

Study shows German family businesses enjoy high degree of trust in bank financing
New research collaboration: Euler Hermes, Roland Berger, Hamburg School of Business Administration

- Research investigates family business financing structures; data from over 2 million German companies
- Contrary to expectation, family firms more indebted than non-owner managed businesses
- Family firms often have higher bank debt, higher proportion of outside financing
- Data samples include 700 large corporations not listed on the stock exchange

HAMBURG / MUNICH -- 9 MAY 2017 – Family companies enjoy a high degree of trust in bank financing due to good reputations and benefit from advantages when obtaining credit. These are the key conclusions of initial findings of a new three-year research collaboration by the world's leading credit insurer Euler Hermes, management consultants Roland Berger and the Hamburg School of Business Administration (HSBA). The study aims to analyze the capital structure of family businesses and the resulting competitive advantages.

Family businesses - less risk averse than expected; higher bank debt

"Family businesses are not as risk averse as their reputation would suggest," says Martin Wendt, a Euler Hermes risk expert who as a doctoral student is the initiator of the study. "The interim study results show that family businesses have a higher level of bank debt and a greater proportion of long-term financing than comparable companies not in family hands. Statistical evaluation suggests that family businesses enjoy a high degree of trust with banks due to their positive reputation, and thus benefit when obtaining credit."

The study partners empirically proved their hypothesis through a sample of some 700 German corporations not listed on the stock exchange

Family owners' long-term focus has advantages when borrowing

"These initial results show family ownership influences and creates a focus on long-term company objectives," said Matthias Holzamer, partner and financing expert at Roland Berger. "This in turn increases company trustworthiness from the banks' perspective – resulting in borrowing benefits. Many family businesses can actively reference their positive reputation when financing and thus gain competitive advantages."

Cooperation between research and practice provides insights into financial structures

"The study permits in-depth insight into the financing structure of German family entrepreneurs," says Prof. Stefan Prigge of HSBA. "The cooperation between academic research and leading companies in the field to evaluate 2 million data sets of German companies is today unique. On one hand, it allows us to gain detailed insights into current developments in financing practices, and on the other provides approaches for optimization in financing, consultancy and minimizing risk."

Further results will be developed during the next three years of collaborative research. Euler Hermes is supplying the study with an anonymous data set of over 2 million German companies and adds almost 100 years of expertise in company financial and risk analysis. The data is analyzed together with Roland Berger experts and HSBA researchers. As one of the world's leading management consultancies, Roland Berger provides well-founded practical context on how family companies can better position themselves strategically, improve their reputation and benefit from the resulting financing advantages.

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Euler Hermes employs around 1,400 people in Germany at its headquarters in Hamburg and other branches in Germany. For more information see www.eulerhermes.de, LinkedIn or Twitter @eulerhermes

About Roland Berger

Roland Berger, founded in 1967, is the world's only leading management consultancy with German origin and European roots. With approx. 2,400 employees in 34 countries, the company is successfully active in all globally important markets. The 50 offices of Roland Berger are located at central business locations worldwide. The consultancy company is an independent partnership, exclusively owned by some 220 partners.

Navigating Complexity

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