

Family-Owned Businesses and Private Equity: A Win-Win Partnership?

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Introduction – A Growing Strategic Alliance

In today's business landscape, family-run enterprises are seeking new ways to evolve while preserving their legacy. At the same time, Private Equity (PE) firms are looking for resilient businesses with strong foundations and loyal customer bases. This convergence has given rise to a strategic partnership that blends tradition with transformation - unlocking new avenues for sustainable growth

Family businesses, often built on deep-rooted relationships and long-term thinking, face challenges such as succession planning, digital adaptation, and scalability. PE firms, beyond providing capital, bring strategic vision, operational expertise, and governance best practices, enabling these enterprises to modernize without losing their core identity

This collaboration helps family businesses transition from legacy-driven operations to future-ready enterprises while ensuring that their values remain intact.

However, the benefits extend both ways. PE investors gain access to well-established businesses with trusted brands, strong stakeholder loyalty, and consistent performance - factors that drive stability and long-term returns.

By working together, family businesses and PE firms create a win-win scenario that fosters innovation, enhances value, and paves the way for sustainable success

In essence, the collaboration between PE and family businesses is not just transactional - it's transformational. While family enterprises gain the tools to scale and modernize, PE investors gain access to resilient, values-driven platforms ripe for growth, innovation, and long-term returns

90%

of family businesses are open to a private equity investment.

54%

favour a minority shareholding, in order to retain their say in day-to-day business.

98%

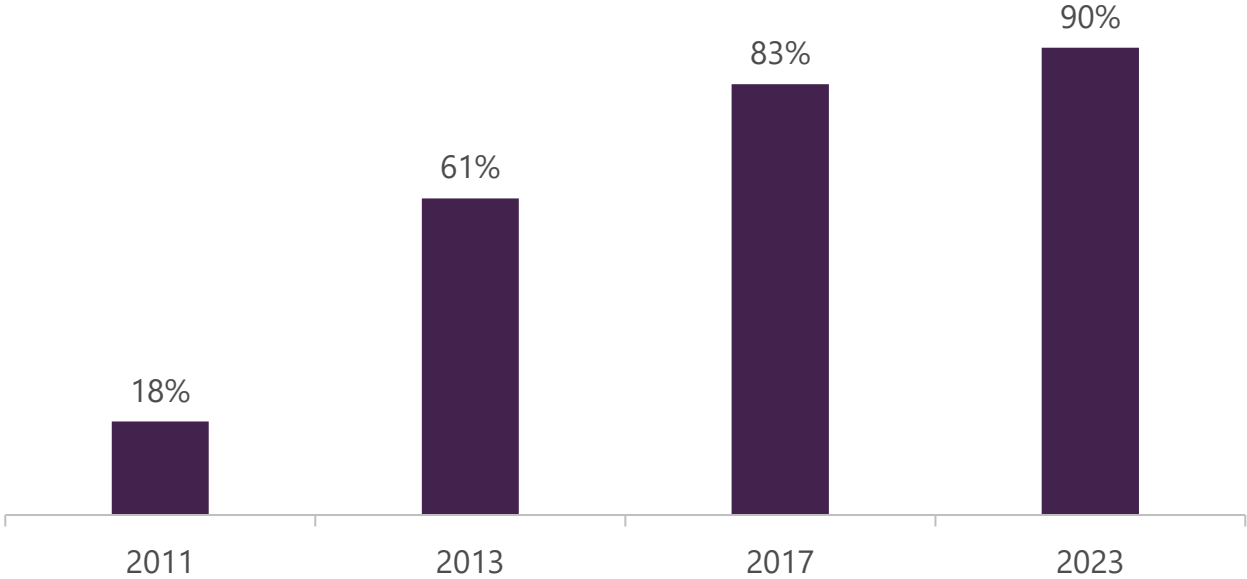
of investors intend to invest in agile family businesses in the coming years.

85%

of private equity companies are planning to acquire majority shareholdings.

Growing Role of Private Equity in Family Businesses

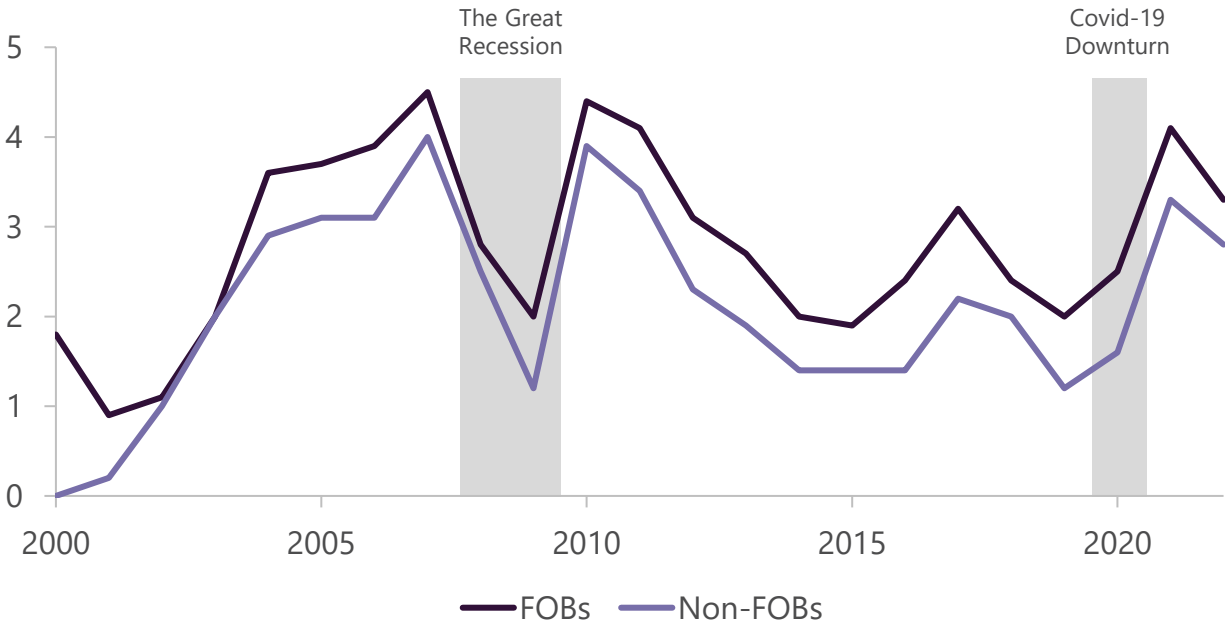
Willingness of Private Equity to participate 2011 - 2023



Source: PwC

Family-owned businesses have survived and thrived over decades because they are adaptable and resilient.

Average economic spread for family-owned businesses (FOBs) and non-FOBs,^{1%}



Source: McKinsey & Company

Key Opportunity for PE Firms

Tapping into the Strengths of Family-Owned Enterprises

Stable Cash Flows



Family businesses can generate consistent cash flows through their commitment to quality products, customer service, efficient operations, and a loyal customer base

The main attraction for private equity firms is the untapped potential the cash flow can generate if the business receives more capital.

Familiarity with Local Market



Family businesses usually have a strong understanding of their local markets. They provide a competitive advantage for private equity firms alongside valuable insight that can inform future growth strategies and investment decisions

Strong Brand Equity and Customer Loyalty



Family businesses often cultivate strong brand equity and deep customer loyalty through years of consistent quality and personalized service. This established reputation becomes a valuable asset for private equity firms, which seek to scale and grow their investments. By acquiring or partnering with a family business, PE firms gain access to a trusted brand with a loyal customer base - reducing market entry risks and accelerating growth

Long Term Vision and Stability



Family enterprises often have a strong commitment to sustainable growth, enduring customer relationships, and a deep-rooted company culture that fosters stability. By investing in family businesses, private equity gains access to a strategic roadmap that prioritizes longevity over short-term gains, reducing risk and enhancing long-term profitability

Financial Control



Family businesses often exercise prudent financial management, maintaining tight control over resources and prioritizing long-term sustainability over short-term gains. This disciplined approach allows them to remain frugal during economic downturns and strategically reinvest profits during periods of growth. PE firms can build on this foundation to scale operations, drive innovation, and unlock value without needing to overhaul the company's financial culture

Flexibility



Smaller family-owned businesses often possess a unique agility that sets them apart. With streamlined decision-making processes and minimal bureaucratic layers, they can quickly adapt to shifting market dynamics and evolving customer preferences. The absence of complex hierarchies and external stakeholders allows these businesses to respond swiftly and strategically

Why Family-Owned Businesses Thrive with Private Equity Investment



Family businesses often encounter constraints in accessing capital for expansion, innovation, or strategic initiatives. PE firms provide the necessary financial resources to fuel growth opportunities, enabling family businesses to pursue ambitious ventures, expand market presence, and capitalize on emerging trends



Private equity (PE) firms help increase the valuation of family businesses by driving strategic growth and expansion, optimizing operations and financial structures, and strengthening leadership and market positioning. They provide capital and expertise to scale operations, enter new markets, and enhance product offerings, boosting long-term profitability. PE investors create sustainable value, making family businesses more competitive and attractive to future investors



Private equity investors play a crucial role in refining operational efficiency, optimizing business workflows, and driving performance improvements in family businesses. Through comprehensive assessments, strategic resource allocation, and the adoption of industry best practices, PE partners help streamline operations, boost profitability, and strengthen competitive positioning, ensuring sustainable growth and long-term success.



Succession planning poses significant challenges for family businesses, making leadership transitions complex and uncertain. Private equity partners play a vital role in navigating this process by providing strategic guidance and hands-on support. They help identify and develop future leaders, facilitate smooth transitions, and uphold the business's core vision and values. By ensuring stability across generations, private equity fosters long-term continuity and sustained success



Private equity firms offer invaluable industry expertise, deep market insights, and strategic direction to family businesses. By leveraging their extensive experience and networks, PE investors help craft effective growth strategies, uncover new market opportunities, and tackle complex business challenges. Their involvement strengthens family businesses, equipping them with the tools and knowledge needed to achieve sustained success and long-term stability

Successful Case Studies

From Insights to Impact



Haldiram Snacks Food (2025)

In December 2025, L Catterton acquired Haldiram's, a family-owned Indian packaged food company. The business received investment from Temasek in March 2025, at a \$10 billion valuation. The investment aims to help in international expansion, brand building, new product development, supply chain and distribution optimization.

EST. 1976



Duckhorn Wine Company (2025)

In March 2025, Butterfly Equity acquired Duckhorn, a family-founded Napa Valley wine brand, at a \$1.95 billion valuation. The business, originally bought by GI Partners in 2007 for ~\$280 million, saw ~7x value growth through premiumization and global expansion. Duckhorn retained its family-driven brand identity, while PE firms reaped significant returns from brand building and scaling.



Trucordia (formerly PCF Insurance Services) (2023 / 2025)

Carlyle first invested \$500 million in Trucordia in October 2023 and followed up with a \$1.3 billion infusion in June 2025, increasing the company's valuation from \$4.7 billion to \$5.7 billion. The founder-led insurance brokerage benefited from strategic debt reduction, governance reforms, and growth capital. Carlyle strengthened its position in a high-growth platform while ensuring operational continuity with the founding team.



Birkenstock (2021)

The iconic German footwear brand, originally family-owned, was acquired by L Catterton, a PE firm backed by LVMH, in 2021 for ~€4 billion. The investment helped Birkenstock expand its global presence and strengthen its brand.

Ermenegildo Zegna

Ermenegildo Zegna (2021–22)

The Zegna family floated its century-old luxury menswear brand via a \$3.2 billion merger with a US SPAC in 2021–22. This move allowed the family to retain control while raising substantial capital for expansion into China and the US. The investment deepened global reach, added scale, and positioned Zegna for further brand acquisitions, aligning family legacy with public capital power.



Jimmy Choo (2011)

In 2011, 3G Capital acquired Jimmy Choo—a family-founded luxury shoe brand for ~£500million. The PE firm revamped global marketing, diversified product lines, and accelerated international expansion, boosting brand equity and sales. The investment paid off with a significant valuation increase upon exit, showcasing how strategic PE backing can elevate a heritage fashion business.



Dr Martens (2014)

An iconic footwear brand, was owned by family company R Griggs. The British brand was acquired in 2014 by private equity firm Permira. It has enjoyed worldwide success and attention and, in 2021, made its debut on the London Stock Exchange with a value of £3.7 billion.

The Flip Side of the Coin – Challenges in Aligning Vision

While private equity brings significant advantages to family businesses, potential challenges must also be considered. One key concern is the potential conflict between traditional family values and the profit-driven approach of private equity firms. Achieving cultural compatibility is crucial for a successful partnership, as a shared vision fosters smooth collaboration and long-term growth. However, if there is a disconnect in values and business priorities, it can create friction, impacting decision-making and overall performance. Effective communication and mutual understanding help bridge these gaps, ensuring both parties align their expectations and strategies



Cultural Differences

Cultural disconnects often challenge PE–family business alliances. While PE firms bring a fast-paced, results-oriented approach, family businesses tend to value continuity, deep-rooted relationships, and legacy. These contrasting philosophies can lead to friction in communication, decision-making, and risk appetite—ultimately testing mutual trust and alignment



Governance Issues

Aligning governance structures is often a delicate task. PE firms favor formal systems, clear decision rights, and professional management, while family businesses tend to rely on legacy practices and centralized, informal decision-making. Misalignment here can lead to friction, especially around board composition, strategic direction, and operational control



Structuring deals to retain family involvement

Families often seek to preserve their influence, values, and legacy, while PE firms require mechanisms to drive performance and ensure a clear path to exit. Achieving this balance involves careful calibration of ownership stakes, governance rights, and decision-making roles to reflect shared goals without diluting either party's priorities.



Control and Decision-Making

PE firms often seek to exert significant operational control and may introduce changes that challenge the family's traditional management style. Family members may be reluctant to cede control, especially if it means losing their influence and identity within the business



Misaligned Expectations

Private equity (PE) focuses on boosting cash flows and maximizing returns within a defined timeframe. In contrast, family businesses often value long-term control, legacy, and cultural continuity. This mismatch can breed mistrust, as many family owners see PE strategies as short-term and potentially disruptive to the firm's core identity

A Win-Win Vision

Conclusion - A Partnership of Potential

The evolving relationship between private equity and family-owned businesses is more than a financial transaction - it's a strategic alliance that blends the stability of legacy with the momentum of growth

While cultural nuances, control dynamics, and generational expectations can present real challenges, they are far from insurmountable when addressed with transparency, shared values, and mutual commitment

Family businesses stand to gain the strategic direction and resources required to future-proof their legacy, while PE firms access trusted, resilient platforms with long-term growth potential

When both parties invest in understanding, collaboration, and alignment, what emerges is not just operational success - but lasting impact. Together, they cultivate stronger talent pipelines, embrace sustainability and ESG priorities, and build businesses capable of thriving even in uncertain times. In the end, this partnership, when thoughtfully navigated, becomes a true win-win uniting heritage with innovation and paving the way for enduring prosperity on both sides

As more success stories emerge, it's clear that this model is more than a passing trend. It represents a new era of collaborative growth, where tradition meets transformation, and both sides thrive.

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