

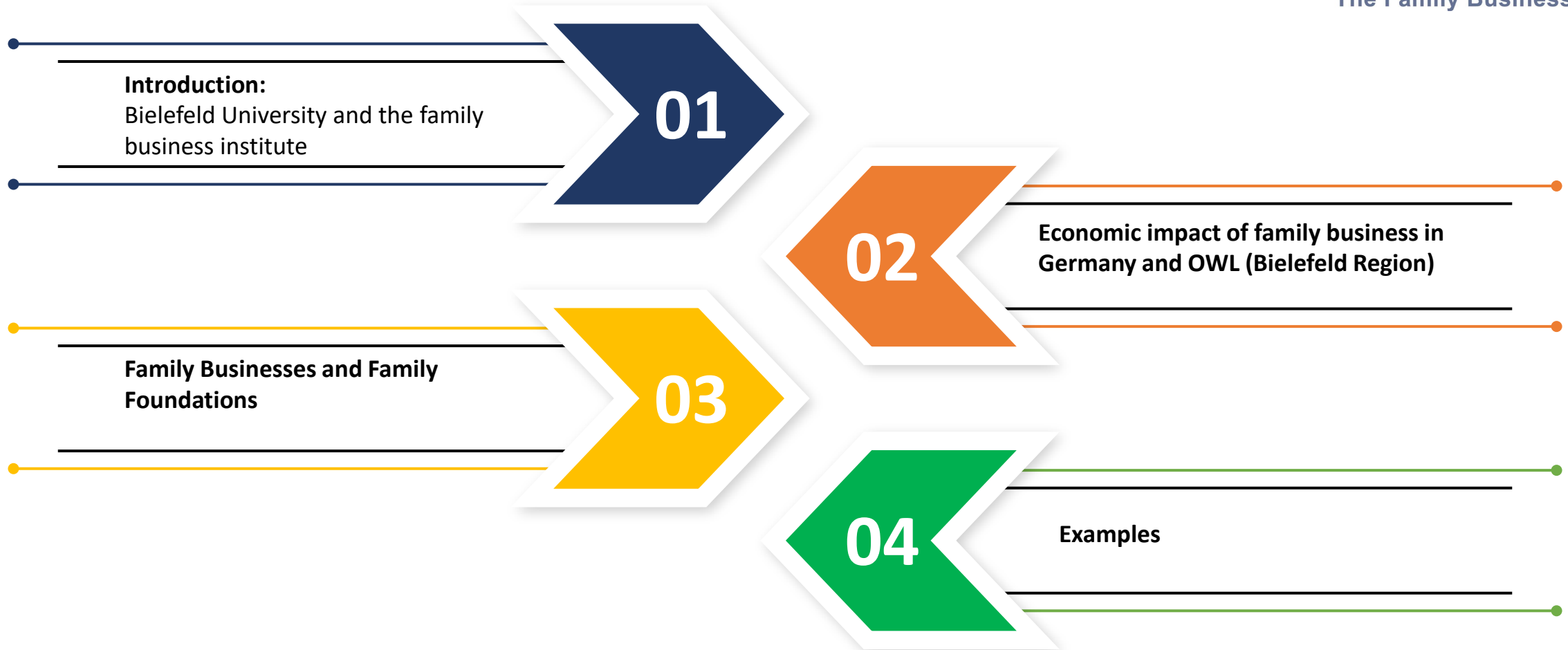
# Family Firms: Purpose, Economic Performance and Social Impact

IESE Madrid March 16, 2026

## Family Firms and Family Foundations

Prof. Dr. Anne Sanders

# Agenda



# Bielefeld/OWL is a region of family businesses

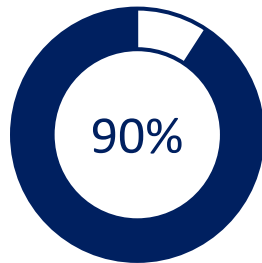


6,500 km<sup>2</sup>  
Area  
2 million  
Population  
150,000  
Company  
70% Family Business  
75 billion € per year  
GDP

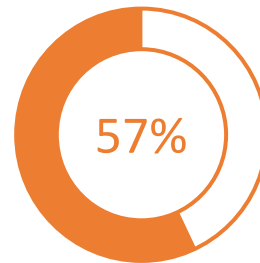
# Family Businesses in Germany (1)

Depending on definition, the quantitative impact of the family business to the economy varies: **Family Controlled Companies:** 90 percent of all German companies are family-controlled companies. They achieve 55 percent of sales and account for about 57 percent of all mandatory social insurance employment contracts.

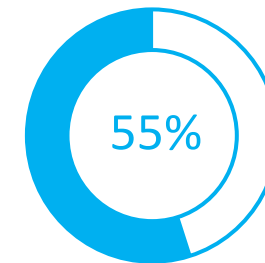
## The economic importance of family businesses



Percentage of all  
companies in operation



Share of total  
workforce



Share of total revenues

# Family Businesses in Germany (2)



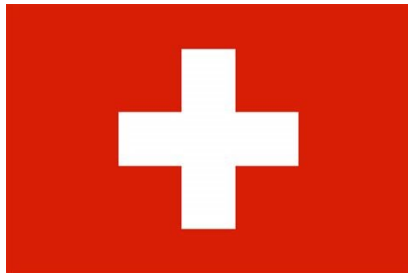
# Challenges of Family Businesses

- Continue the business's long term development, independence and purpose (business first) → competent successors
- Continue the family legacy and family influence over the business
- Avoid conflict within the family

→ Foundations can help!

# Foundations and Family Businesses

- Foundations for Family Philanthropy
- Foundations for Continuing the Family Business and Supporting the Family



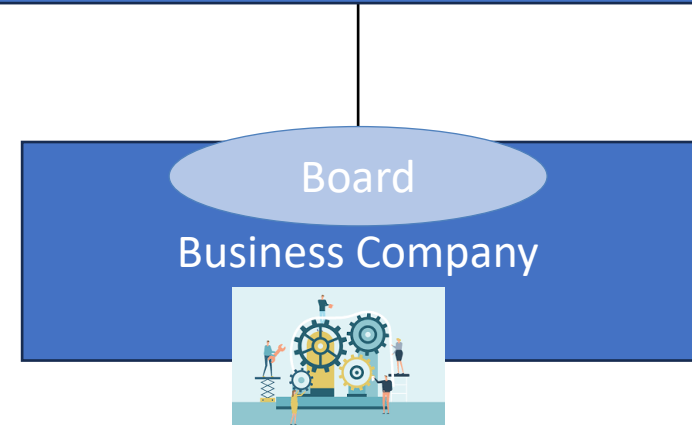
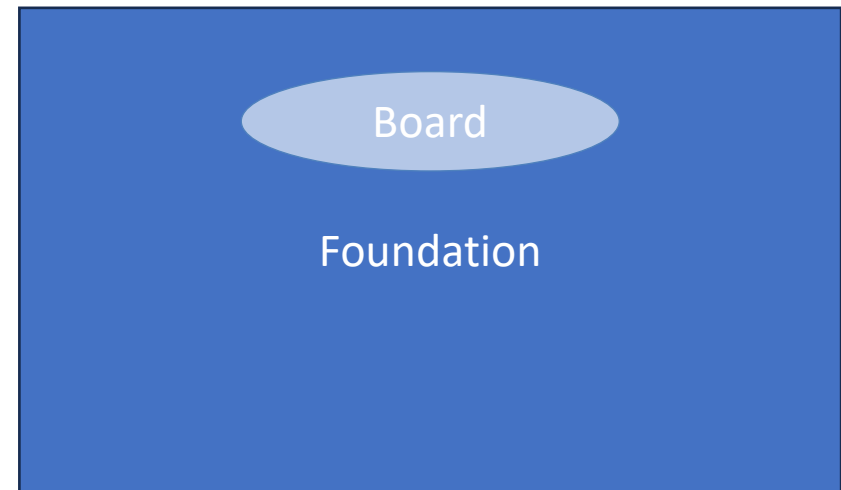
Foundation: legal person without members or shareholders, established by the irrevocable transfer of property from the founder to the foundation for a fixed purpose

Supervision by public supervisory agency

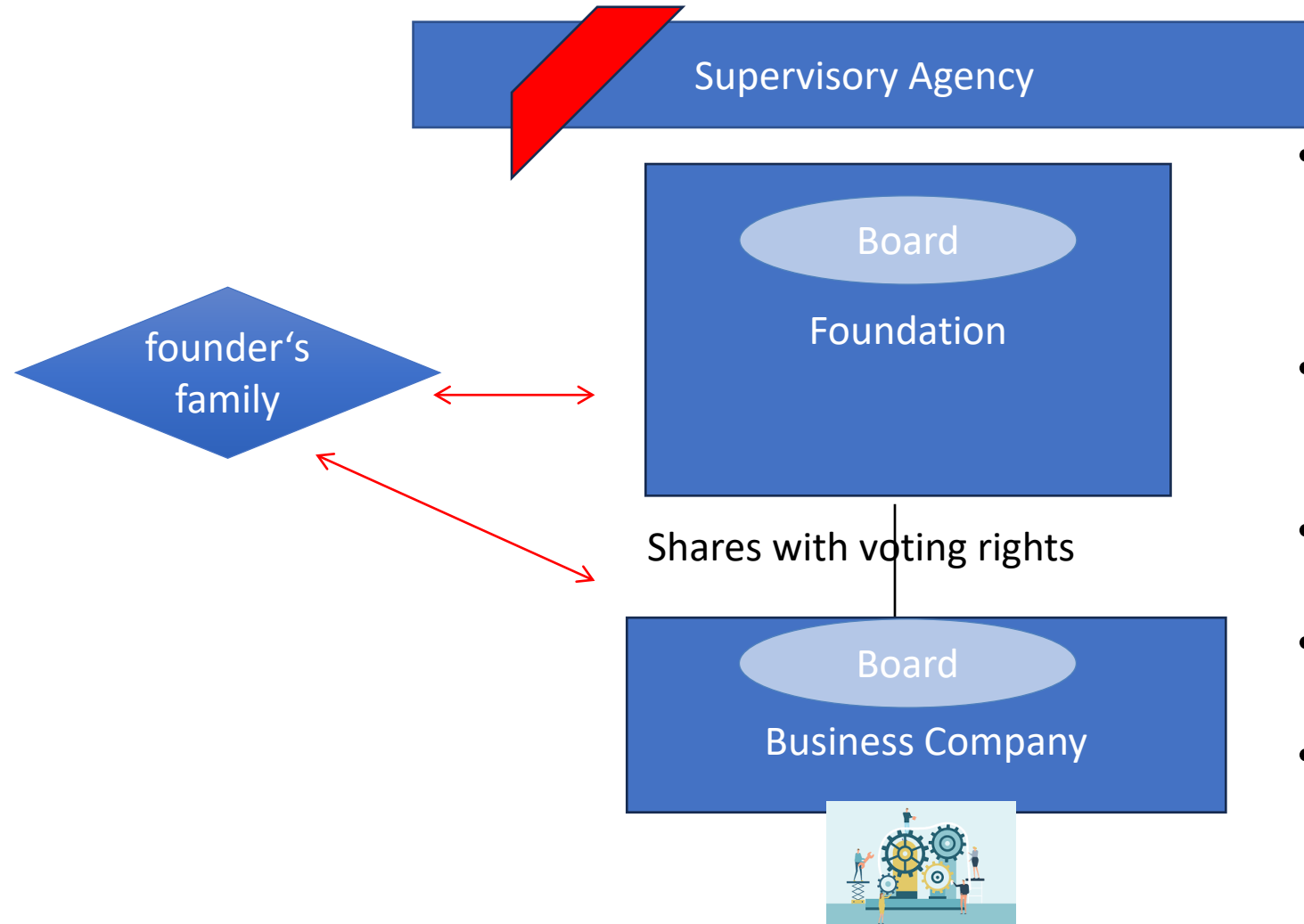
Foundation may control a business company → enterprise foundation

Foundation may also hold minority share as an investment, or to secure purpose with a veto right.

Supervision foundation agency /Stiftungsaufsicht

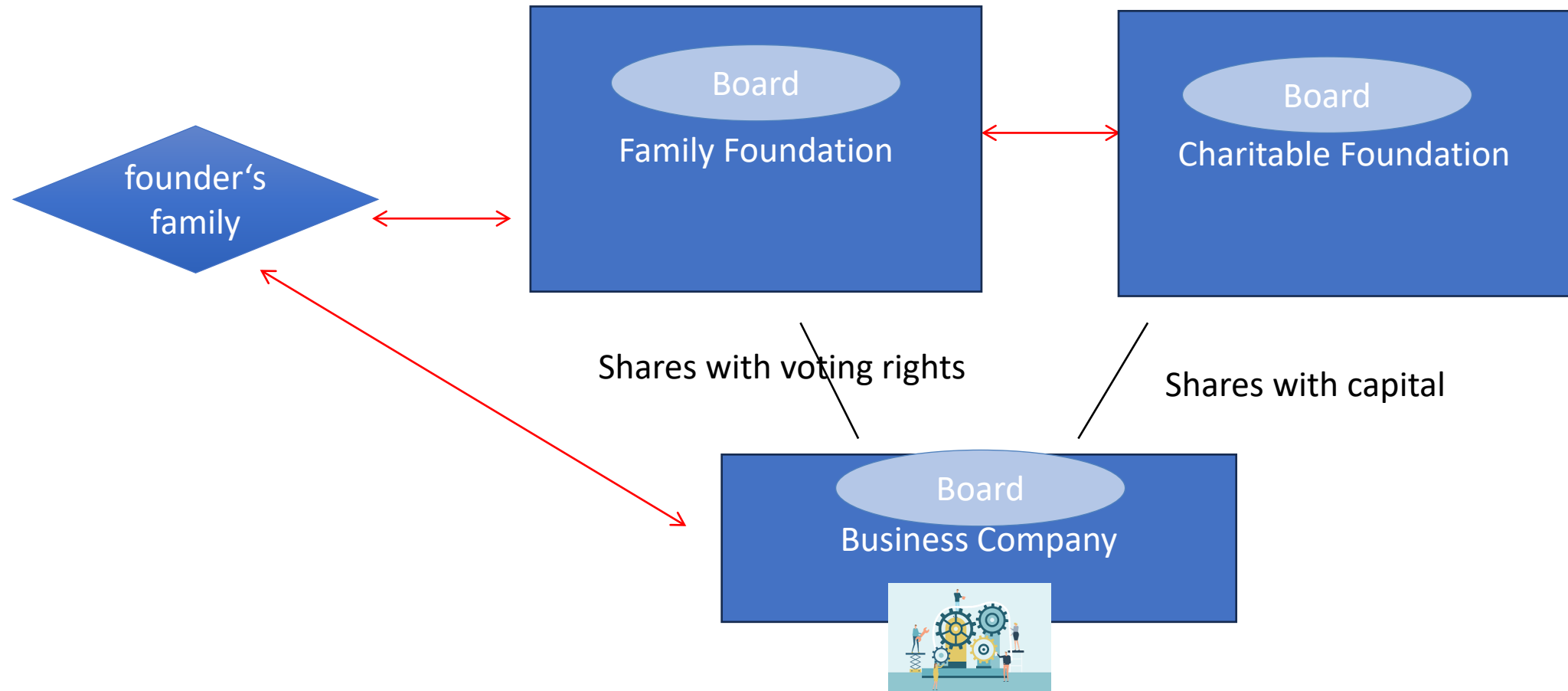


# Family enterprise foundation



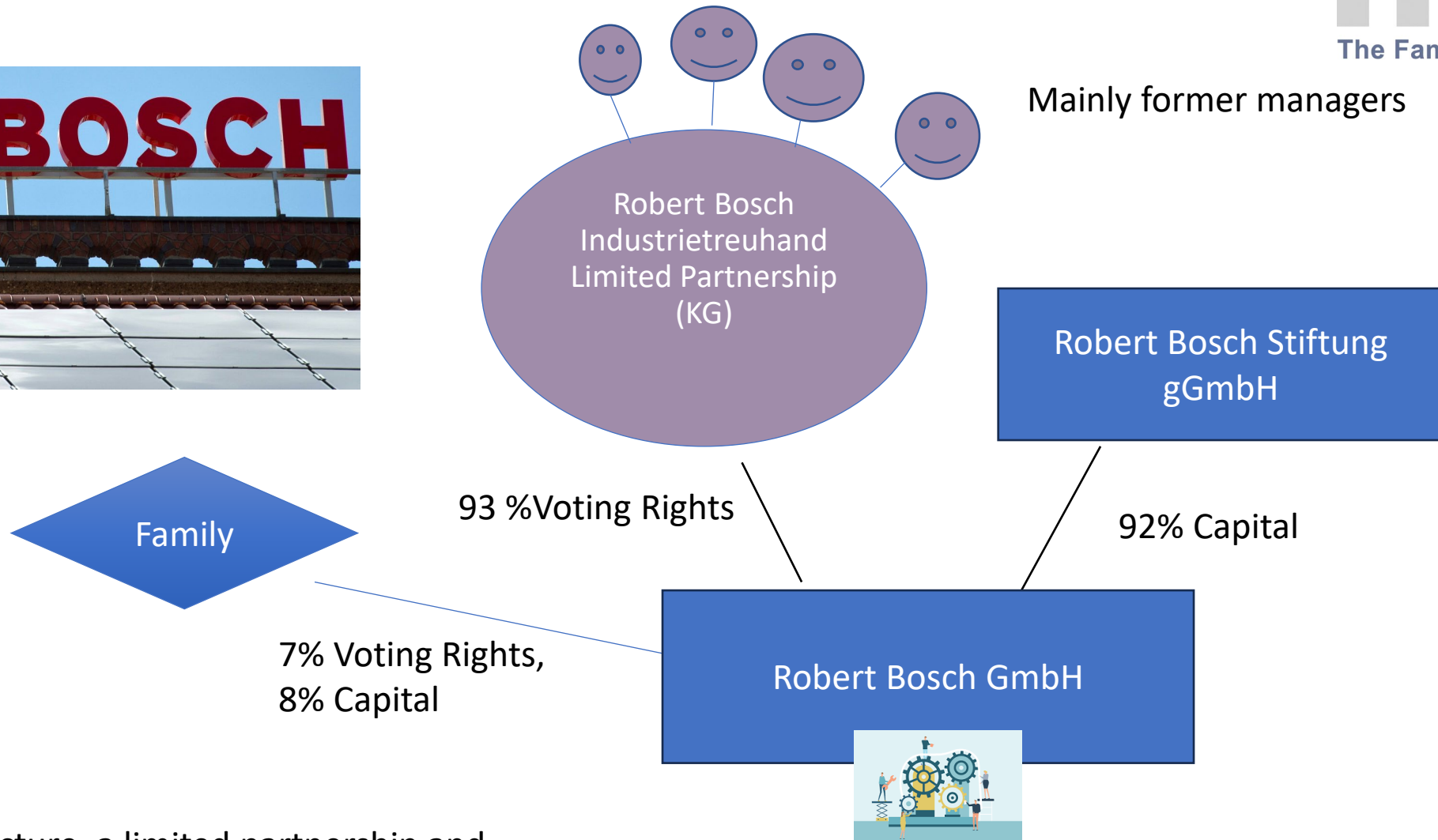
- Foundation purpose may be the support of the founder's family and (but not alone) continuing the family business
- Governance flexible, family can sit on the board, foundation can keep shares together
- Foundation avoids conflicts over inheritance
- Supervision by foundation agency is limited for family foundations
- Functional definitions: "real" foundations with legal personality but also companies, associations, partnerships
- Only for larger businesses (roughly Euro 300 mil)

# Double foundation model





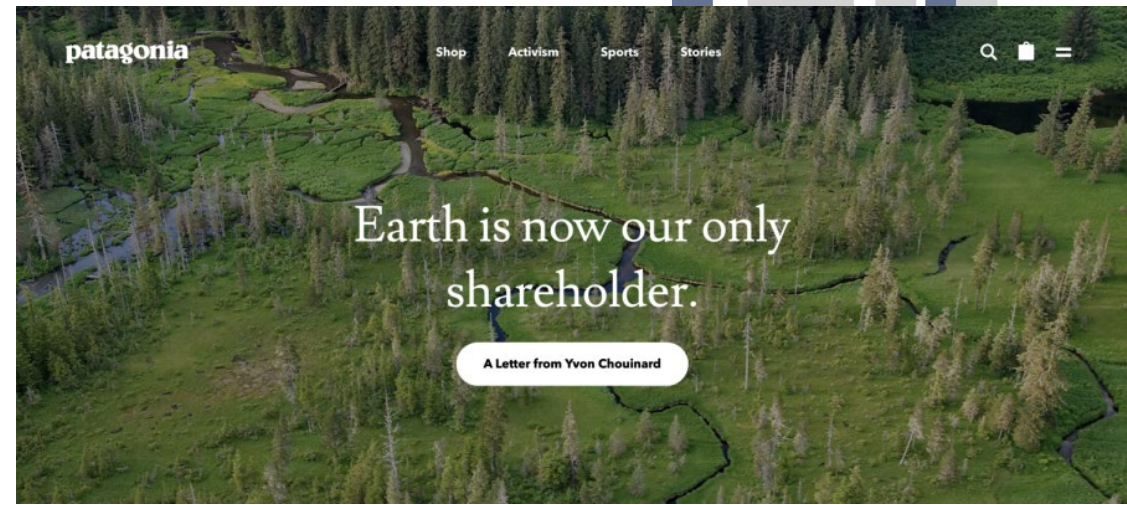
### Example Bosch



Mainly former managers

In the Bosch-structure, a limited partnership and LLC take the place of “real” foundations

# Example Patagonia



Patagonia  
Perpetual  
Purpose Trust

Voting Rights

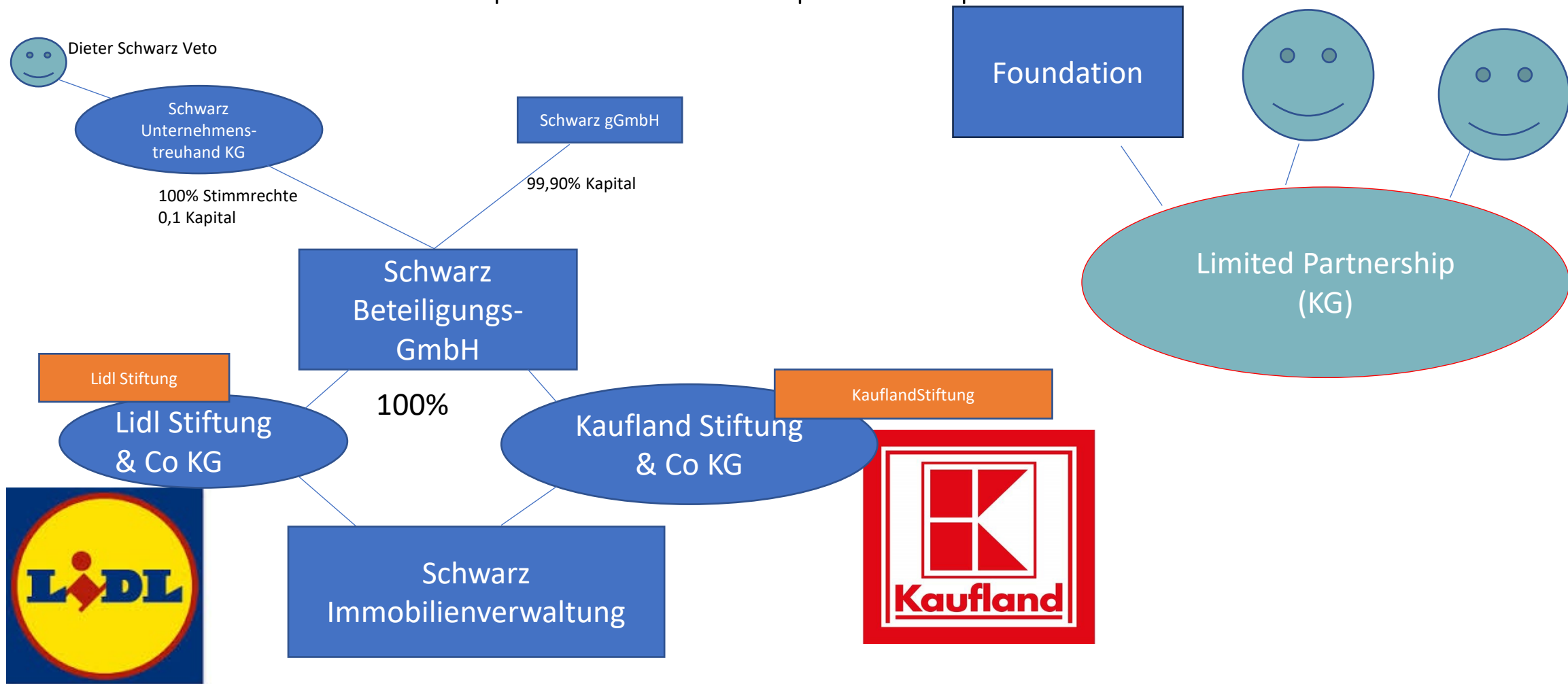


Dividends

Holdfast  
Collective  
Charitable Entity



Foundations as liable partners in limited partnerships



# Conclusion

- Risks of a foundation:
  - Giving away wealth
- Advantages
  - Responsible ownership for purposeful businesses
  - Preserving business independence
  - Securing family influence
  - Financial support for the family
- Foundations are an important option for family businesses and need the right legal framework

