



Family Business Governance

SPCG reading on the Brazilian governance and succession picture — public data, academic evidence, and strategic implications

STUDY — GOVERNANCE & SUCCESSION

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IMPORTANT NOTICE

About this publication

This report is an SPCG analysis consolidating public indicators available at the dates indicated. It does not constitute primary field research conducted by SPCG.

Sources used are cited throughout the text and fully listed in the bibliography. Interpretations and recommendations are labeled as SPCG reading.

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SUMÁRIO EXECUTIVO

Principais conclusões

This report consolidates public indicators and academic evidence on governance in Brazilian family businesses. Main sources: IBGC/PwC 'Family Business Governance: Brazilian Evidence' research, IBGE, SEBRAE, and reference literature.

- 01 90% of companies in Brazil are family-owned (IBGE), responsible for 65% of GDP and employing 75% of workers.
- 02 Only about 30% of family businesses survive to second generation; less than 15% reach third.
- 03 PwC global research (2016) confirms pattern: only 12% reach third generation and 3% fourth.
- 04 Only 27.6% of companies surveyed by IBGC/PwC have succession plan for key positions.
- 05 Three factors influence governance maturity: (a) founder presence, (b) company size, (c) generational cycle (IBGC/PwC).
- 06 Advisory Council is main starting point to institutionalize governance.
- 07 Shareholder agreement and family protocol are complementary.

SECTION 01

Panorama of family businesses in Brazil

Structural weight in the economy

90%

% of Brazilian companies family-owned (IBGE)

65%

% of GDP generated

75%

% of workers employed

2.7M

SMEs in Brazil (SEBRAE, 2025)

According to data consolidated from IBGE research (referenced by IBGC, Sebrae and academic literature), 90% of companies in Brazil have family profile.

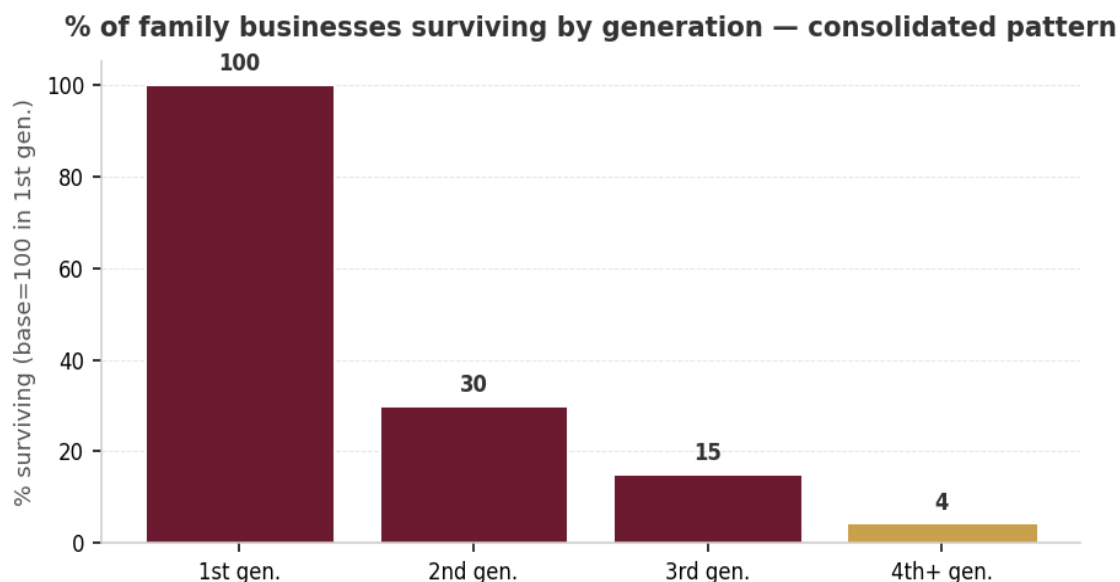
Predominant profile

Absolute majority of Brazilian family businesses are of micro, small, and medium size.

SECTION 02

Survival curve between generations

Brazilian pattern



Approximately 30% of Brazilian family businesses survive transition to second generation; less than 15% reach third.

PwC global pattern — international confirmation

- 12% of family businesses reach third generation
- 3% reach fourth generation

Critical point of second generation

Second generation is point of highest mortality.

“Succession is not an event — it's a 5 to 8 year process that starts when founder is still at peak.”

SECTION 03

Three governances that need to evolve together

Corporate Governance (Shareholder)

Rules between shareholders as shareholders: shareholders' agreement, dividend policy, entry and exit mechanisms.

Family Governance

Rules between family members as family – distinct from shareholder. Main instruments:

- Family Council
- Family Protocol
- Family working policy
- Succession policy

Business Governance

Rules of company management: board, committees, indicators.

Golden rule: three must evolve together

Most common mistake is evolving only one dimension – this doesn't work: failure in any of the three contaminates the others.

SECTION 04

Formal governance instruments

1. Shareholders' agreement

Contractual instrument between shareholders regulating shareholding relationship.

2. Family Protocol

Also known as 'family constitution' – agreement signed by all family business members.

3. Advisory Council

Body that presents specialized recommendations. Advisory Council has no decision-making power – it's decision support body.

Why it's the natural starting point: Advisory Council is instrument most frequently cited as first step in institutionalizing governance.

4. Family Council

Exclusive instance for family matters – not shareholder-related, not business.

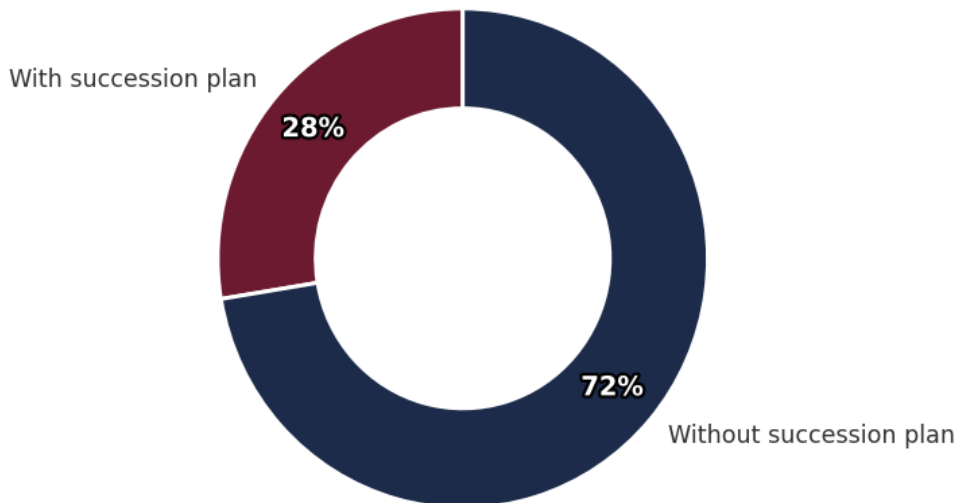
SECTION 05

Structural bottleneck of succession planning

The most expressive data of the study

According to IBGC/PwC research, only 27.6% of surveyed companies responded they have formal succession plan.

Family businesses with succession plan (IBGC/PwC)



The 'invisible ceiling' of family businesses

Economia SC publication (February 2026) coined term 'invisible ceiling' to describe barrier many Brazilian family businesses find when approaching succession phase.

Why succession is process, not event

- Preparation of next generation
- Governance structuring in parallel
- Gradual responsibility transition
- Long-term founder role preserved
- Structured communication

SECTION 06

Factors influencing maturity — IBGC/PwC evidence

Factor 1 — Founder presence

Companies where founder still actively participates in daily decisions tend to have less formalized governance structures.

Factor 2 — Company size

Governance maturity correlates positively with company size. Critical point observed in SMEs: approximately between 30 and 80 employees.

Factor 3 — Generational cycle

Companies in generational transition tend to have greater demand for formal structures.

Most frequent starting point

According to same IBGC/PwC research, most surveyed companies usually start via creating an Advisory Council.

SECTION 07

SPCG readings and strategic recommendations

1. Start with Advisory Council, not Board of Directors

Advisory Council is natural entry point for governance in mid-sized family businesses. Installing it in reversible model, with 3-5 external experienced advisors, quarterly agenda and simple regulation.

2. Don't skip steps – three dimensions need to evolve together

Investing only in corporate governance without caring for family (family protocol) is recipe for subsequent conflicts.

3. Start discussing succession at least 5 years in advance

The 'invisible ceiling' is largest source of family business mortality.

4. Formalize family protocol before conflict requires

Best time to write rules is before needing them.

5. Risk grows with time, not decreases

Optimal window to start governance is when company still has time – not when problem has already appeared.

How SPCG can help: our People & Organization practice includes specific service of Family Business Governance. Write to contato@spcg.com.br.

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Obrigado por chegar até aqui.

Se este material foi útil e você quer discutir aplicação ao contexto da sua empresa, ficaremos felizes em conversar.

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