

# Kuwait Family Business



## Research Highlights:

What makes family business in Kuwait succeed? How do they ensure longevity of organization?

In our report, we explore factors that have been key to their success through various lenses including governance structure, succession practice and business strategy.

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# Executive Summary

Family businesses play an important role in the Kuwait economy. Kuwait family businesses were traditionally involved in trading, but over the years, have diversified into many other sectors with the economic progress of the country. The single key feature of the family business is the ownership structure, which takes the form of direct and complete family control and is characterized by a handful of senior family members influencing decision-making. One advantage enjoyed by family businesses in GCC stems from concentrated shareholdings that allow them to take a long-term view, not influenced by short-term earnings and this has helped them survive the vagaries of the oil economy and its effect on the market for goods and services.

In Kuwait, family businesses started as entrepreneurship, most of which were established several decades ago or more, and have, over the years, diversified and created many conglomerates. As most of the families are in the second generation, many are expected to undergo a generational shift over the next decade.

In this study, we have researched twelve prominent family businesses in Kuwait comprising of Al Kharafi group, Al Shaya Group, Al Boodai group, Al Mulla Group, Kapico group, Al Bookhamsen group, Al Sayer group, Al Babbain group, AlGhanim group, Al Bahar group, Al Homaizi group, and Al Mezzan group. All of them have a long historical presence and are large conglomerates that have grown many folds over many decades. Many today, are leaders in their businesses.

These family businesses operate in varied consumer centric fields like garments, fashion products, food stuffs, FMCG products, consumer durables and semi durables including home appliances and consumer electronics, computers and mobiles, automobile dealerships, restaurants and hotels, construction, real estate, telecom and mobile services, travel related consumer services, forex and remittance businesses and consumer financial services. These families also have presence in industrials including cement, metals, electrical, aviation, engineering and IT Services.

The family businesses in Kuwait operate through hundreds of international brands and franchises in several sectors. Their operations are largely in Kuwait though some have grown overseas and have presence in Middle East, Eastern Europe, and East Asia. These families hold large overseas investments as well as large indirect investments in local businesses.

As is known consumer-oriented and brand supported businesses command high valuations in the equity capital markets due to their good growth, stable demand and profit margins. Therefore, Kuwait Family businesses may have unrealized business value. Hence, Kuwait families should see this as an attractive wealth unlocking opportunity. On the other hand, brick and mortar consumer businesses in GCC are being impacted by e-commerce in recent years. Therefore, family businesses of Kuwait require to explore partnerships like partnering with Private Equity (PE) firms to successfully face the challenge from e-commerce.

This report provides analysis and insights pertaining to the historical evolution, current presence in different business sectors, and products and services offered by the various family businesses. The information provided also includes, wherever available, some of the success factors that resulted in business growth, approach of the family groups in conducting their business; the size and nature of employees in their businesses, metrics such as number of outlets, show rooms, restaurants, and hotels owned by them, names of brands that are represented by them, and also an overview of their foreign operations. The report also discusses the concerns facing the family businesses related to succession, control, governance and growth and presents some solutions to alleviate these concerns.

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