



BUILDING ENDURING FAMILY FIRMS IN FRANCE

Executive summary and practitioner insights by Angèle Marinelli, PhD Fellow, and Cécile de Lisle, Executive Director, Dieter Schwarz Foundation Family Business Center, based on Tandeau de Marsac V. (2011). *Guide Pratique des Entreprises Familiales*

This summary draws on the core themes of Tandeau de Marsac's book with interpretation and application developed independently by Angèle Marinelli and Cécile de Lisle for business leaders and family-firm audiences



Family businesses are anchored in two distinct forms of commitment. *Affectio societatis* expresses the legal and economic intention to form and operate a company together; *affectio familiae* reflects the deeper will of family members to remain united as a family through a shared entrepreneurial project. Valérie Tandeau de Marsac's *Guide pratique des entreprises familiales* shows that long-term resilience depends on the alignment and institutionalization of these dual intentions. When emotional cohesion stays implicit, it eventually erodes under divergent expectations, generational drift, or power imbalances. Durable family firms convert *affectio familiae* into clear governance, anticipate succession, balance private and business wealth, and adopt legal and financial tools that protect continuity. The book's central message is that lasting unity is never natural; it is designed, negotiated, and regularly reaffirmed.

BUT WHAT DOES THIS MEANS FOR YOUR FIRM?

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



BALANCING FAMILY WEALTH AND BUSINESS CAPITAL REQUIRES EXPLICIT GOVERNANCE

The first tension is structural: the same family owns two intertwined forms of wealth: private assets and professional assets. Without formal governance, these spheres contaminate each other: family needs drain business liquidity, and business pressures distort family expectations. Tandeau de Marsac argues that families must articulate where *affectio familiae* ends and where *affectio societatis* begins. Effective governance provides that boundary:

- distinguishing roles (family / shareholders / managers),
- organizing decision-making through family councils, shareholder agreements, and boards,
- defining dividend policies consistent with both liquidity needs and strategic investment.

KEY IDEA: emotional unity cannot substitute for governance; it must be channelled through it.





FINANCING GROWTH WITHOUT LOSING CONTROL REQUIRES STRATEGIC USE OF LEGAL AND FINANCIAL ENGINEERING

Growth capital creates another major tension: families want to expand, but they fear dilution and loss of control. The book shows that families who thrive master the tools of private equity *without* surrendering their identity:

- preferred shares, shareholder agreements, and voting-rights structures,
- leveraged instruments that separate economic rights from control rights,
- staged financing and co-investment arrangements to align investors with the family project.

Here, *affectio societatis* dominates: financing decisions must follow economic logic. But preserving *affectio familiae*, which becomes the intention to remain in control, requires deliberate structuring, not instinctual protectionism.





TRANSMISSION MUST RECONCILE CONTINUITY, FAIRNESS, AND ANTICIPATION

Succession is where the two “*affectio*” most often collide. The family wants continuity (*affectio familiae*), while the business demands competence and clarity (*affectio societatis*). Tandeau de Marsac insists that transmission is not an event but a long process involving:

- early preparation of heirs,
- transparent discussions about roles, rights, and expectations,
- legal tools to optimize transfer (Pacte Dutreil, démembrement, holding structures, donations graduelles, etc.),
- separation of ownership succession from managerial succession.

Fairness and clarity protect both family unity and business stability. Improvisation destroys both.



INTERNATIONAL BEST PRACTICES OFFER INNOVATIVE LEGAL TOOLS TO SECURE LONG- TERM CONTINUITY

France provides some instruments, but other jurisdictions offer solutions that explicitly balance the dual intentions of family firms. The book highlights tools such as:

- purpose trusts and perpetual trusts,
- family foundations and hybrid governance schemes,
- long-term shareholder agreements that survive generational changes,
- multi-jurisdictional structures enabling succession planning, asset protection, and governance continuity.

These international practices illustrate a key lesson: protecting *affectio familiae* in the long run often requires sophisticated legal architecture far beyond traditional domestic tools.





QUESTIONS TO ASK WITHIN YOUR FAMILY FIRM



Do we genuinely share both *affectio familiae* and *affectio societatis* and are these two intentions aligned across generations?



Are our governance mechanisms capable of managing the tensions between family expectations, shareholder discipline, and managerial responsibility?



Have we established a balanced approach to dividends, reinvestment, and liquidity that protects both family wealth and the long-term development of the business?



Can we finance the firm's future growth without compromising the family's desired level of control, and do we have the tools that would allow us to do so?



Is our succession plan anticipated early, transparent, and fair enough to preserve family unity while ensuring competent future governance?

BOTTOMLINE

Across all four themes, Tandeau de Marsac's message is consistent: Family firms endure when *affectio familiae* (the will to stay united) and *affectio societatis* (the will to operate a business) are aligned, clarified, and institutionalized.

This requires governance that makes implicit expectations explicit, legal tools that protect continuity, financial structures that support growth without loss of control, and succession planning that balances fairness and competence. Longevity is not the natural fate of a family firm; it is the result of intentional design.