



Family Businesses

When Being a Family Business Becomes a Competitive Advantage

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Summary. Family businesses often underestimate the strategic power of their familial identity, defaulting instead to corporate models that erode the trust and long-term relationships that set them apart. A Family-to-Family (F2F) strategy reframes customers and suppliers as multigenerational partners, strengthening loyalty, speeding decision-making, and fueling innovation in ways competitors struggle to replicate. Vitex’s transformation shows how deliberately activating “familiness” can drive resilience, growth, and market leadership—offering a blueprint for CEOs who want to turn trust into a durable competitive advantage.

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Family business leaders often feel pressure to “professionalize” their businesses, adopting the structures and behaviors of non-family corporations. However, when they push this too far, they

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can inadvertently destroy their most distinctive competitive advantages: Trust, long-term commitment, and multigenerational relationships that naturally arise between family-run businesses. What researchers call *familiness* is frequently underestimated or treated as a weakness to overcome, as if family involvement were a liability rather than a strength.

Our work with family enterprises reveals a different path. When family businesses intentionally leverage their identity to build deeper relationships with other family-owned partners, they unlock a powerful strategic advantage. We call this the Family-to-Family (F2F) strategy, a structured approach that strengthens interfamily trust and multigenerational collaboration in ways competitors cannot easily imitate. Family-owned Patek Philippe captures this principle and commitment to serving other families in its well-known promise that a watch is “merely looked after for the next generation.” F2F extends that same multigenerational logic to relationships within a business ecosystem.

The Greek paint manufacturer Vitex, which we examined over a period of two years and through more than 70 interviews (and where one of us serves as CEO), illustrates this concept in practice. During Greece’s economic crisis in 2014, Vitex’s second-generation CEO, Armodios Yannidis, and his brother John, realized that the company needed to shift from its “professionalized” approach back to the founding principles of their father, Stavros. The management team re-engaged with family-run dealers, who made up 99% of its channel, and family-owned suppliers, who represented 60% of its supply base. By applying an F2F strategy, the results over the next decade were extraordinary: Vitex tripled its revenue, returned to profitability, and emerged as the market leader. This was not because it operated *less* professionally, but because it became more intentional about the strengths uniquely available to family businesses.

This experience challenges the belief that family firms, which form the majority of businesses globally (according to the [UN](#), they represent 60% of the global employment and 70% of global GDP), must evolve into corporate-style organizations to succeed. With deliberate leadership, familiness can become a high-performance capability that promotes growth and resilience by creating and leveraging trust with customers and suppliers. A F2F strategy positions family businesses to activate their potential trust advantage over other companies. [Edelman's Trust Barometer](#), which surveyed over 30,000 people across 28 countries, shows that 70% of people trust family businesses to do what is right, compared to 58% for publicly traded companies. However, according to PwC's [Family Business Survey](#), many family businesses fail to capitalize on this natural advantage to develop trust. More specifically, while 78% of U.S. family businesses recognize trust as important, "only 52% believe their customers fully trust them." Embracing their family identity through an F2F strategy can help close this gap and allow family businesses to leverage a critical component of competitive advantage.

The F2F Playbook: Turning Familiness into a Strategic Advantage

The key to activating this advantage is treating the company's familial nature as an asset rather than a liability, while building an extended family among customers and suppliers. Since most companies in the world are owned by families, it is very likely that a subset of your company's customers and suppliers are also family businesses. Tapping into this common foundation of familiness allows companies to create mutually beneficial relationships based on shared values and long-term thinking. Doing so requires four main actions:

1. Lead with Your Family Identity

Family businesses should differentiate themselves by leaning into their identity at a time when trust is increasingly scarce. Start by mapping which customers and suppliers are family-owned, prioritizing those with a multi-generational presence and aligned values. Dormant interfamily ties, relationships that previous generations built and have since lapsed, are often hidden strategic assets. Systematically reviving such connections across the organization can deliver results faster than pursuing new markets. When interacting with other companies, leaders must communicate authentically and demonstrate genuine family commitment, avoiding “family-washing” by backing values with actions. Track relationship depth by measuring partner tenure, whether successors join the relationship, and collaborative interactions beyond transactions.

2. Embed F2F Values Across Your Ecosystem

Traditional business models prioritize profit at a partner’s expense. In contrast, companies using an F2F strategy train employees to consistently communicate family principles across all touchpoints. Customers and suppliers are treated as long-term innovation collaborators rather than transactional parties. This requires co-developing initiatives that extend beyond sales, from CSR projects to knowledge sharing, fostering a sense of belonging to a shared business family.

3. Cultivate Multigenerational Bonds

Strong F2F relationships endure leadership transitions by proactively building generational bridges. This can include mentoring successors in partner family businesses and offering cross-family internships. In this manner, partners’ successors are offered hands-on experience while you send your own next generation to learn from theirs. Such practices foster early trust and reinforce continuity across generations that competitors struggle to replicate.

4. Professionalize while Preserving Familiness

Scaling F2F requires professional managers who embrace family values and can extend trust on behalf of the family. This means recruiting executives who genuinely embody F2F principles, not just technical skills. Empower professional managers with decision-making authority over key partnerships to extend trust beyond the family. Complement this individual empowerment with decision-making structures that balance family values, long-term thinking, and operational efficiency, achieving scale without sacrificing personal touch.

F2F in Action: Rebuilding Trust and Creating Shared Value at Vitex

A core element of the F2F strategy is reframing customers from transactional accounts to multigenerational family partners. At Vitex, this shift began when leadership realized that many of its channel partners were multi-generational family businesses with decades of shared history, but relationships had lapsed or become transactional. To rebuild ties, Armodios led a structured outreach program to reconnect with estranged, loyal, and even competitor-aligned family-owned dealers. Each conversation was unique and moved beyond procurement to shared commitment, rekindling emotional bonds and reaffirming long-term support.

Over three years, Armodios conducted more than 1,000 customer visits, while the commercial director, Vassilis Vlachogiannis, scaled the F2F approach. Despite a struggling market, revenue rose 50%, disengaged partners returned, and new dealers joined. Vitex institutionalized the F2F mindset through initiatives like “Vitex Day,” where employees spend a day a year with dealers to share insights, enabling unfiltered information flows and collaboration across multiple organizational areas. As one dealer put it, Vitex isn’t just a supplier, it’s their “bestie”—a trusted advisor on all business matters, not just products. Building these relationships required more than strategy. It demanded the right people. Vitex recruits its sales team first for character and F2F

values, then for performance, ensuring every customer-facing employee genuinely embodies its principles.

As trust deepened, partners increasingly treated Vitex as an extension of their own businesses. They co-lead community initiatives and support Vitex's "Paint Bank" program, donating antiviral paint to hospitals and schools. When a long-standing dealer faced financial distress, Vitex provided bridge financing equivalent to 10 years of profits from the relationship. The loan was repaid once the dealer recovered, turning the dealer into one of Vitex's most vocal F2F advocates.

These relationships deliver tangible strategic benefits. Partners began inviting Vitex's presales engineers into major projects without the fear of being bypassed. Working together, F2F partners provide unparalleled technical support while strengthening local relationships. Products co-created based on customer input now account for 67% of Vitex's sales, reflecting how F2F trust drives innovation through shared learning and open cross-functional communication.

Vitex also extended its F2F approach to suppliers, turning long-standing relationships into engines of innovation. Because many suppliers were also multi-generational family businesses, Vitex became a training ground for their successors. Three of its top five suppliers sent next-generation leaders for year-long internships at Vitex, deepening intergenerational ties and creating shared learning opportunities.

One intern joined Vitex's R&D team to improve how her family's raw materials were utilized in formulations—a commercial innovation that became the basis of her graduate thesis and a joint scientific publication. Armodios himself had been mentored by the previous generation of a key supplier, just as his father had mentored that supplier's father. The F2F strategy helped revive

these relationships as this chain lost momentum during the years of professionalization.

When Vitex's eco-friendly paints began breaking down in high-heat storage conditions, the R&D team identified a standard technical fix that would have reduced sustainability. Instead of compromising, Vitex turned to its longtime plastic pail supplier, another family-owned business. Without a contract, the supplier invested in developing a custom packaging solution built on mutual trust. The innovative sustainable design they developed resolved the issue, demonstrating the unique power of F2F partnerships.

For CEOs, the principle is clear: Investing in the current and next generations of partner families creates innovation that formal agreements alone cannot deliver. These cross-generational bonds enable risk-taking, rapid problem-solving, and co-creation, capabilities that can become a source of competitive advantage.

The Competitive Advantage of F2F

Where corporations rely on formal processes to build relationships, F2F leverages the family business DNA: personal reputation, generational thinking, and values-based decision-making.

Across our research, three difficult-to-imitate qualities consistently emerge:

- **Family-Level Mutual Commitment.** F2F creates bonds that go beyond contracts. Dealers do not just distribute products; they champion them. This shared ownership reduces friction, increases collaboration, and strengthens loyalty, reinforced by employees who act autonomously. Vitex's Net Promoter Score rose 50% in four years, and new dealer acquisition quadrupled.

- **Inherited Business Relationships.** F2F ties span generations, providing stability in uncertain times. During Covid-19, dealers turned to Vitex as their ‘business family’ while competitors went silent. Family-style online meetings revealed how lockdown rules constrained dealers serving the DIY boom. Vitex lobbied government authorities on their behalf and secured extended operating hours.
- **Faster Decision Making.** F2F partners bypass bureaucracy to solve problems quickly, as demonstrated with the pail supplier case or the innovation developed with the next-generation supplier intern. Vitex supported this agility internally by creating an executive committee that accelerated decision-making while preserving family values.

Together, these advantages create relational capital that is difficult for competitors to imitate. Built on shared values over decades and reinforced across generations, F2F is a uniquely powerful strategic capability for family businesses.

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CEOs and senior leaders of family businesses can transform F2F relationships into a sustainable source of competitive advantage. Vitex’s journey from crisis to market leadership shows that familiness, when strategically orchestrated, becomes an asset that fuels growth, trust, and innovation. With family businesses representing the majority of enterprises globally, F2F can have an impact across entire industries. The question for family business leaders is no longer whether to embrace their familiness, but how quickly they can implement F2F to outpace competitors still trapped in transactional thinking. In a world where trust is scarce, those who master the art of F2F leadership will not just survive, but will thrive.

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