

HOW DO SOME FAMILY FIRMS INNOVATE ACROSS GENERATIONS?

Executive summary and practitioner insights prepared by the Family Business Centre, based on Mahmoud-Jouini, B., Bloch, A., & Mignon, S. (2010). Capacités d'innovation des entreprises familiales pérennes. *Revue française de gestion*, 36 (200), 111-26.

This summary draws on the core findings of the academic article with interpretation and application developed independently for a family business audience.

Family businesses are often excluded from the innovation conversation. They are frequently stereotyped as conservative, risk-averse, and constrained by tradition. Yet research by Sihem Ben Mahmoud-Jouini, Alain Bloch, and Sophie Mignon offers a compelling counterpoint. In their article, the authors explore how some long-standing family firms not only survive across generations but develop distinctive capacities for innovation.

These firms referred to as *entreprises familiales pérennes innovantes* (EFPIs), demonstrate that innovation and longevity are not mutually exclusive. Rather than seeing their heritage as a constraint, EFPIs use it as a strategic foundation for renewal. **The study finds that these firms are guided by long-term vision, emotionally committed leadership, and a stable organizational culture.** This combination creates a uniquely fertile environment for experimentation and innovation.

The authors argue that these characteristics form an innovation model rooted in values, not just financial performance. EFPIs are able to pursue transformational innovation by leveraging patient capital, stable governance, and deep-rooted stakeholder relationships.

BUT WHAT DOES THIS MEANS FOR YOUR FIRM?

Continue reading to learn our **four key insights** and **questions to ask** within your family firm!

INSIGHT 1

THE LONG-TERM VIEW ENABLES BOLD(ER) BETS

Family firms think in decades, not quarters, and that allows patient capital to fund long-term innovation projects. Therefore, investment decisions can prioritize strategic fit over near-term payback.

MANAGERIAL TAKEAWAY:

Use your time advantage to make long-horizon bets that public firms can't afford, such as iterative R&D.

INSIGHT 2

STABILITY ENABLES RISK-TAKING IF CHANNELLED WELL

Stability can create conditions for experimentation. Long-standing values and governance structure provides a unique "safe space" that lowers the psychological and financial barrier to innovation.

MANAGERIAL TAKEAWAY:

Reframe your stability as an innovation advantage.



INSIGHT 3

INNOVATION IS OFTEN VALUES-DRIVEN

In enduring family firms, innovation often comes from a deep sense of purpose and stewardship and not for immediate financial gain.

- This emotional commitment can fuel bold R&D efforts where pure financial logic might hesitate.
- Purpose can sustain persistence when returns takes time.

MANAGERIAL TAKEAWAY:

Connect your innovation agenda to your values. Make it clear to teams and stakeholders why it matters.



INSIGHT 4

SOCIAL CAPITAL IS STRATEGIC CAPITAL

Family firms often enjoy long-standing ties to employees, suppliers and communities, **enabling experimentation through trust** built over years.

- Employees are more likely to take initiative when trust is high.
- Suppliers collaborate more closely when relationships span decades.

MANAGERIAL TAKEAWAY:

Treat relationships as innovation assets. Involve long-term partners in your innovation process.



QUESTIONS TO ASK WITHIN YOUR FAMILY FIRM



Are we fully leveraging our stability to create a safe space for innovation or are we mistaking it for a reason to play it safe?



Is our innovation strategy grounded in what we truly care about?



Are we using our long-term horizon as a strategic advantage?



Are we leveraging our social relationships and networks as innovation partners?