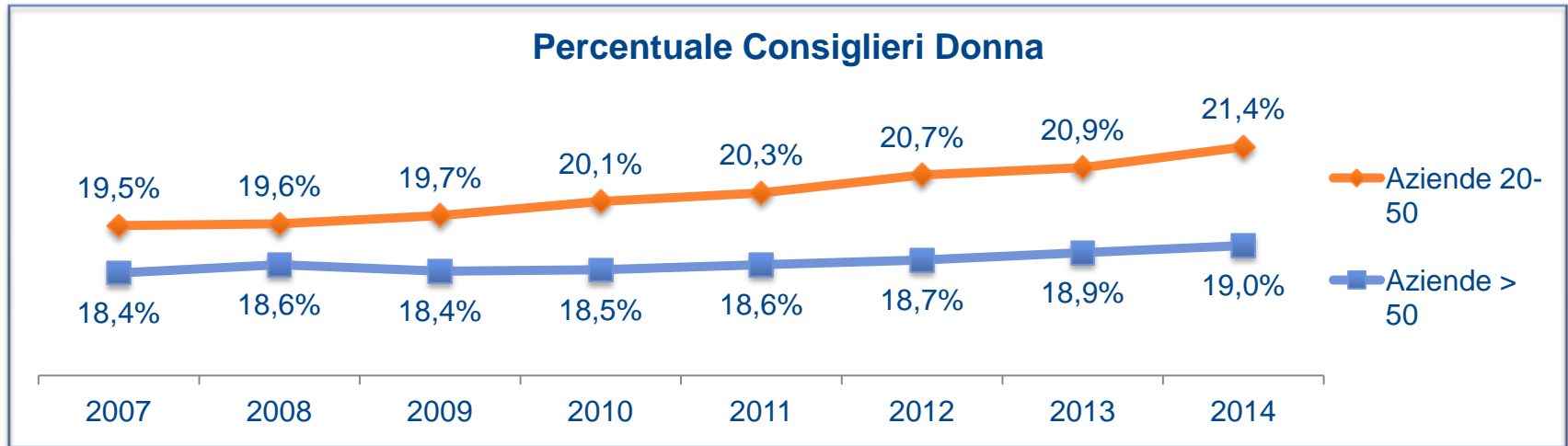
Even among first-generation companies, performance is worse in the presence of older leaders

Bocconi

Leader's age	Δ ROI		Δ ROE		Δ Tasso di Crescita Ricavi	
	Prima generazione	Generazioni successive	Prima generazione	Generazioni successive	Prima generazione	Generazioni successive
Less than 40 years old	0,5	-0,1	5,2 ***	1,2**	5,6***	2,1***
40-50 years old	0,4**	-0,1	0,5	0,3	1,0***	0,6**
50- 60 years old	0,2	0,1	-0,4	-0,2	0,5	-0,5**
60-70 years old	0,2	0,3**	0,3	-0,1	-0,7**	-0,7**
More than 70 years old	-0,9 ***	-0,4***	-1,5***	-0,9**	-0,9***	-0,5*

The values indicate that companies with leaders belonging to a specific age group are characterized by a performance that is “x” points **higher (+)** or **lower (-)** than the population average. The difference is highly significant (*** or ***) if the p value is <.01, significant (** o **) if the p value is <.05, discretely significant (* o *) if the p value is <.1). For the analysis 2004-2014 data were used for companies >50 mln € and 2007-2014 data for companies 20-50 mln € (source: Aida). An OLS regression has been run with the following controls: i) company's age; 2) company's size; 3) year (firm year dummies); 4) sector (firm year industry) using the first 2 digits of the Ateco 2007 code ; 5) standard errors clustered by company

The presence of women in top positions is more visible in small-size companies, mostly in the corporate leadership



There is no significant relationship between the presence of women and company's performance

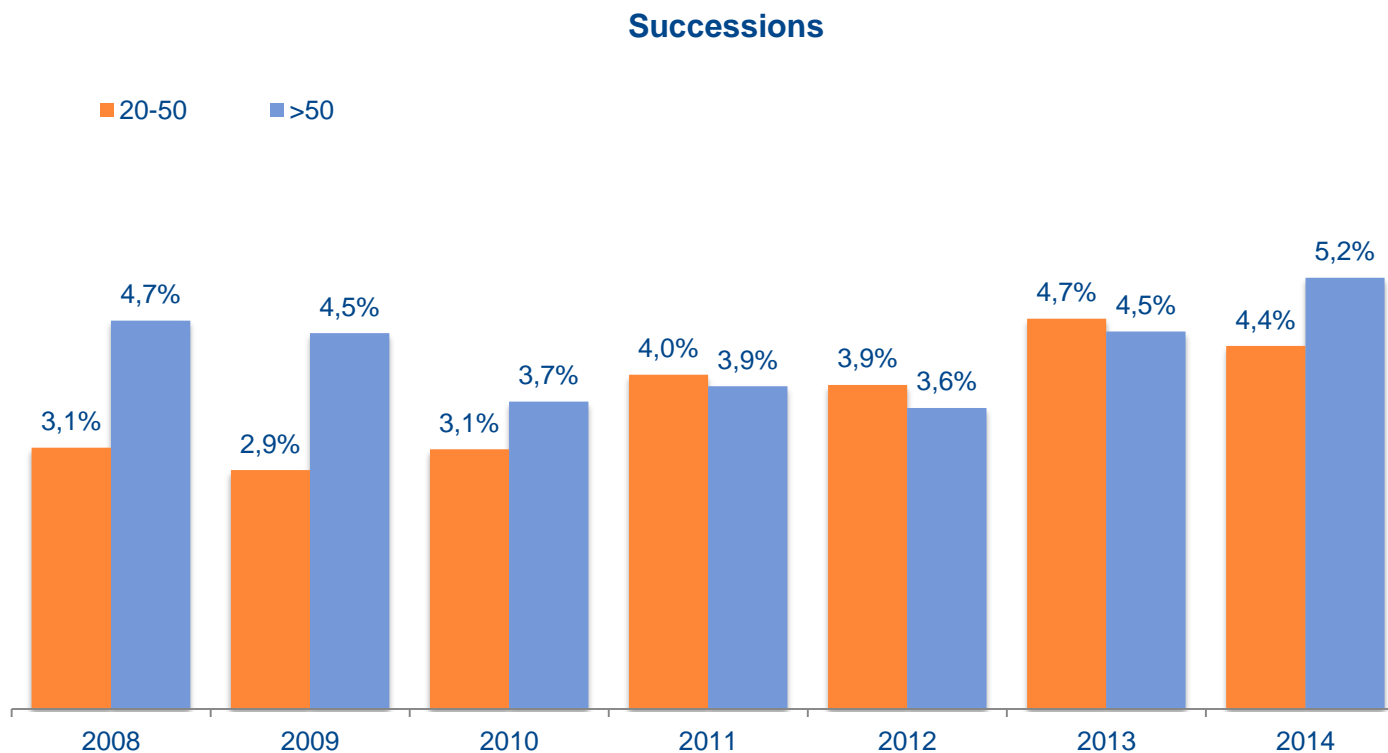
Bocconi

	Δ ROI		Δ ROE		Δ Revenue growth	
Presence of women	20-50	>50	20-50	>50	20-50	>50
At least one female director	0,1	0,2	-0,1	0,2	-0,1	0,3
Female Leader	-0,1	0,3	-0,1	0,8	0,1	-0,1
At least one female CEO	-0,3	0,2	-0,5	0,4	0,0	0,2

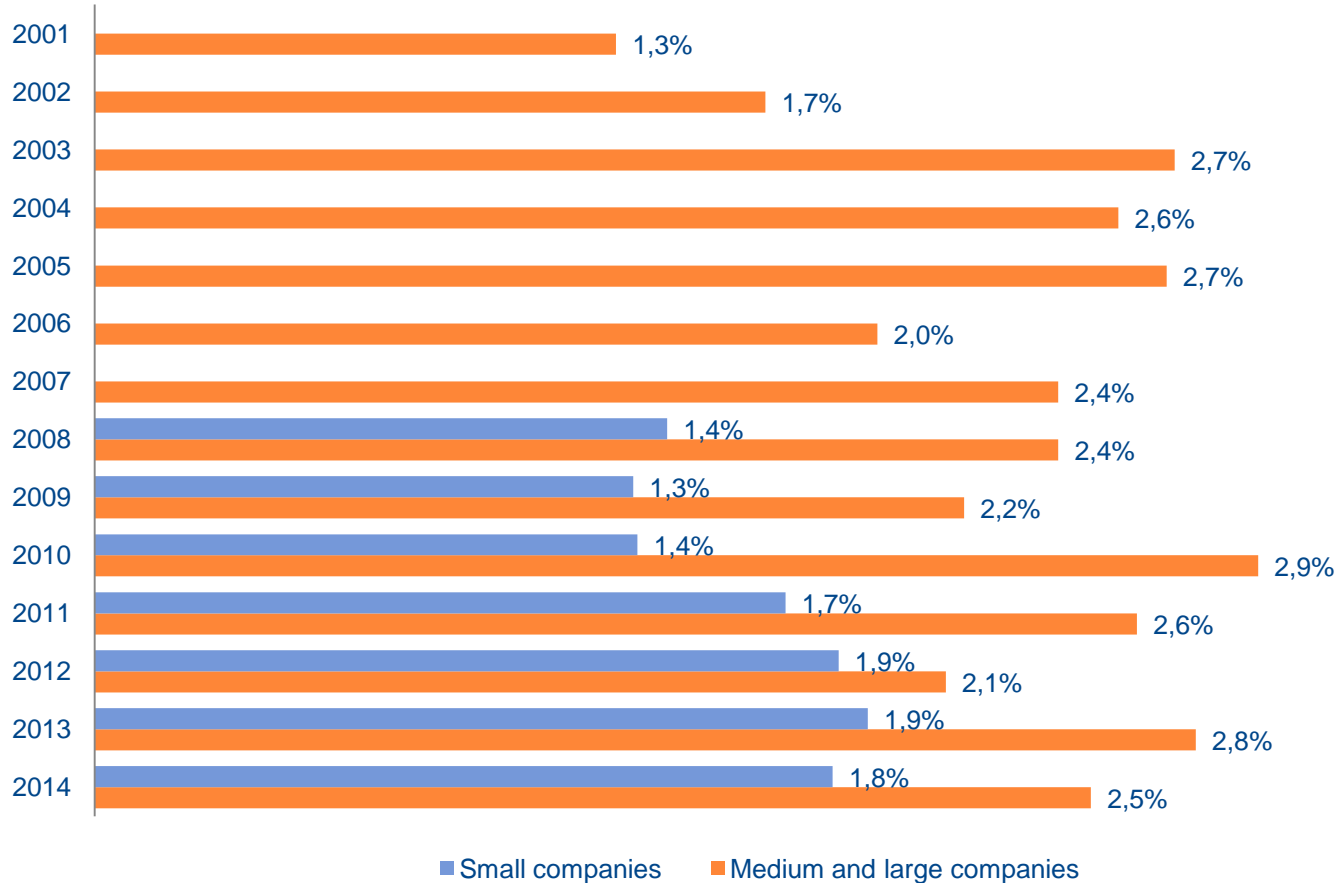
The values indicate that companies with women in top positions are characterized by a performance that is “x” points **higher (+)** or **lower (-)** than the population average. The difference is highly significant (******* or *******) if the p value is <.01, significant (****** or ******) if the p value is <.05, discreetly significant (***** or *****) if the p value is <.1). For the analysis 2004-2014 data were used for companies >50 mln € and 2007-2014 data for companies 20-50 mln € (source: Aida). An OLS regression has been run with the following controls: i) company's age; 2) company's size; 3) year (firm year dummies); 4) sector (firm year industry) using the first 2 digits of the Ateco 2007 code ; 5) standard errors clustered by company

The number of non-family leaders increases

Successions have been on the rise in the last two years.



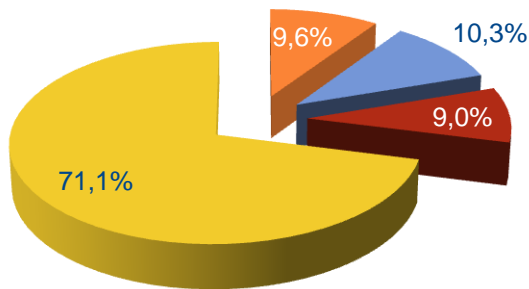
A generational change occurred in approximately 2,5% of medium and large Family-businesses (and in 1,6% of the small ones).*



* A change is considered generational if a family-leader was replaced by a non-family leader or if there is at least a 15-years age difference between the outgoing and ingoing family-leaders.

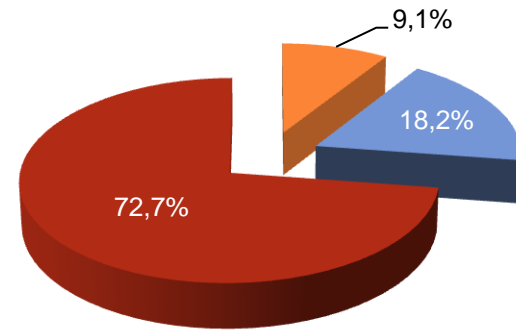
A generational change occurred in 10.3% of AUB Observatory companies in the period 2006-2010. Whereas, the national average as of the ISTAT 2011 census is 9.1%.

AUB Observatory



- Generational change (2001-2005)
- Generational change (2006-2010)
- Generational change (2011-2014)
- No Generational change

ISTAT



- Generational change- last 5 years
- Generational change -planned for the next 5 years
- No Generational change

(*) Processing on 2011 Census of Industry and Services data (Source: Istat).

(**) Question designed to reveal any generational change occurring since 2006.

In medium and large companies the replacement of family leadeards with non-family leaders has its roots in the crisis, whereas in small companies the phenomenon started only last year.

Bocconi

	AUB Family businesses 20-50			AUB Family businesses >50		
Anno	OUTGOING F	INGOING F	BALANCE F	OUTGOING F	INGOING F	BALANCE F
2008	74	85	11	59	55	-4
2009	68	79	11	53	50	-3
2010	73	82	9	48	46	-2
2011	95	109	14	59	52	-7
2012	87	109	22	52	36	-16
2013	116	117	1	62	53	-9
2014	113	112	-1	87	62	-25
Totale	626	693	67	420	354	-66

The background of the slide features a complex arrangement of interlocking gears and Euro coins. The gears are rendered in a dark, metallic blue color, while the coins are in a golden-yellow hue. The coins are partially visible, showing the 'EURO' text and the European Union flag. The overall composition suggests a theme of finance, industry, and interconnectedness.

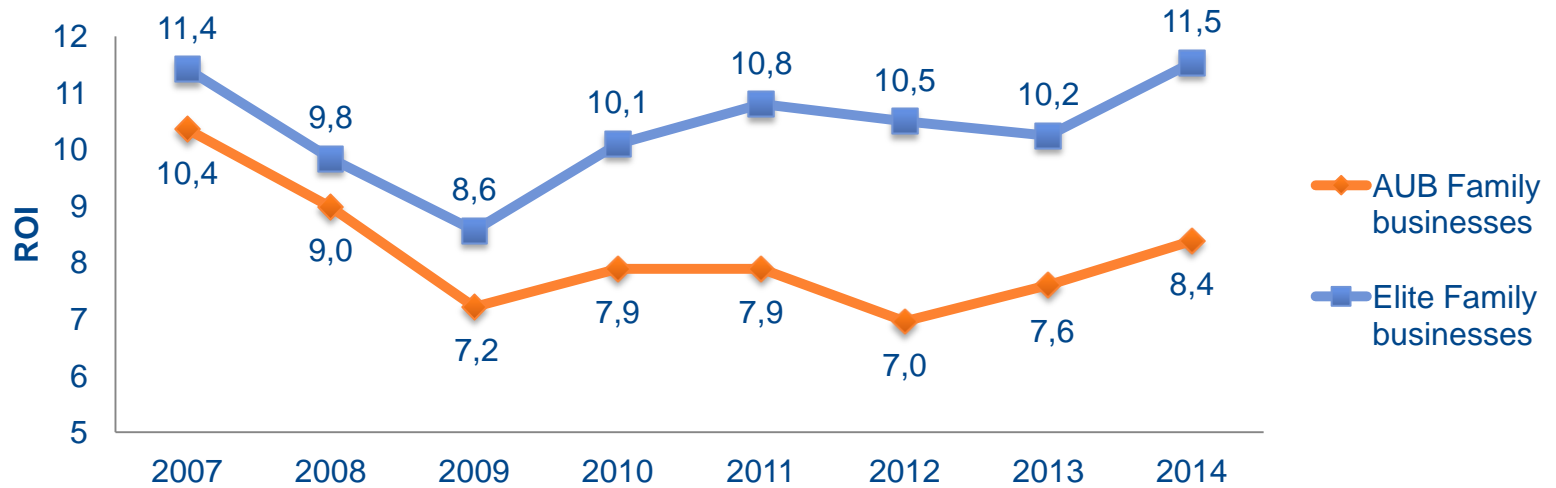
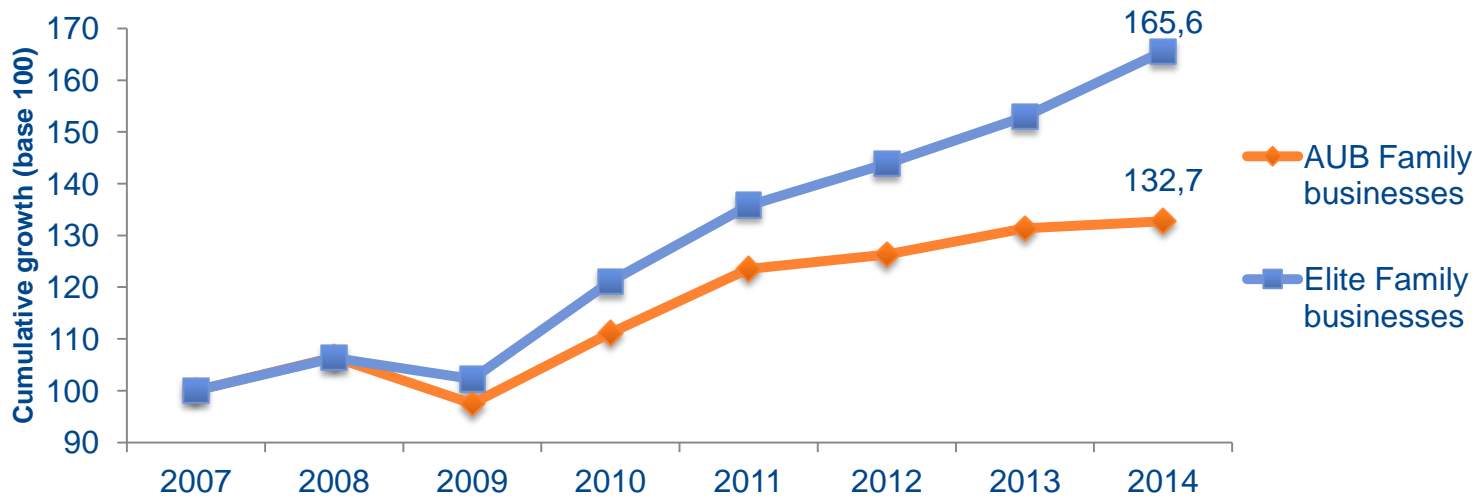
Bocconi

**Elite companies:
a benchmark to be
considered**

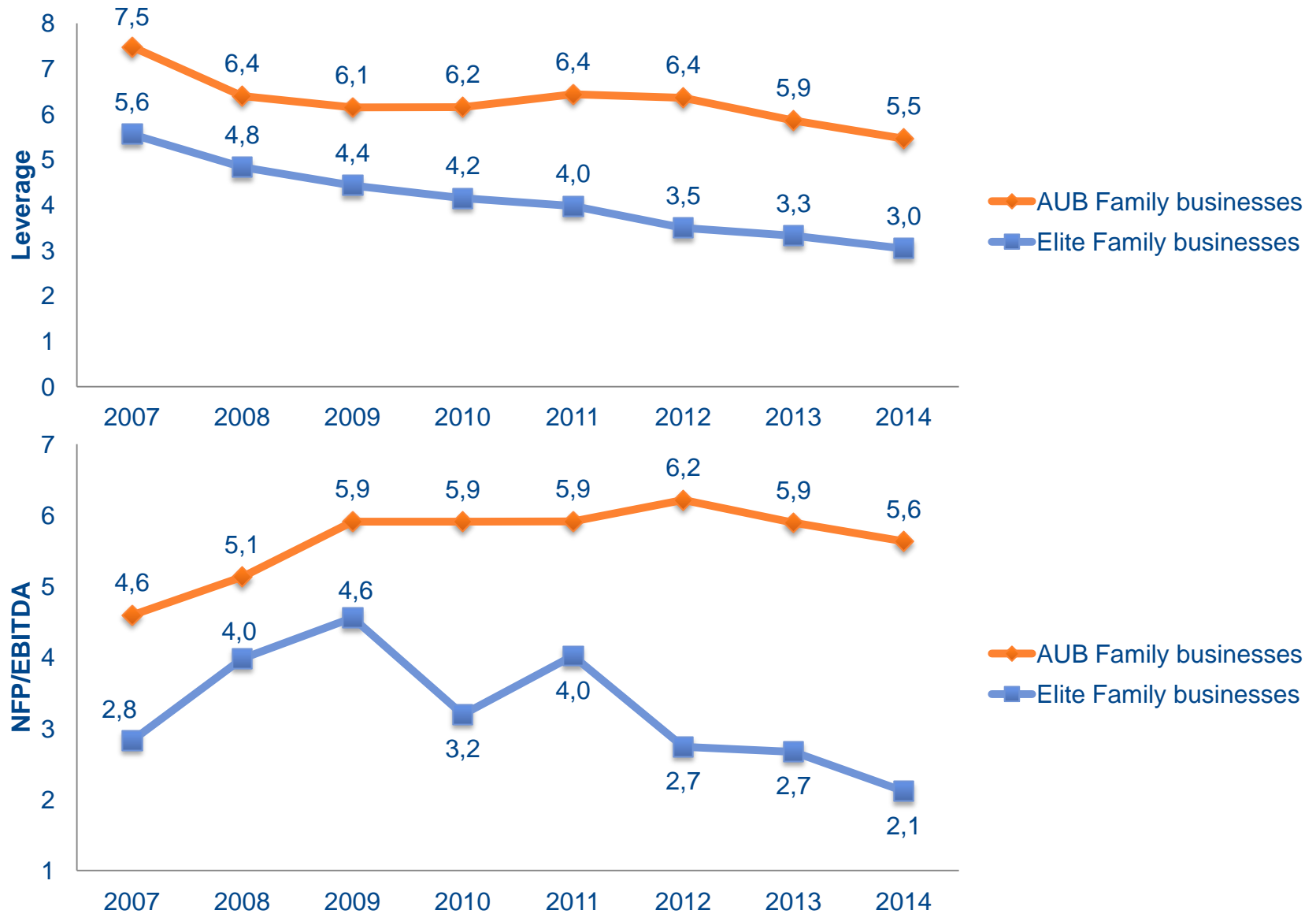
151 companies belonging to the Italian Stock Exchange Elite program were monitored by the AUB Observatory. Together they

- generate slightly over 20 billion euros in sales revenue;
- employ approximately 90 thousand people.

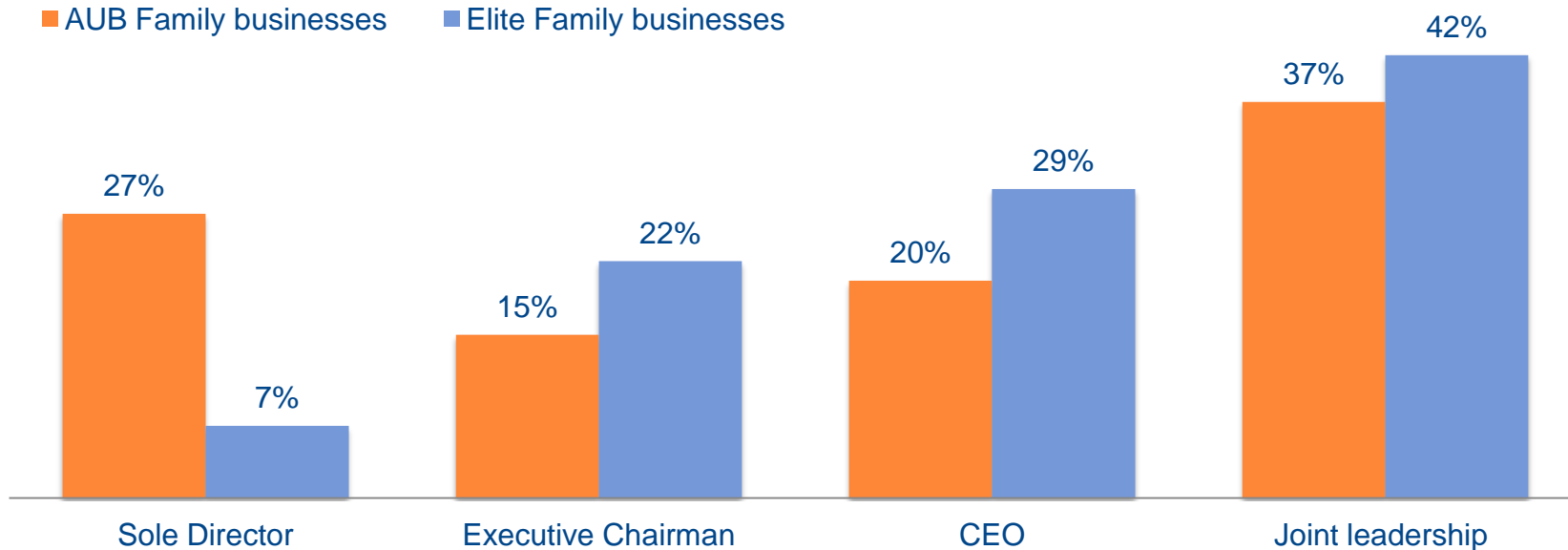
OWNERSHIP STRUCTURE	AUB Elite companies		AUB Observatory companies	
	N	%	N	%
Family businesses	122	80,9%	10.231	65,1%
Branches of foreign companies	1	0,6%	2.596	16,5%
Coalitions	12	7,9%	995	6,3%
Cooperatives e Consortia	1	0,6%	939	6%
State/Local authorities	3	2,0%	612	3,9%
Controlled by Investment/P.E. Funds	12	7,9%	256	1,6%
Controlled by banks	0	0,0%	80	0,5%
Controlled by foundations	0	0,0%	13	0,1%
Total	151	100%	15.722	100%



Leverage and debt repayment ability

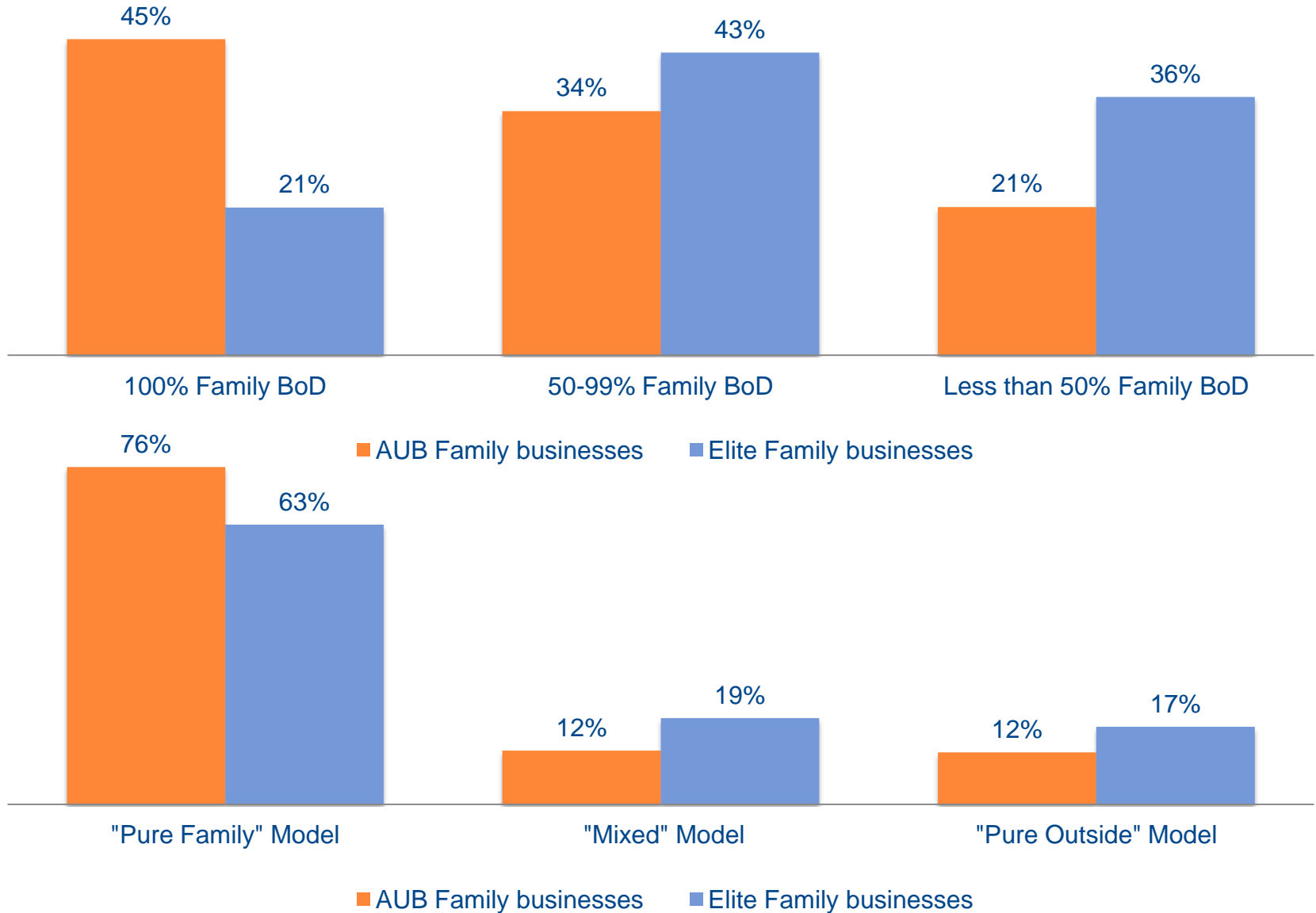


■ AUB Family businesses ■ Elite Family businesses

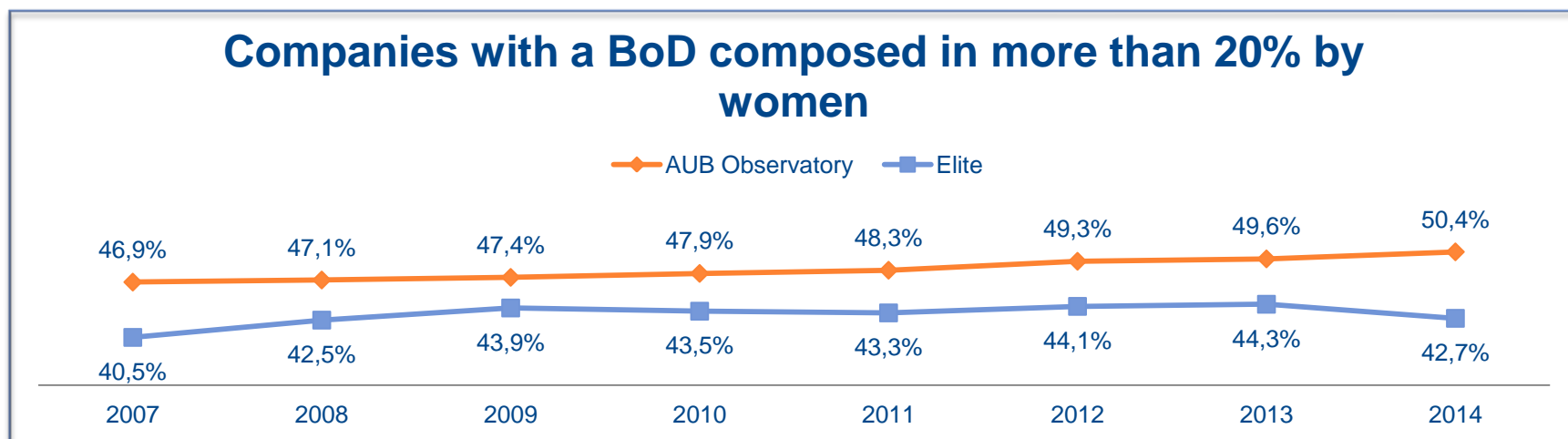
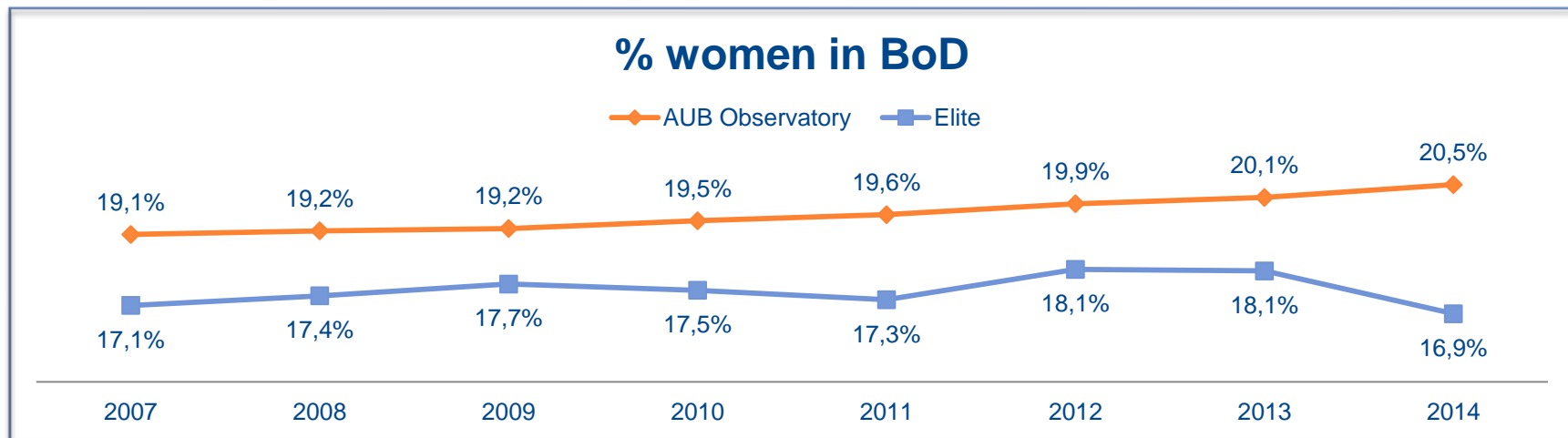


AUB Family Businesses

AVERAGE N. DIRECTORS	2007	2008	2009	2010	2011	2012	2013	2014
AUB Family businesses	4,2	4,2	4,2	4,2	4,2	4,2	4,2	4,1
Elite family businesses	4,7	4,8	4,9	5,0	4,9	5,0	5,1	5,1



The Golfo-Mosca law introduced a requirement on the composition of BoDs of listed companies. At least 20% of directors in listed companies must be female from 2012, and at least 1/3 starting in 2015.



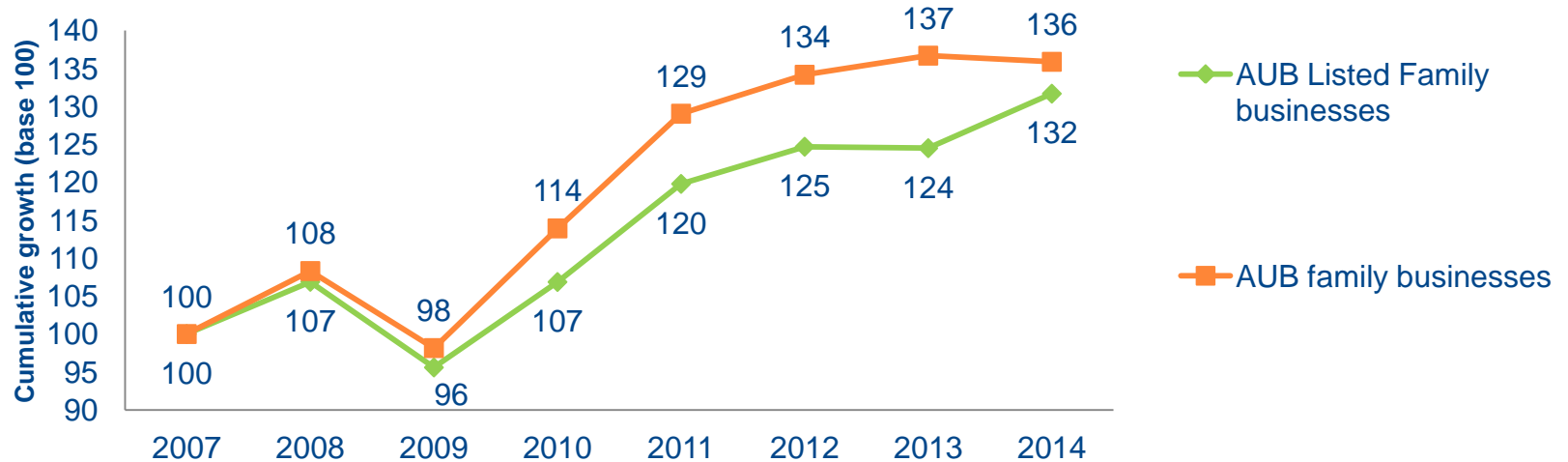
The background of the slide features a close-up, artistic shot of several interlocking metal gears. Interspersed among the gears are several Euro coins, including a 1 Euro coin and a 2 Euro coin, which are partially visible. The lighting is dramatic, with strong highlights and deep shadows, giving the scene a mechanical and industrial feel. The overall color palette is dominated by the metallic greys of the gears and the gold and copper tones of the coins.

Bocconi

A comparison with large listed companies

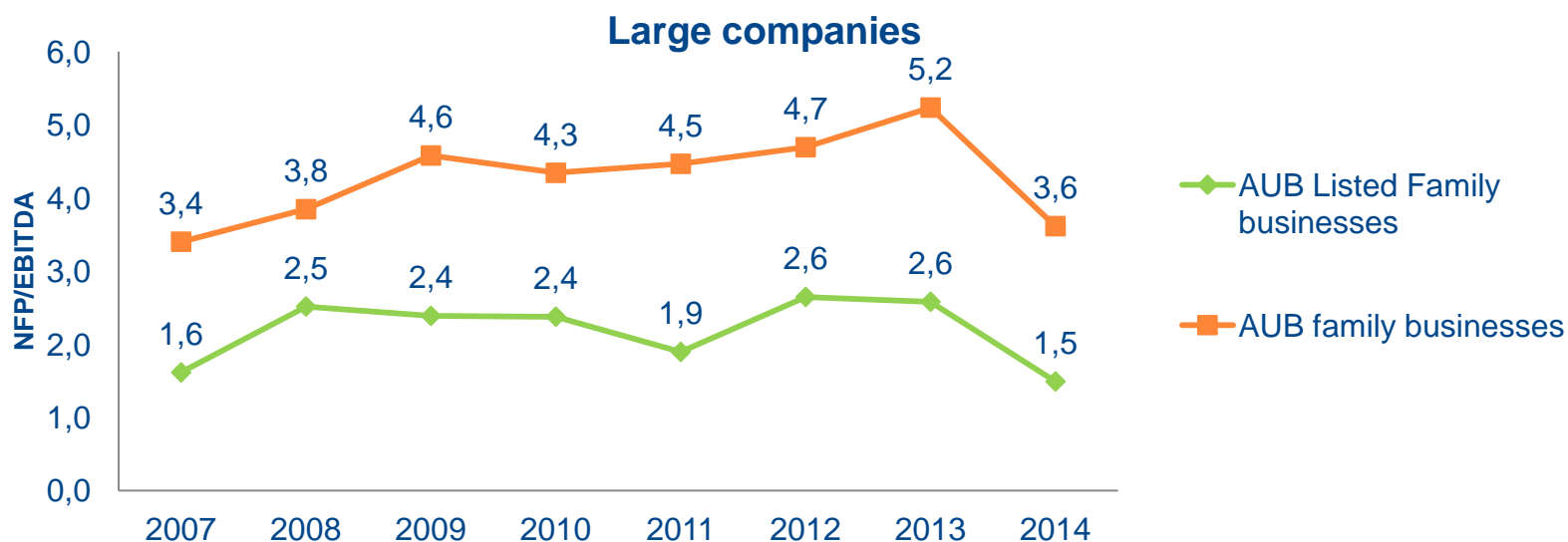
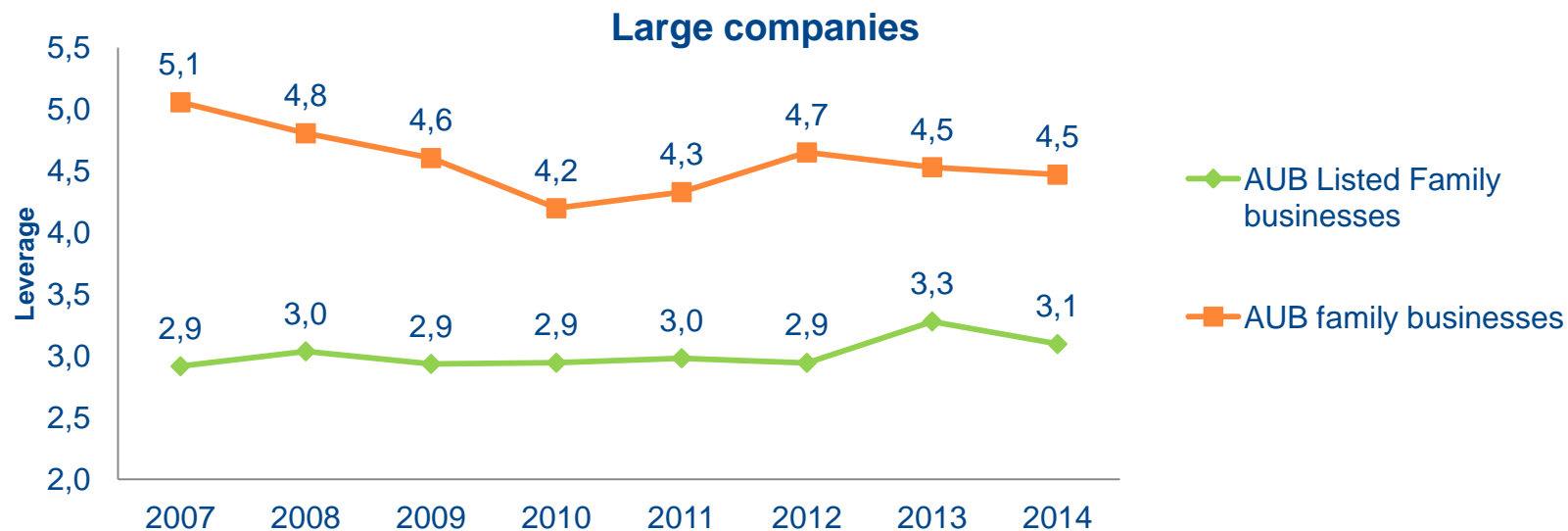
(with revenues over 250 million euros)

Large companies

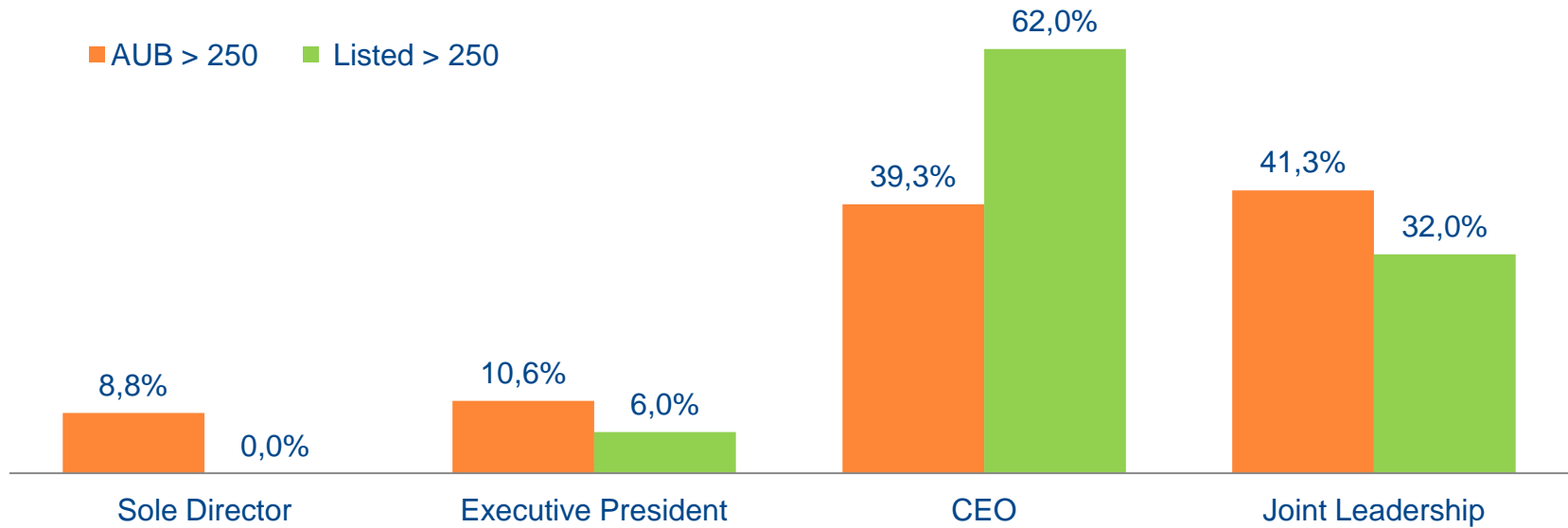


Large companies



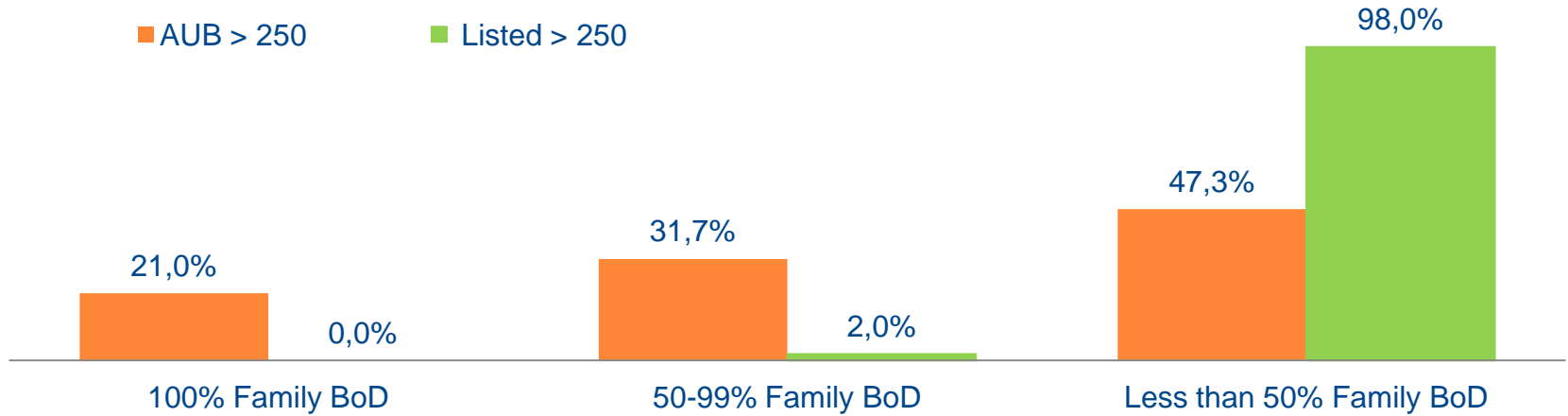


■ AUB > 250 ■ Listed > 250

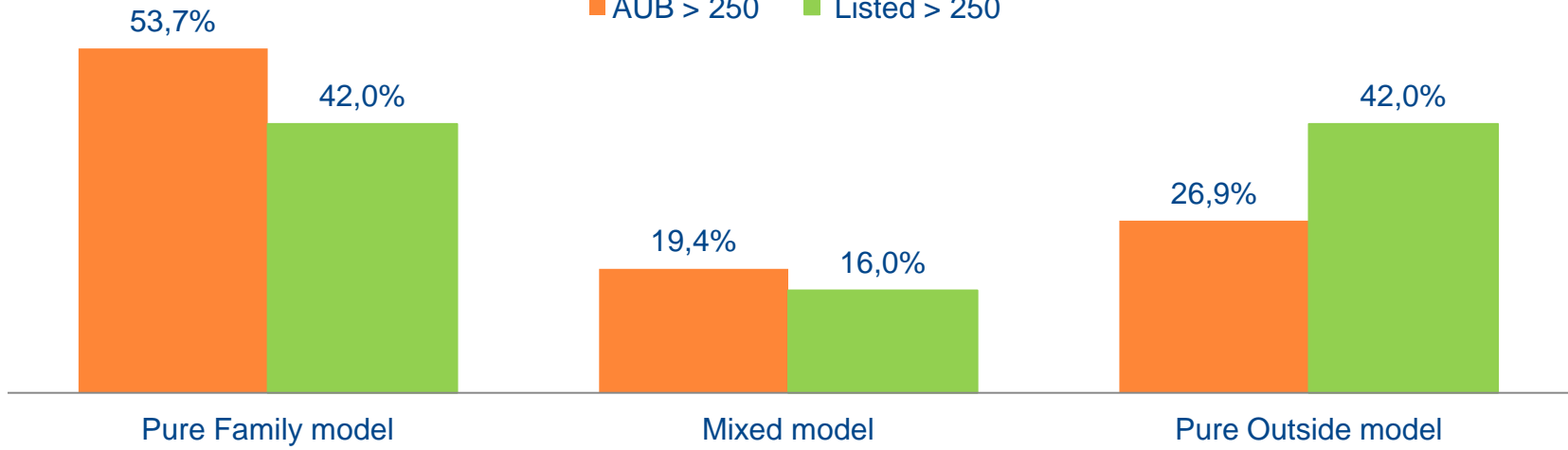


AVERAGE N. OF DIRECTORS	2007	2008	2009	2010	2011	2012	2013	2014
Listed > 250	10,4	10,6	10,8	10,7	10,4	10,4	10,3	10,4
AUB Observatory > 250	6,3	6,7	6,4	6,3	6,3	6,3	6,3	6,2

■ AUB > 250 ■ Listed > 250

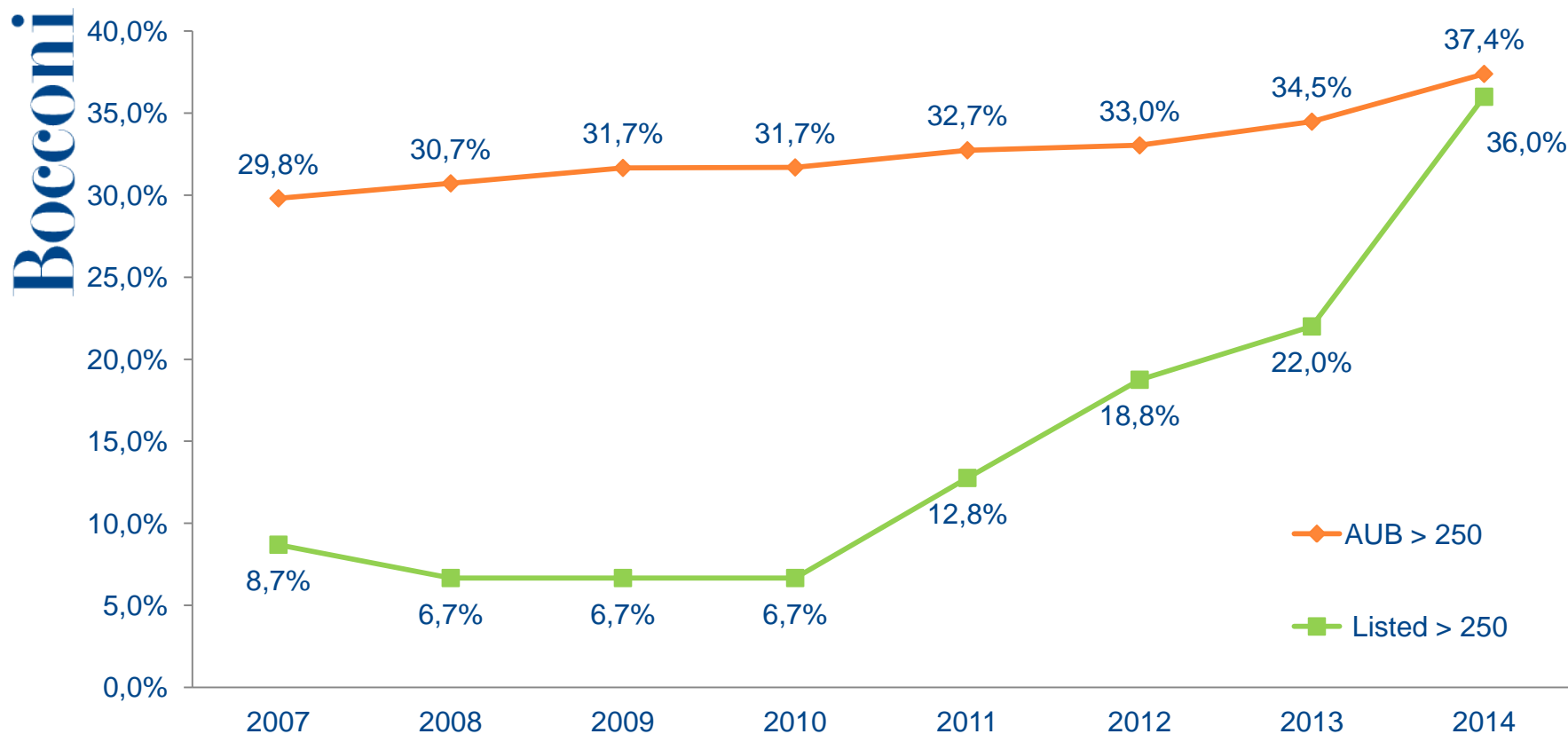


■ AUB > 250 ■ Listed > 250



The Golfo-Mosca law introduced a requirement on the composition of BoDs of listed companies. At least 20% of directors in listed companies must be female from 2012, and at least 1/3 starting in 2015.

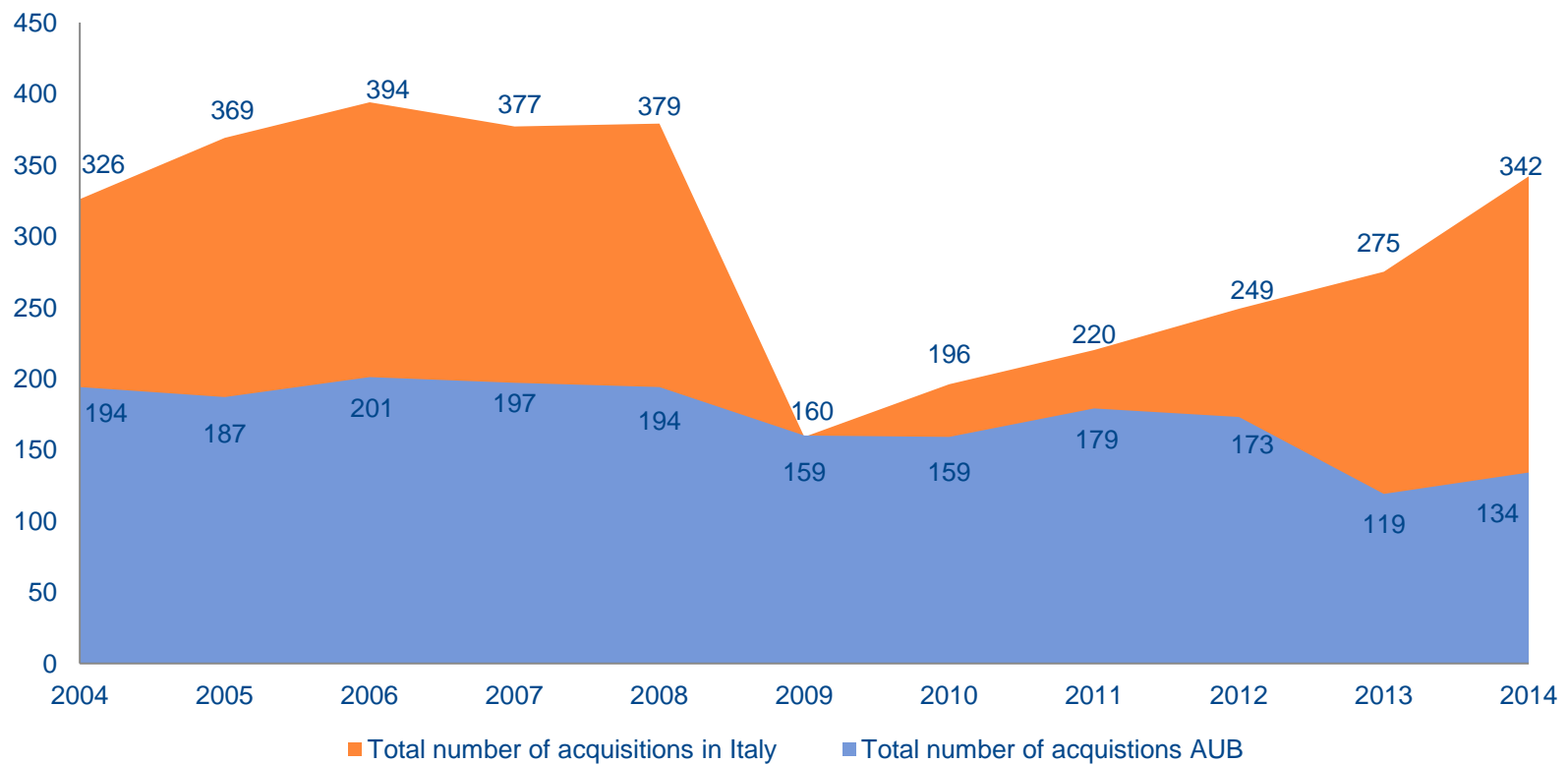
Companies with a BoD comprising at least 20% of women



**Size, structured leadership
models and non-family
members drive
acquisitions.**

Acquisitions monitored by AUB Observatory account for 57,7% of all of acquisitions carried out by Italian firms in the period 2004-2014 *

Bocconi

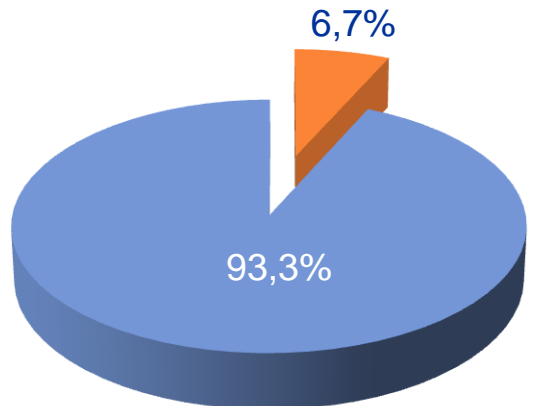


*source: KPMG

The analysis concerns acquisitions carried out by all companies, both family and non-family businesses, with revenue exceeding 20 million euros in the period 2000 – 2014.

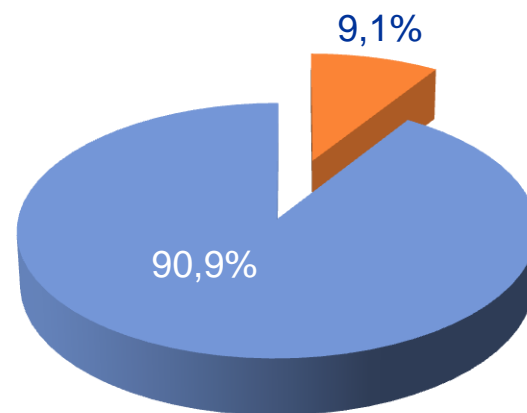
% Acquirors*

Family businesses



■ Acquiror ■ Non Acquiror

Non family businesses



■ Acquiror ■ Non Acquiror

(*) The analysis is based on all acquisitions in which at least 50% of the target company was acquired if the target is a private company, and at least 25% if the target is listed.

OWNERSHIP STRUCTURE	N. Acquirors	N companies	% Acquirors	Total n. acquisitions	% of total n. acquisitions	Average n. of acquisitions
Family businesses	689	10.231	6,7%	1.426	54,5%	2,1
Non-family businesses	497	5.491	9,1%	1.192	45,5%	2,4
Coalitions	137	995	13,8%	342	13,1%	2,5
Controlled by banks	5	80	6,3%	11	0,4%	2,2
Controlled by Investment and P.E. Funds	53	256	20,7%	133	5,1%	2,5
Cooperatives and Consortia	44	939	4,7%	104	4,0%	2,4
Branches of foreign companies	174	2.596	6,7%	292	11,2%	1,7
State/Local authorities	84	612	13,7%	310	11,8%	3,7
Controlled by foundations	0	13	0,0%	0	0,0%	0,0
Total	1.186	15.722	7,5%	2.618	100,0%	2,2

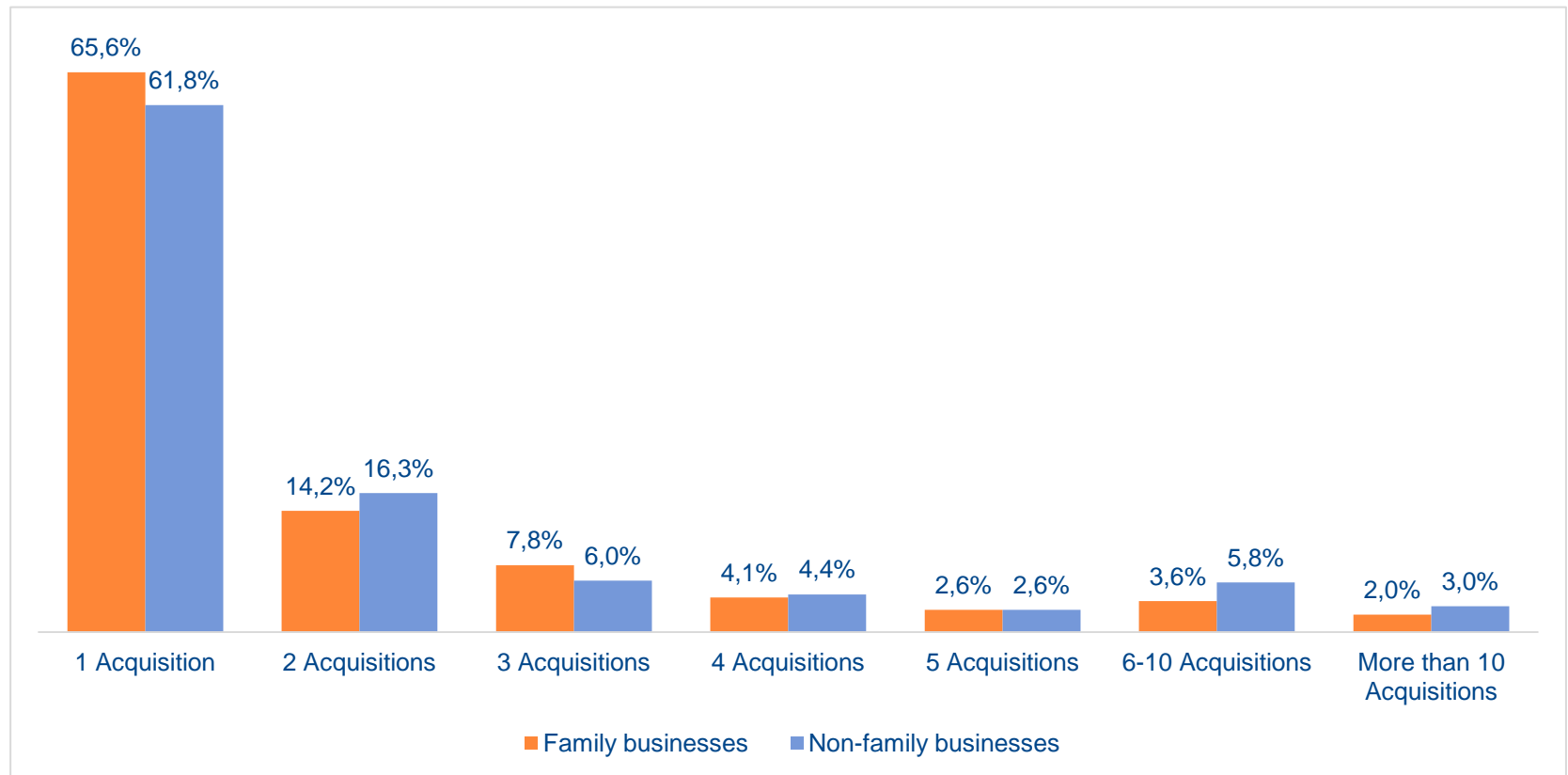
Family businesses	N. Acquirors	N companies	% Acquirors	N acquisitions	Average N acquisitions
20-50	172	6.047	2,8%	191	1,1
> 50	517	4.184	12,4%	1.235	2,4
Totale	689	10.231	6,7%	1.426	2,1

Non-family businesses	N. Acquirors	N companies	% Acquirors	N acquisitions	Average N acquisitions
20-50	117	2.583	4,5%	137	1,2
> 50	380	2.908	13,1%	1.055	2,8
Totale	497	5.491	9,1%	1.192	2,4

(*) The analysis is based on all acquisitions in which at least 50% of the target company was acquired, if the target is a private company, and at least 25% if the target is listed.

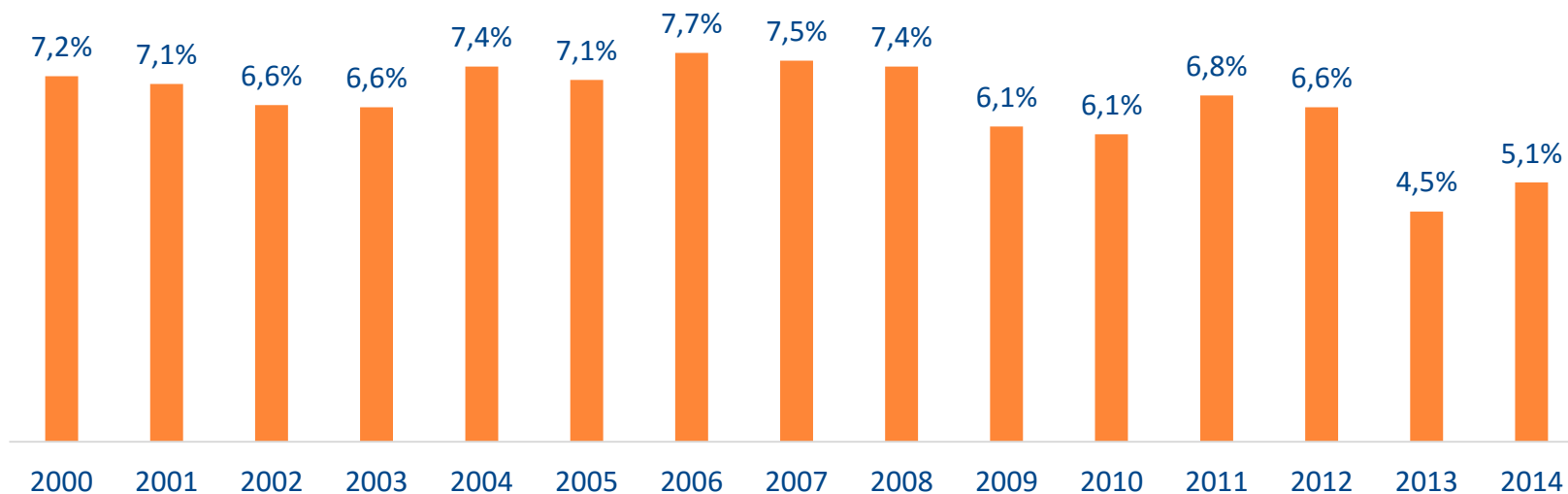
Approximately 2/3 of the companies made only one acquisition in the period 2000-2014

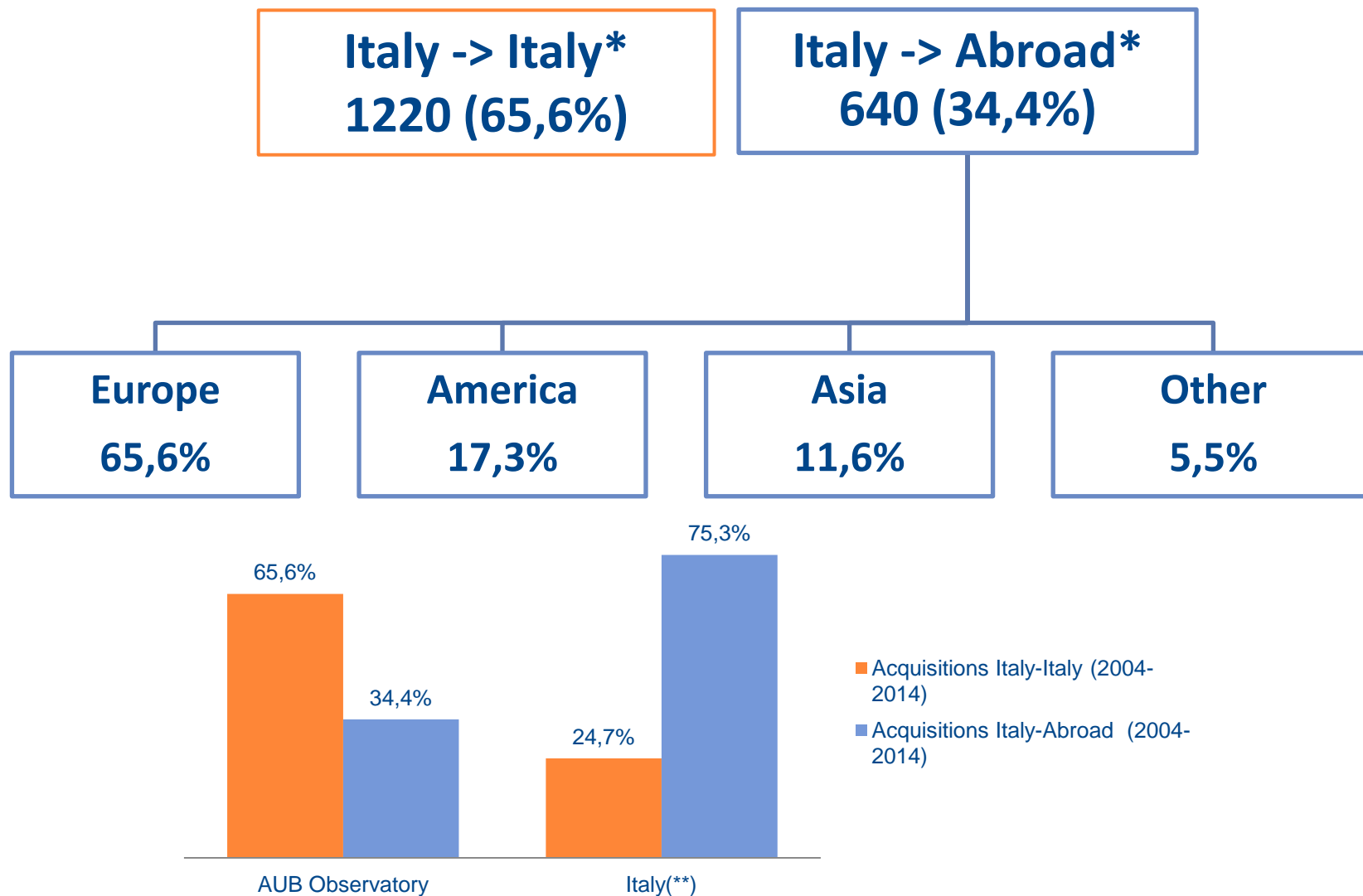
Bocconi



In the past two years, the number of acquisitions has fallen

Bocconi

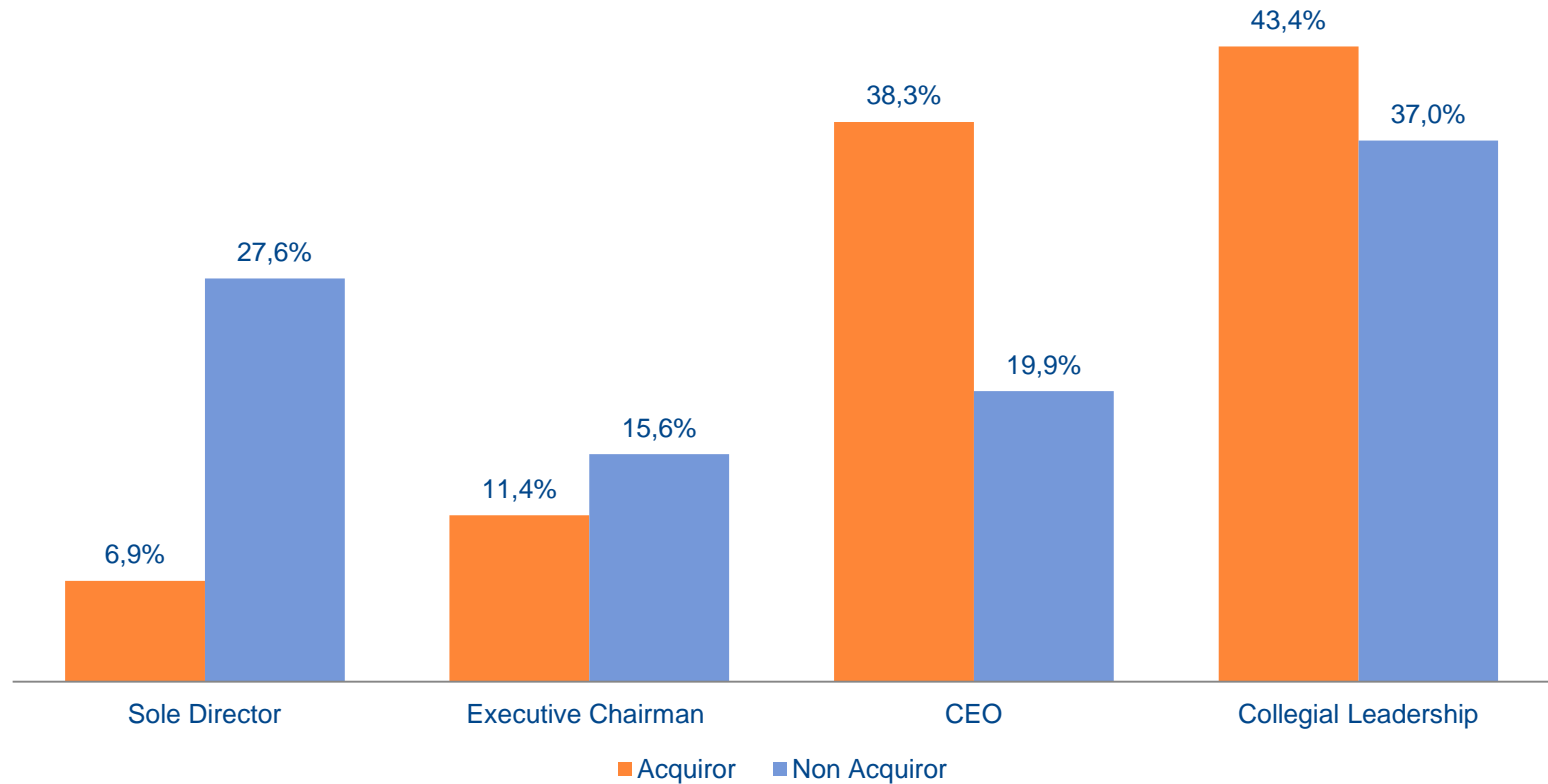




* Based on data for 1.860 out of 1.897 acquisitions carried out in the period 2004-2014.

** source: KPMG.

Companies managed by a sole director are less likely to be an acquiror

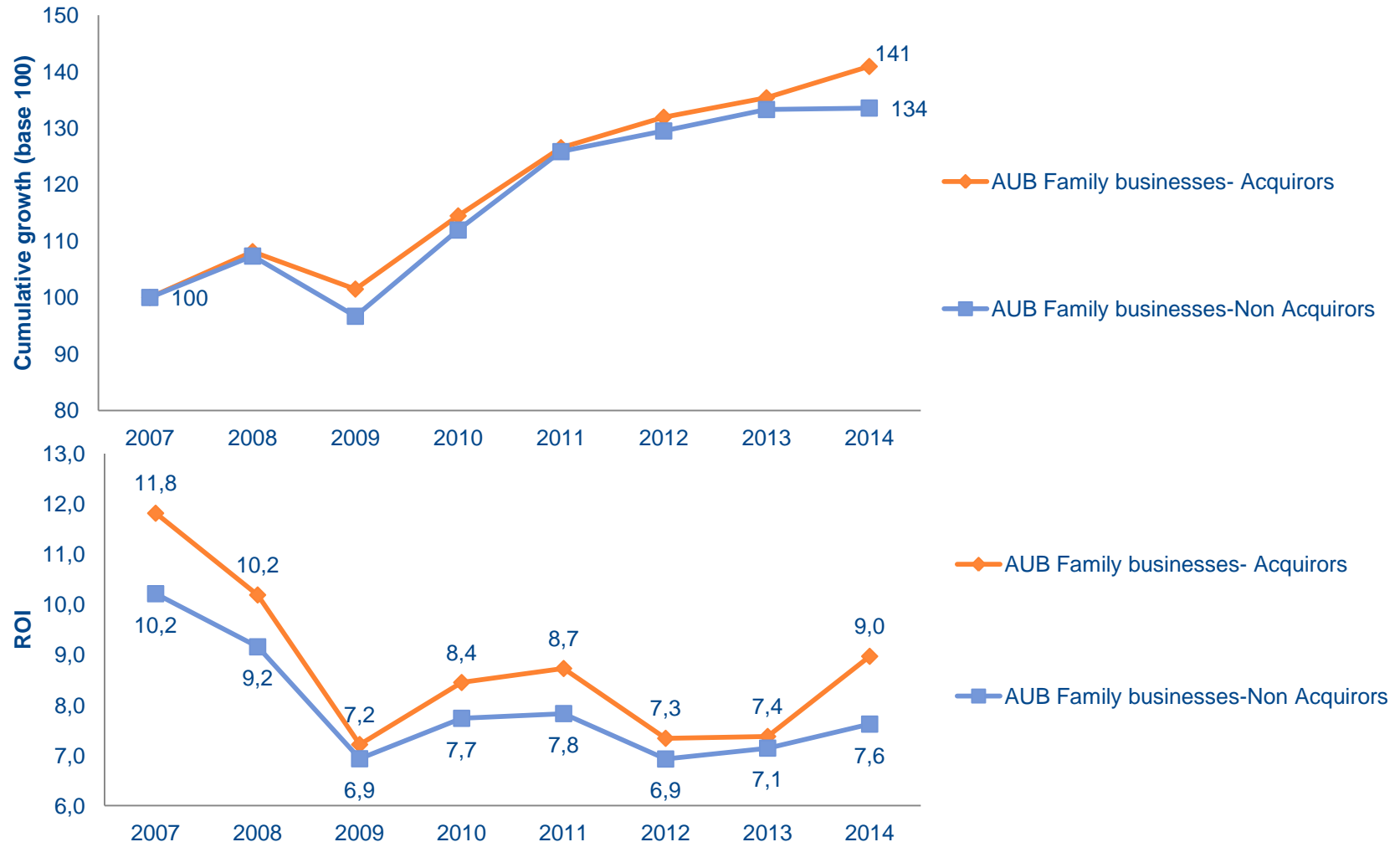


There is a negative relationship between family-leadership and the probability of carrying out an acquisition. The same is true for family-governance, mostly in large companies.

	Probability of being an Acquiror	
	20-50	>50
Family-leadership	-0,3%*	-8,1%***
BoD composed of family members only	-1,3%***	-8,8%***

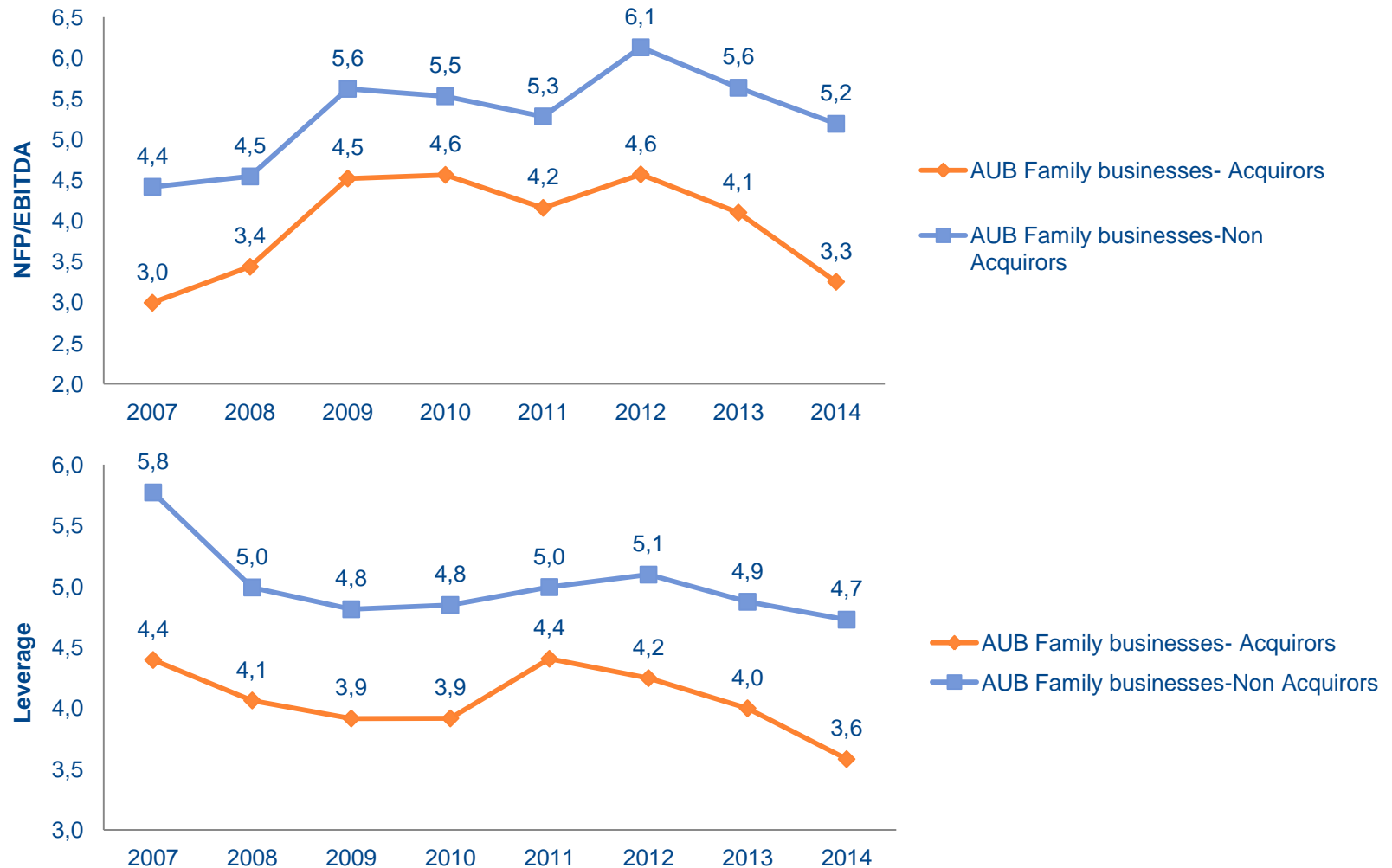
*The values indicate that companies with a family leadership and family governance are characterized by an “x” percentage points higher (+) or lower (-) probability of making an acquisition than the population average. The difference is highly significant (***) if the p value is <.01, significant (**) if the p value is <.05, sufficiently, but weekly significant (*) if the p value is <.1). The analysis is based on 2007-2014 data (source: Aida).*

Acquiror family businesses show better performance in terms of growth rates and operating profitability*.



* Only companies with a turnover exceeding 100 million euro were considered in the present analysis.

Family businesses that made acquisitions show better debt management and debt-repayment ability*.



* Only companies with a turnover exceeding 100 million euros were considered in the present analysis.

Size, structured leadership models and non-family members drive foreign direct investments

* Branches of foreign businesses have not been included in the population of Italian businesses with a turnover exceeding €20 million.

Foreign direct investments (FDI) carried out by the companies monitored by the AUB Observatory represent **76% of all FDIs of Italian companies***

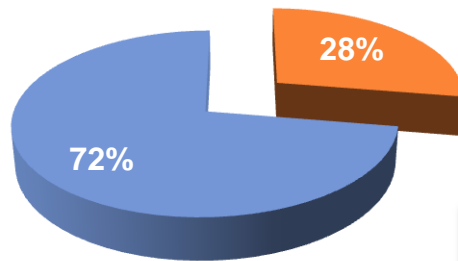
Bocconi

	Reprint **	AUB Observatory	AUB Observatory % total
FDI	30.513	23.164	75,9%
Revenue from abroad (for FDIs owned by at least 50%)	457,0 (mld euro)	386.7 (mld euro)	84,6%

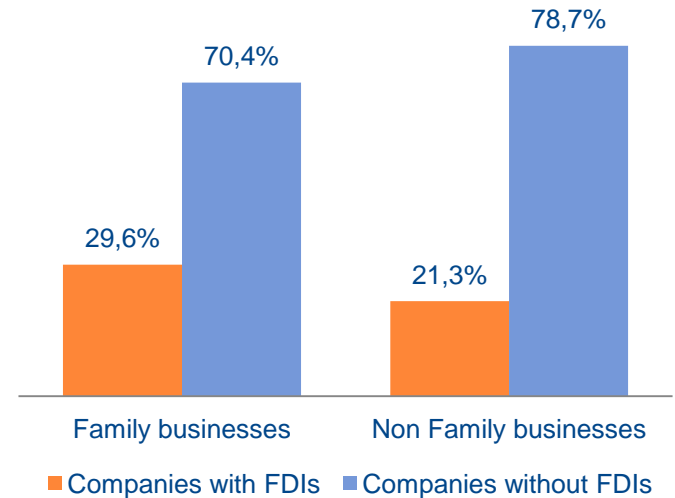
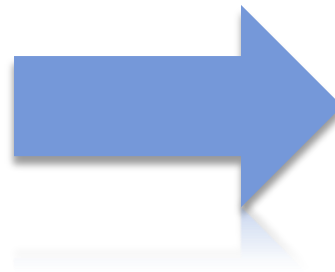
* Foreign direct investments refer to all investments in which Italian companies hold at least 10% of foreign companies.

** Italia Multinazionale 2015: Le partecipazioni italiane all'estero ed estere in Italia.

- **28% of AUB companies has carried out at least one FDI**
- **Family businesses implement an internationalization strategy through FDIs to a greater extent than non family businesses**



■ Companies with FDIs
■ Companies without FDIs



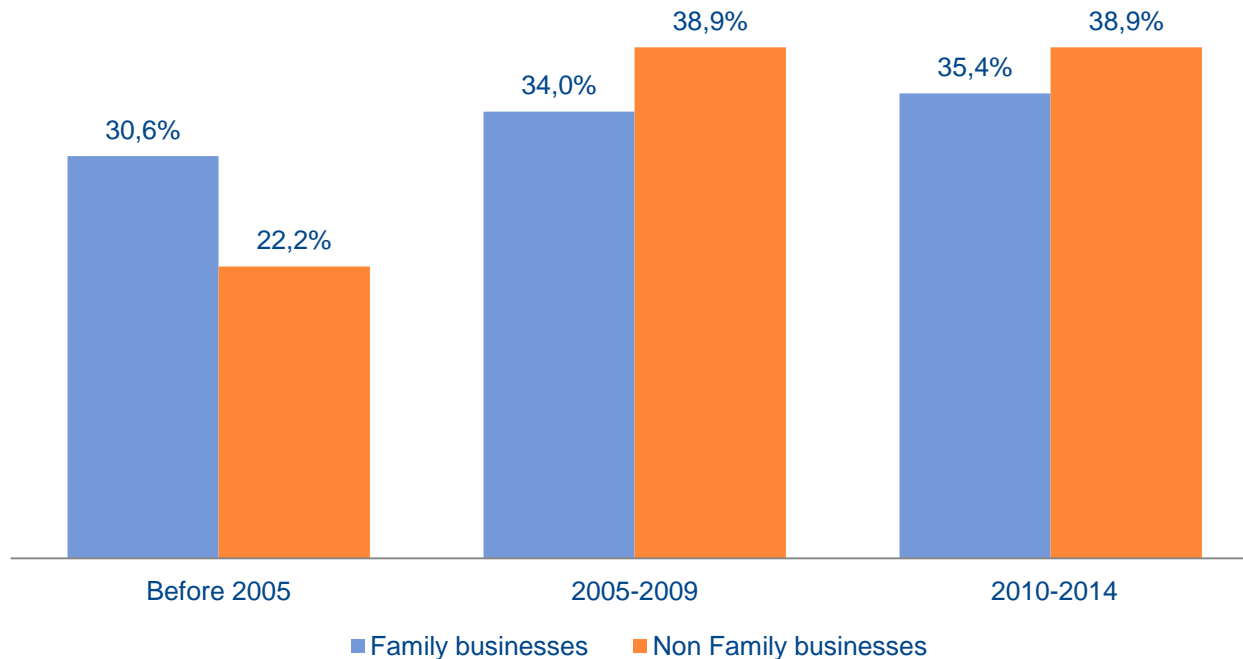
(*) Foreign direct investments refer to all investments in which Italian companies hold at least 10% of foreign companies. (source: Orbis). Holdings of mono-business groups and businesses controlled by multi-business groups were excluded from the analysis.

Almost 80% of over 23,000 FDIs have been carried out by family businesses

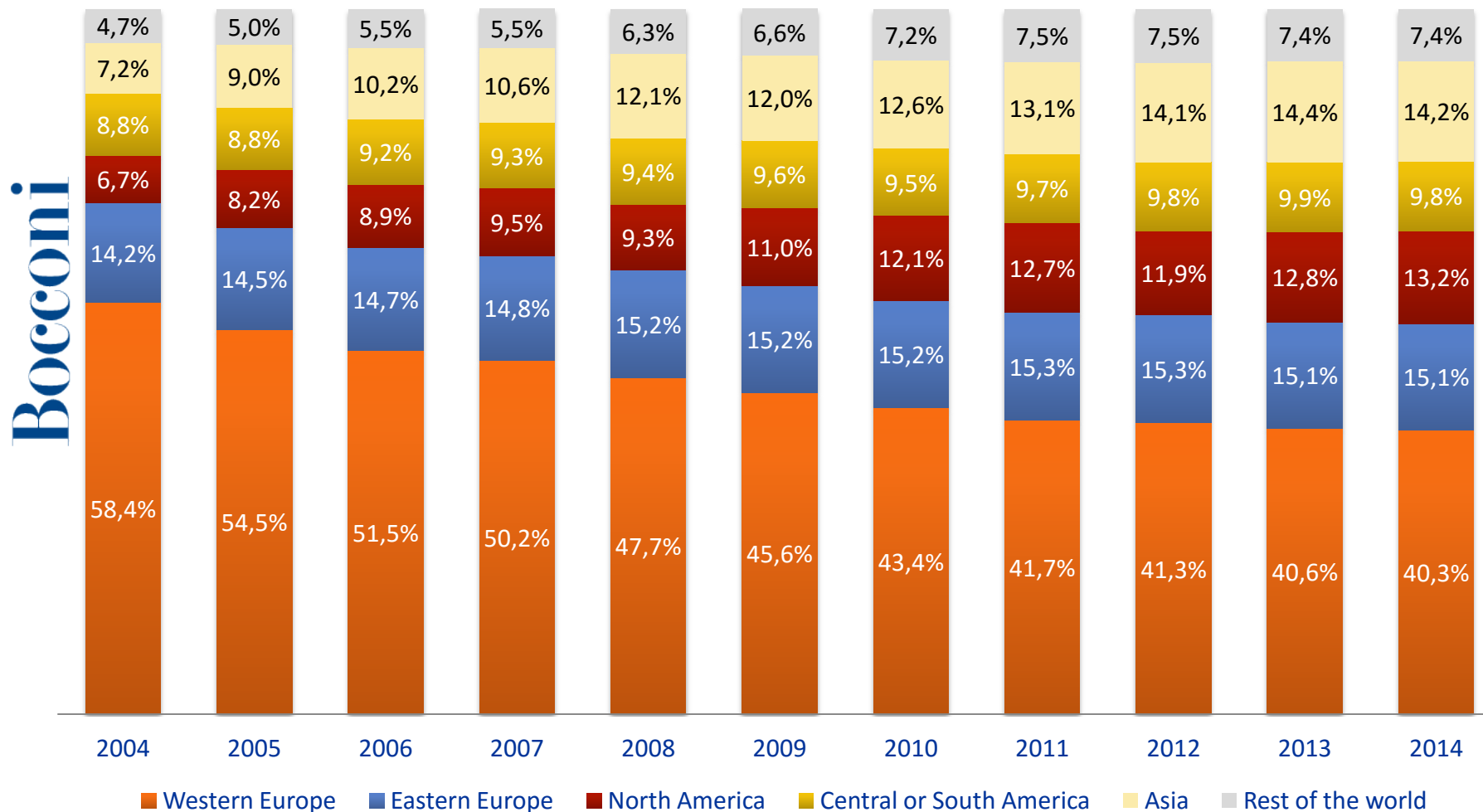
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Ownership Structure	20-50		> 50		Total	
	N	%	N	%	N	%
Family businesses	3.553	86,3%	14.641	76,9%	18.194	78,5%
State/Local authorities	8	0,0%	2.045	10,7%	2.053	8,9%
Coalitions	372	9,0%	1.392	7,3%	1.764	7,6%
Controlled by Investment and P.E. Funds	122	3,0%	666	3,5%	788	3,4%
Cooperatives and Consortia	33	0,8%	267	1,4%	300	1,3%
Controlled by Banks	32	0,8%	33	0,2%	65	0,3%
Total	4.120	100,0%	19.044	100,0%	23.164	100,0%

Over 1/3 of companies (family and non-family businesses) went international following the crisis (starting in 2010)



In the past decade, the % of FDI in Western Europe fell by 18 points, while it increased in North America and Asia

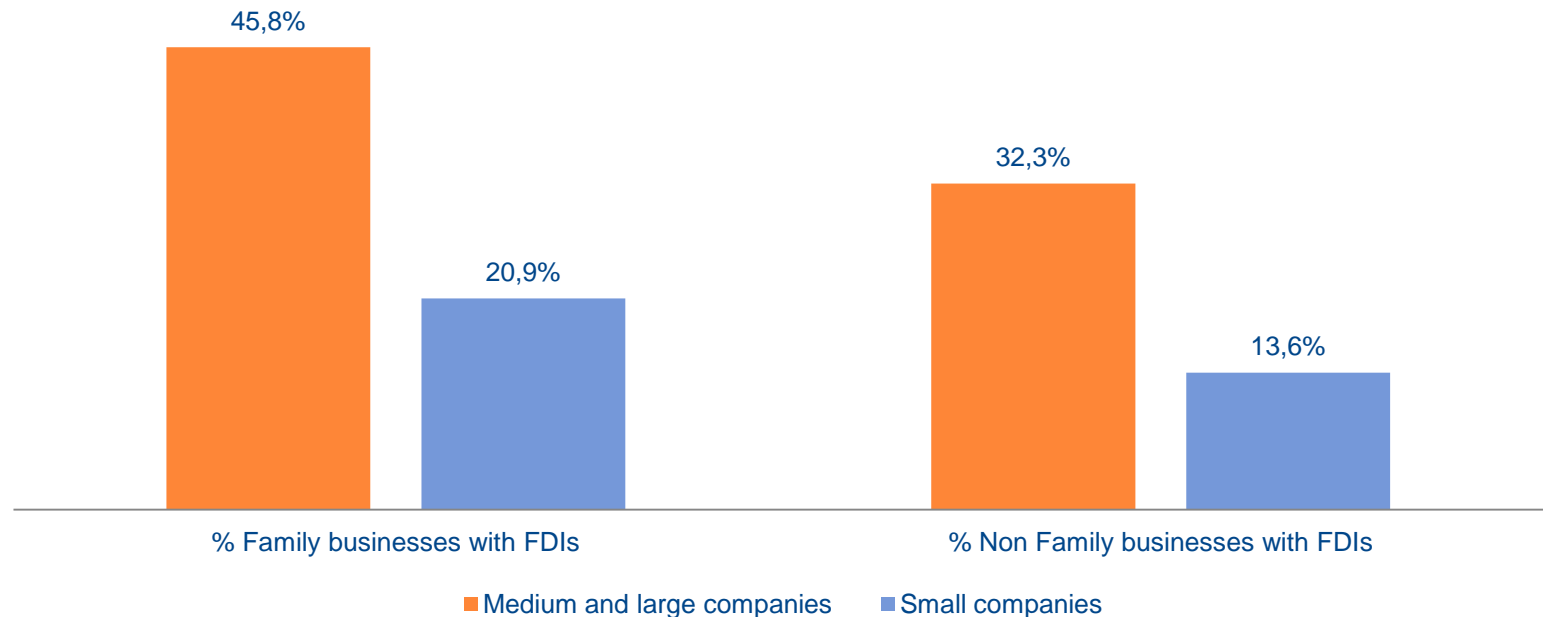


1 geographic Macro-Area	N	%
Western Europe	433	19,3%
Eastern Europe	251	11,2%
North America	123	5,5%
Asia	121	5,4%
Africa	59	2,6%
Central or South America	51	2,3%
Middle East and Oceania	21	0,9%
Total	1.059	47,2%

2 geographic Macro-Areas	N	%
Western and Eastern Europe	137	6,1%
Western Europe and North America	97	4,3%
Eastern Europe and another macro-area (different from Western Europe)	85	3,8%
Western Europe and Asia	59	2,6%
Western Europe and another macro-area (different from the ones previously listed)	56	2,5%
North America and Asia	35	1,6%
Macro-areas combination different from the ones listed above	57	2,5%
Total	523	23,3%

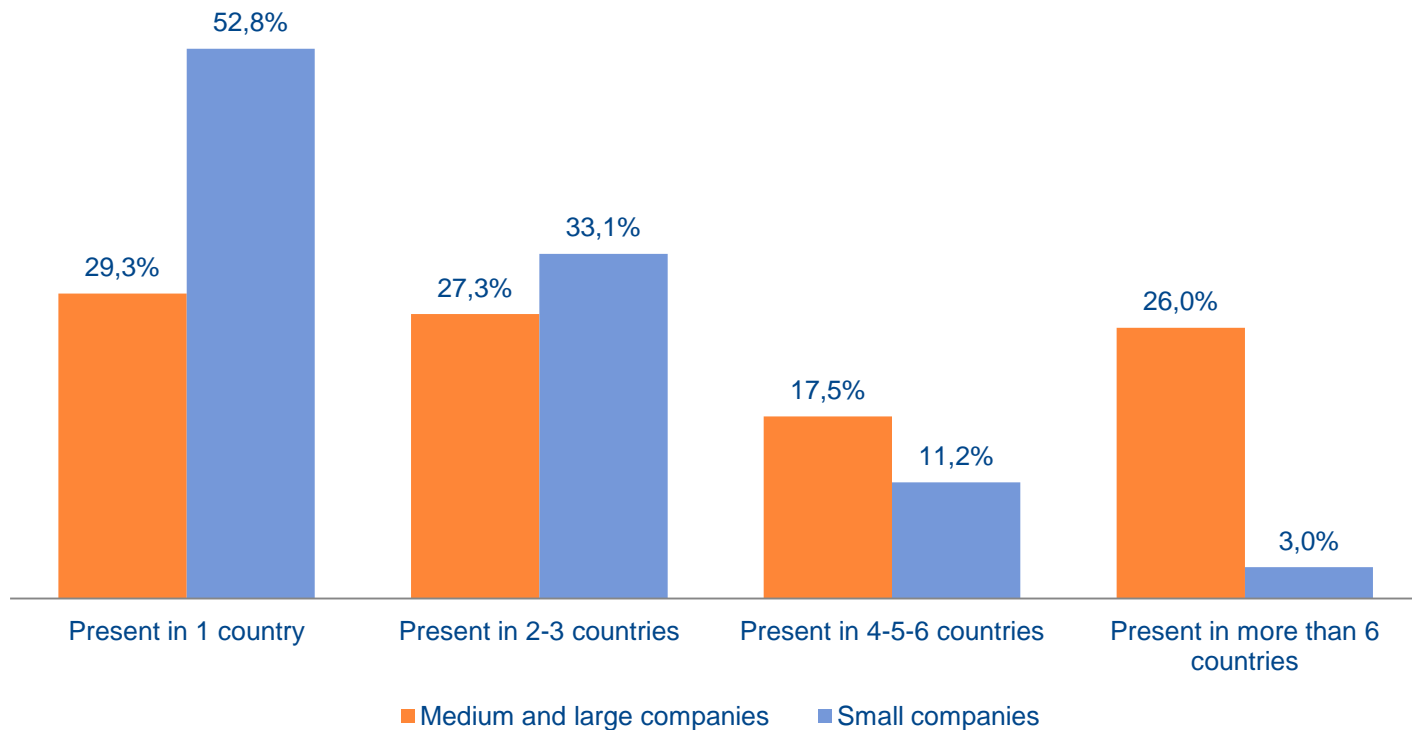
3 or more geographic Macro-Areas	N	%
Western Europe, Eastern Europe, North America (and other macro-areas)	265	11,8%
Western Europe, North America and other macro-areas (different from Eastern Europe)	155	6,9%
Western Europe, Eastern Europe and other macro-areas (different from North America)	138	6,2%
Macro-areas combination different from the ones listed above	104	4,6%
Total	662	29,5%

- **Medium and large-sized companies have a higher propensity to internationalize than the small-sized ones.**
- **Family businesses of both medium/large and small size are more internationalized than non-family businesses.**

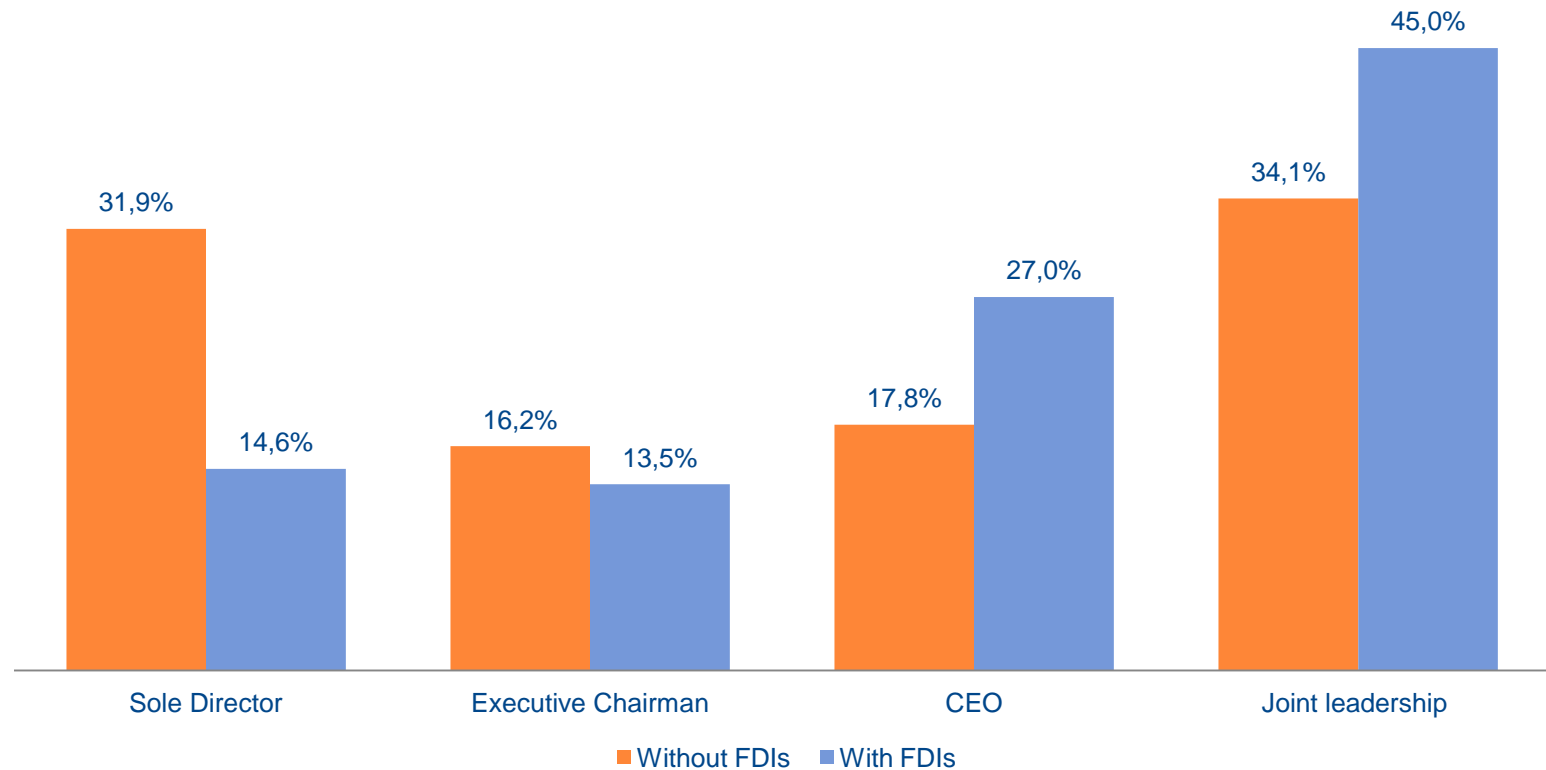


Medium and large companies are involved in multiple countries at the same time

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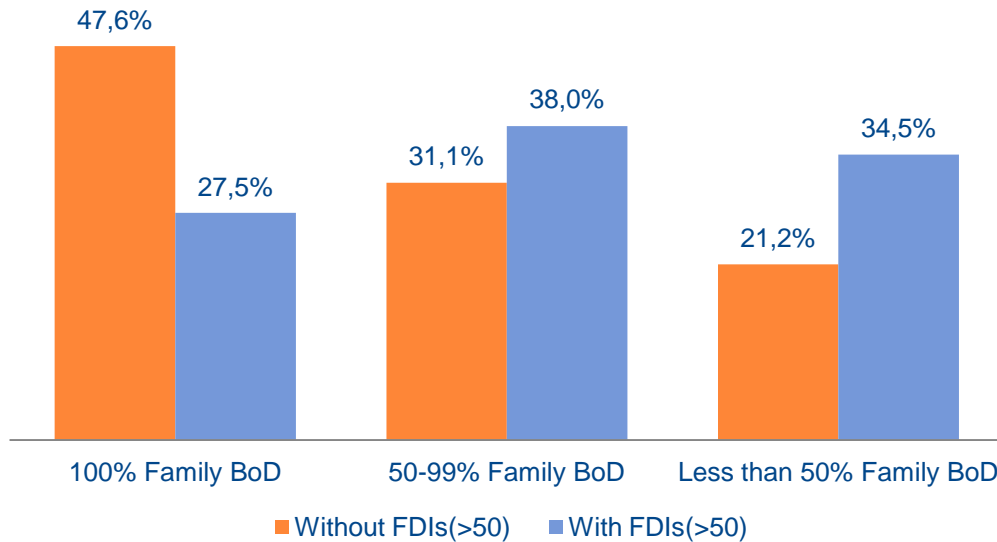
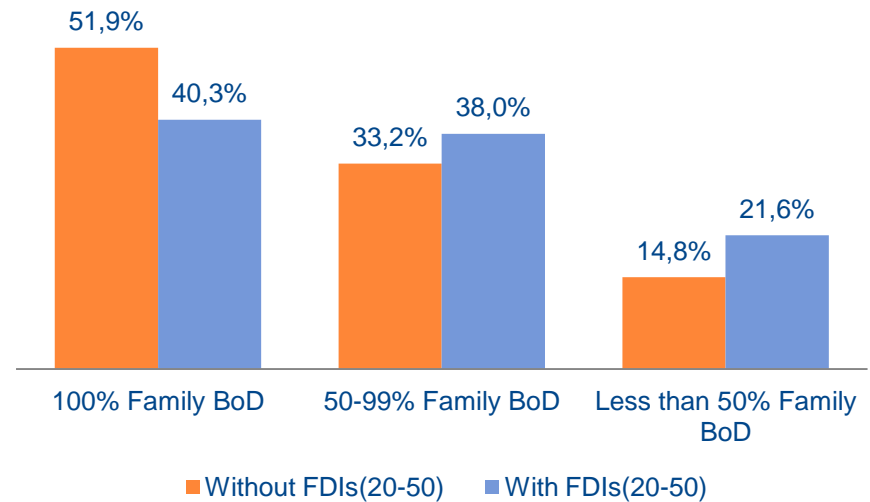


Growth through FDI is fostered by companies with structured leadership models



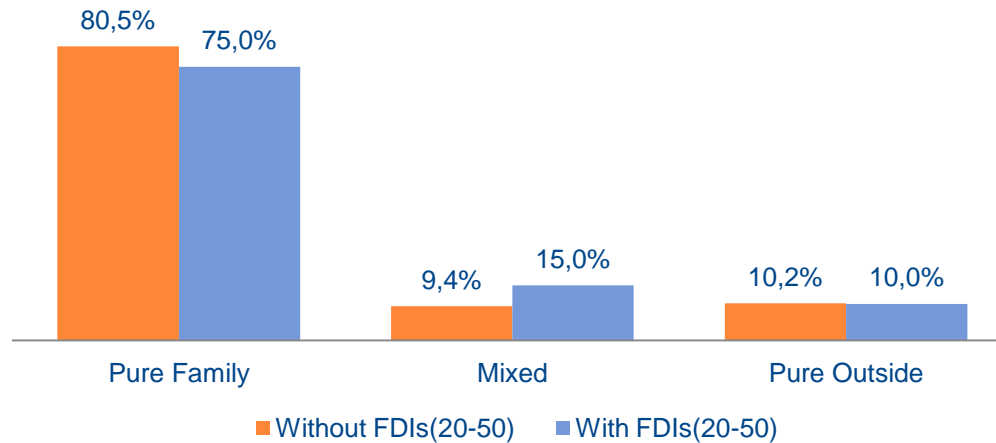
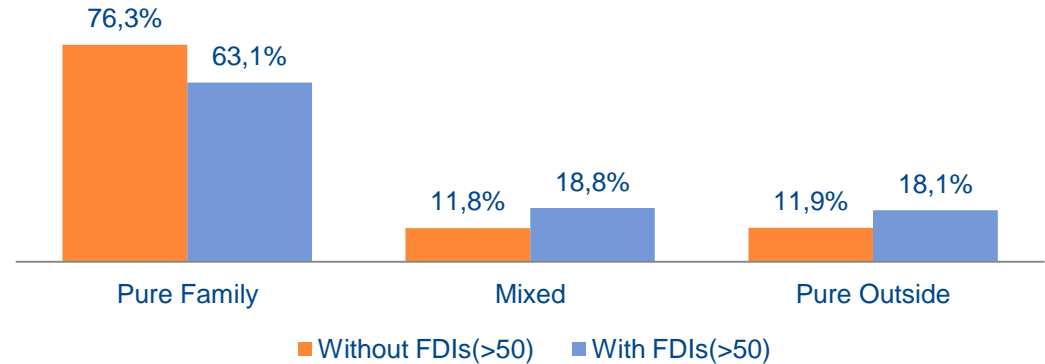
Approximately 60% of small companies with FDIs have a BoD open to non family members

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... while in medium and large companies this percentage rises to 72,5%

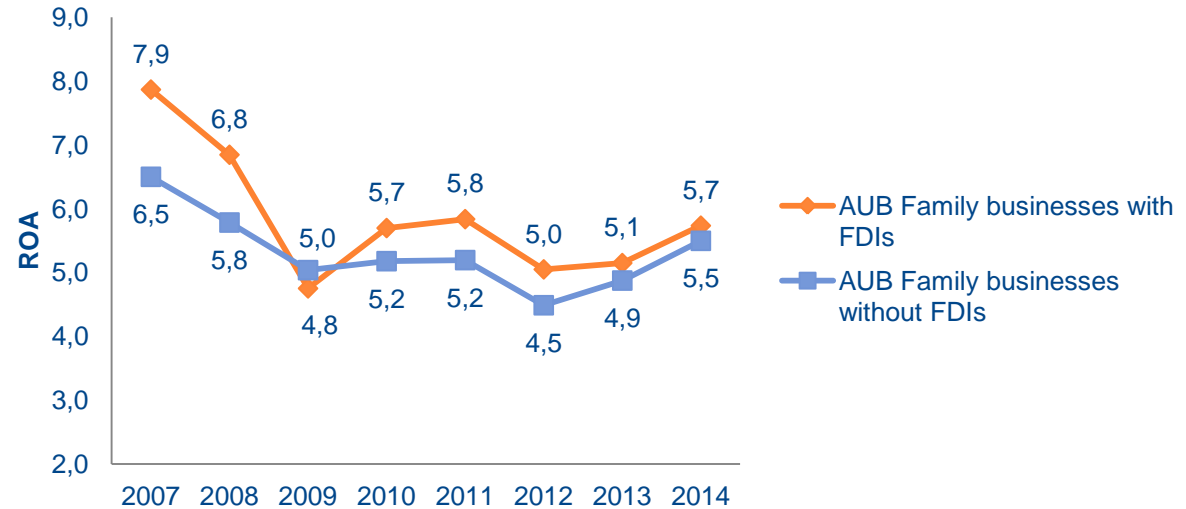
Medium and large companies with a «Pure family» model are less likely to internationalize through FDI



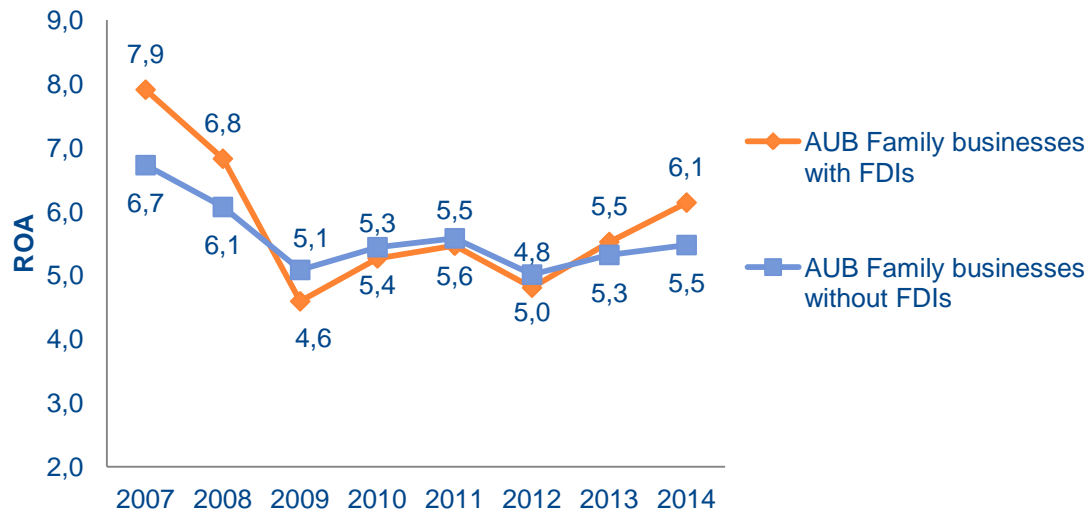
... while in smaller companies the propensity is similar

Medium and large companies with FDIs show higher profitability rates with respect to companies without FDIs

Medium and large companies

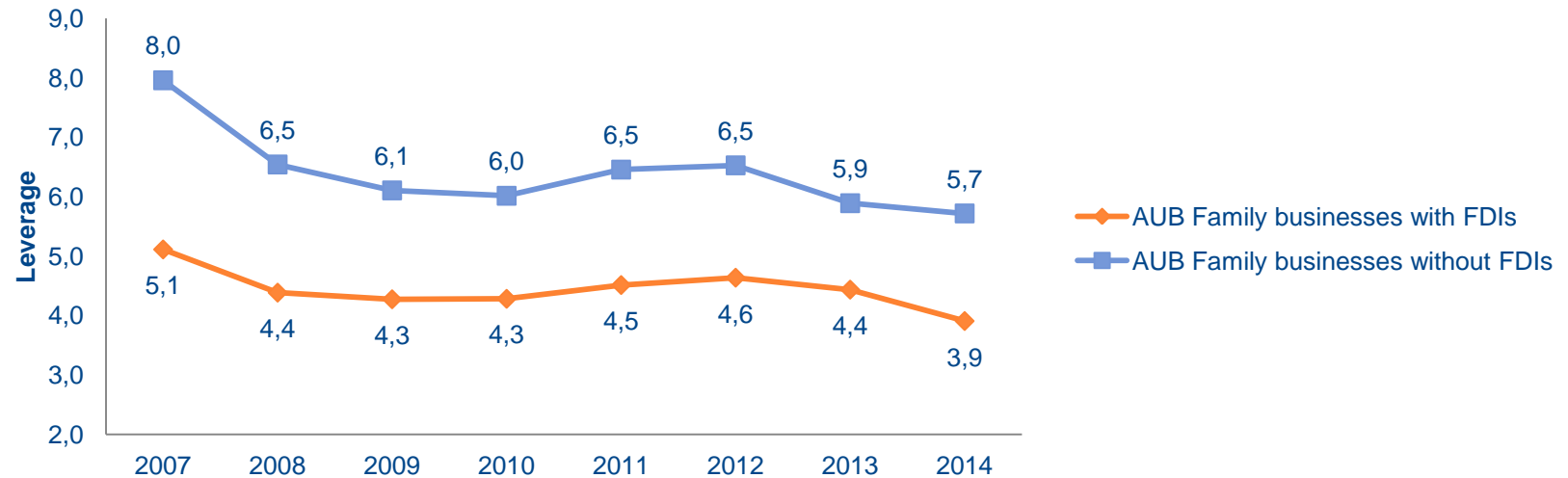


Small companies

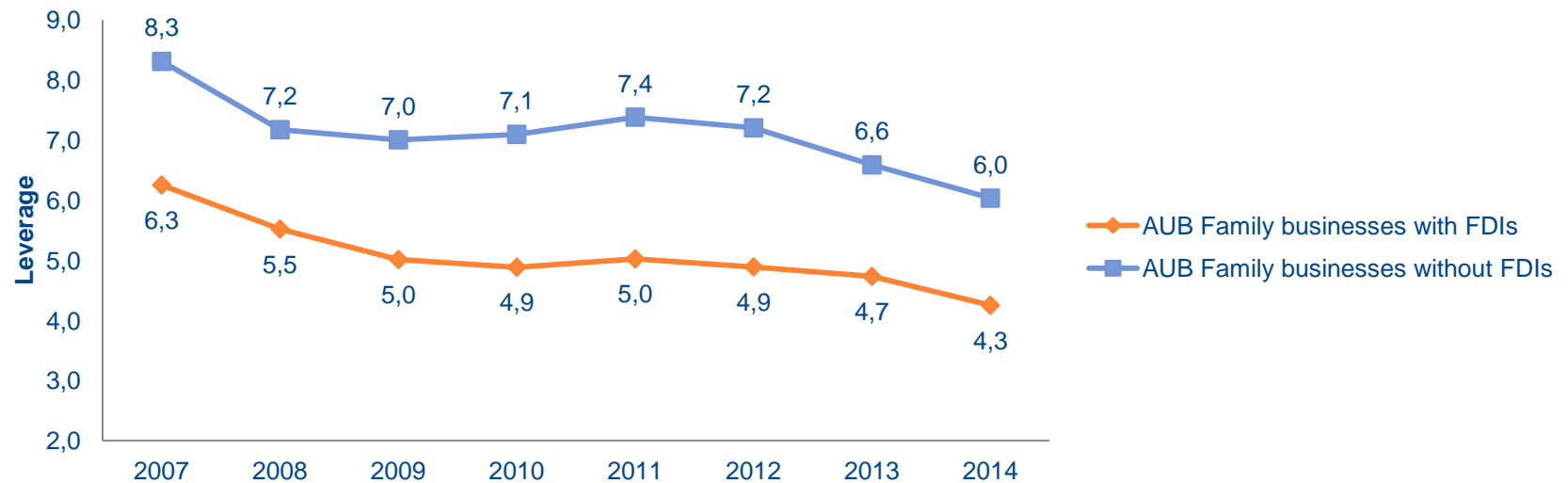


For small companies, the positive profitability gap is detected only in 2013 and 2014

Medium and large companies



Small companies





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in memory of Alberto Falck



Università Commerciale
Luigi Bocconi

7

The AUB Observatory Report
on Italian Family Businesses

Edition

by Guido Corbetta, Alessandro Minichilli, Fabio Quarato

Thanks

Companies were classified as family businesses 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 monobusiness groups:

Parent companies were considered if:

- i) the company is a financial holding company;
- ii) there is only one relevant (operating) subsidiary with revenues exceeding 20 million €);
- iii) the consolidation area of the controlling company substantially equals the dimension of the larger controlled firm.

In case of inclusion of the parent company in the list, all subsidiaries have been excluded from the analyses, both on the first level and on subsequent levels.

In case of multibusiness groups:

- Parent companies have been excluded (in many cases financial holding companies).
- Operating subsidiaries from the second level of the control chain have been included.
- Financial holding companies on the second level (sub-holding, identified through the 2007 ATECO code) were included in the following cases:
 - i) if companies controlled by them by at least 50% and with revenues higher than 50 million € operate in the same industry;
 - ii) if there is only one company, controlled by at least 50% and with revenues higher than 50 million €.
- Controlled firms at third and higher levels of the control chain were excluded from the analysis, since information about them is already comprised in the consolidated balance-sheets of the second-level controlling companies.

Data and information about the governing bodies and firm leaders was collected through the encoding of the “Company Profile”- an official filing registered at the Italian Chamber of Commerce (Source: Chamber of Commerce, Industry, Agriculture and Artisanhip of Milan).

For this reason, it was necessary to make some methodological choices to guarantee the analyzability of the data:

- The “familiarity” of the Sole Director, the Chairman, the CEOs, and the members of the Board of Directors has been detected based on the affinity with the family name of the controlling owner. As a matter of fact, data could be slightly underestimated.
- It was only possible to partially mitigate the underestimation problem in case of spouses who share the controlling owner’s permanent address.
- The same methodology was used to assess the “familiarity” of the shareholders.