

2023

Center for Family-Owned Businesses

Family Business Survey: Key Findings Report



Center for Family-Owned Businesses
Established by *Our Family Business*
to Serve *Your Family Business*



2023 Family Business Survey: Introduction

Do you wonder what's on the minds of like-minded family business owners? We certainly do! That's why the First Bank Center for Family-Owned Businesses recently commissioned the expert assistance of market research firm, MacKenzie Corporation, with what will become our annual Family Business Survey.

Our inaugural survey was sent to family businesses of all generations, industries, and regions to gather their thoughts on the following:

- Family business member involvement and succession
- Growing and evolving the family business
- Succession planning and support
- Optimism regarding the future of family business

We received valuable input, and the results may surprise you. Take a few minutes to review the findings and feel free to reach out to us at CFOB@fbol.com if you have questions or comments.

Sincerely,

Michael Dierberg
Chairman of the Board, FB Corporation
President, First Bank

This key findings report highlights a few of the most impactful trends and takeaways from our overall results analysis.

Full results report available upon request. Contact us [here](#).

Survey Objectives:

Gain a better understanding of the current state of U.S. family businesses to inform, educate, and strengthen our diverse community.

Research Themes:

- Family business member involvement and succession
- Growing and evolving the family business
- Succession planning and support
- Optimism regarding the future of family business

Survey Distribution:

An online survey link was distributed through a third-party panel provider and promoted via email and social media.

Responses were gathered from 10/6/22 – 10/31/22.

Respondent Breakdown:

A total of 552 qualified respondents* completed our survey.

For analytic purposes, these respondents were segmented based on their generation and the lifespan of their respective businesses.

G1-A: First-Generation Owners/Members; Business started <u>less than 20 years ago</u>	45%
G1-B: First-Generation Owners/Members; Business started <u>more than 20 years ago</u>	22%
G 2+: Second-Generation (and Beyond) Family Business Owners/Members	32%

*A qualified respondent is currently involved with a family business AND is a family member.

MOTIVATIONS FOR STARTING THE FAMILY BUSINESS

When asked about the roots of their family business, different generations told different stories.

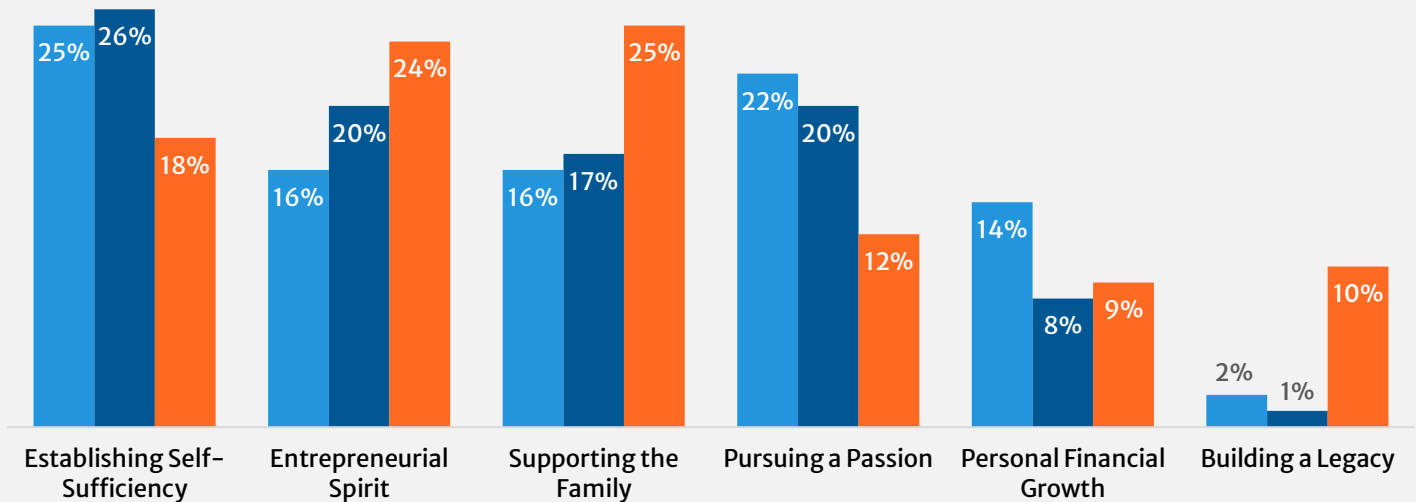
A family business' history and origin story can be a powerful asset for brand identity development, customer relationship building, and competitive differentiation.

But where G1 respondents pointed to “Establishing Self-Sufficiency” and “Pursuing a Passion” as their top motivators for starting the family business, G2+ indicated they thought “Supporting the Family” and “Entrepreneurial Spirit” were top motivators.

This disconnect highlights the importance of cross-generational communication to ensure the family business' story is told with consistency and clarity.

What do you feel best describes the motivation for starting the family business?

■ G1-A ■ G1-B ■ G2+



Overall n=552 | G1-A: Business started less than 20 years ago; n=251 | G1-B: Business started more than 20 years ago; n=123 | G2+: All non-G1 respondents; n=178

2023 Family Business Survey: Key Findings

MOTIVATIONS

PRIORITIES

STRATEGIES

SUCCESSION

LEGACY

TOP PRIORITIES AND OVERALL GOALS

There is a priorities gap between understanding what customers want and how that insight will be applied.

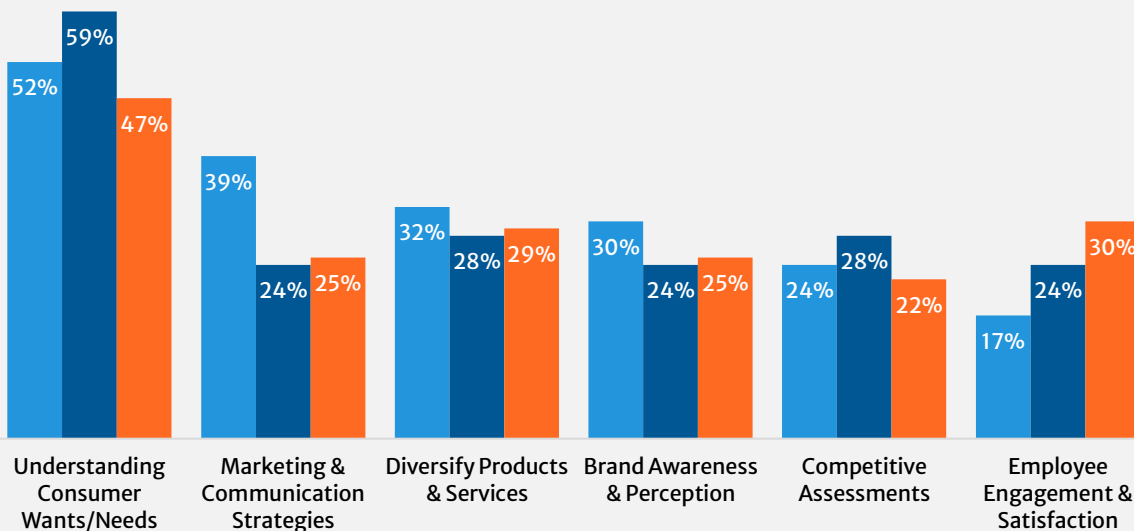
According to a 2021 CXPA report¹, 67% of customer experience professionals are using Customer Journey Mapping. Of those, 90% have seen increased customer satisfaction and lower churn.

Our study found that while “Understanding Customer Wants & Needs” (52%) is the overall top priority for family businesses today, “Customer Journey Mapping” (7%) ranks last on that list.

Since Customer Journey Mapping is a proven way to optimize the impact of consumer demand insights, increasing attention on this area is a significant growth opportunity.

Aside from sales and revenue, what are the business' Top 3 priorities as of today?

■ G1-A ■ G1-B ■ G2+



	G1-A	G1-B	G2+
Tech Advancements	18%	22%	25%
Improve Scalability	20%	7%	21%
Brand Position Strategy	13%	9%	22%
Innovation / R&D	11%	10%	15%
Customer Journey Map	4%	8%	11%

Overall n=552 | G1-A: Business started less than 20 years ago; n=251 | G1-B: Business started more than 20 years ago; n=123 | G2+: All non-G1 respondents; n=178

FAMILY BUSINESS STRATEGY CHANGES OVER THE NEXT YEAR

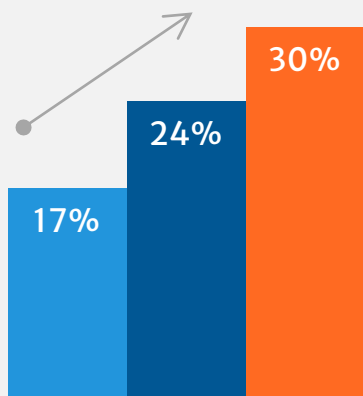
Leadership succession and generational transition bring increased focus on people and social responsibility.

A 2021 study by *Great Place to Work*² found that fair pay, personal meaning, and organizational equity are the most sought-after workplace benefits for Millennials. These traits are not only important for Millennial employees, but they are important for next-generation employers as well.

Our study aligns with those insights; “Employee Engagement and Satisfaction” is more important among G2+ (30%) than it is among G1 (20%) family business members. Furthermore, G2+ respondents signaled higher levels of attention placed on Social Responsibility than G1 respondents; 21% vs 11%, respectively.

Aside from sales and revenue, what are your business' Top 3 priorities as of today?

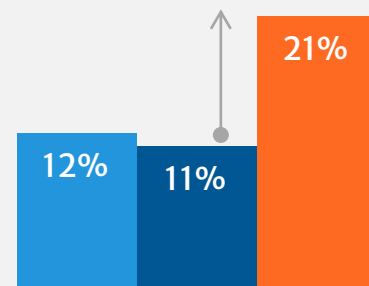
■ G1-A ■ G1-B ■ G2+



Employee Engagement & Satisfaction

How do you see your strategies and/or needs changing over the next year?

■ G1-A ■ G1-B ■ G2+



Focus on Corporate Social Responsibility

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Additional response options listed for each question above are included in the full results report.

SUCCESSION PLANNING STATUS AND APPROACH

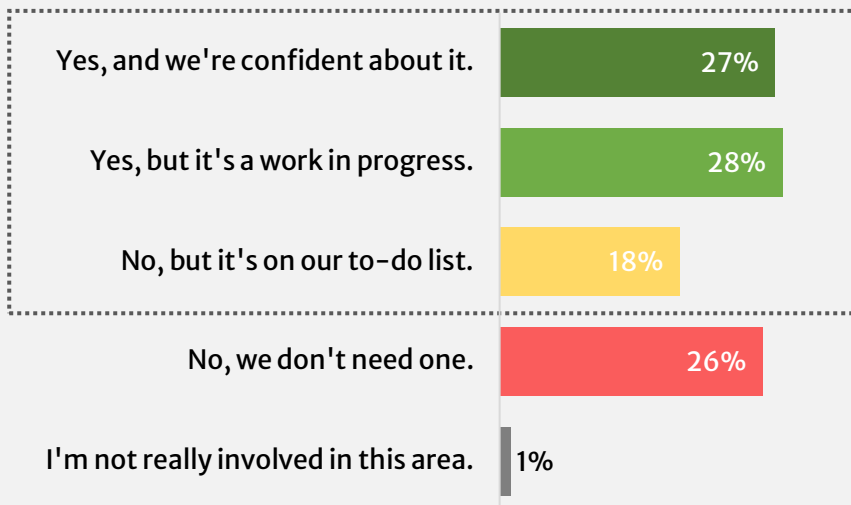
A substantial amount of family businesses are choosing to keep their succession planning efforts internal.

A 2021 Family Business Survey by PWC³ found that 65% of family business leaders selected “*Ensure the business stays in the family*” as a top, long-term priority.

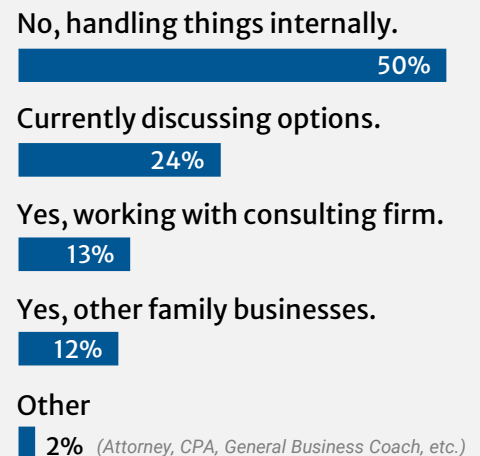
So, it’s no surprise that our study found 73% of respondents already have, or intend to develop, a structured succession plan. However, it was surprising to find an even split between external support and keeping those efforts internal.

With 50% of family business succession plans occurring without dedicated external guidance, cross-generational communication and collaboration will grow in importance.

Does your family business have a structured/organized succession plan?



Did you have or are you considering outside succession planning support?



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HOW “LEGACY” IS VIEWED WITHIN FAMILY BUSINESSES

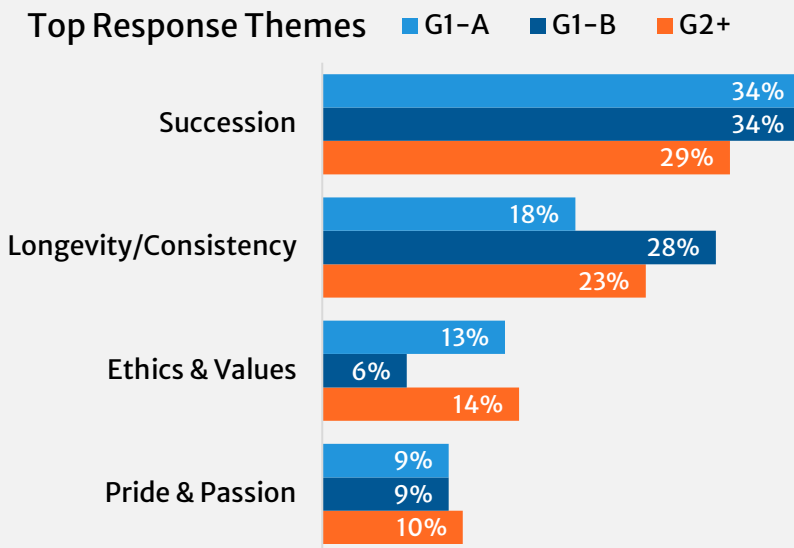
For many family businesses, their “Legacy” is in relationships and cross-generational dynamics.

Only 2% of first-generation respondents chose “Building a Legacy” as their motivation for starting the family business. However, the top reason for G2+ joining the family business was to “Continue the Family Legacy” (42%).

Furthermore, many respondents defined “Legacy” in terms of family dynamics and relationships rather than business assets and tangible benefits.

These findings imply that relationship development and inter-personal skills can be just as valuable as business development and professional skills.

How would you define the “Legacy” of a family business? (Open-Text)



Example Verbatim Responses

“Being able to pass it down to future generations.”

“One that would be stable enough to last and grow for generations.”

“That they will always be trustworthy and honest.”

“The sense of pride and integrity building up a family business through the years.”

Overall n=401 | Open text responses were coded and analyzed based on the primary themes/topics from each respondent.

Survey Questions

Your Involvement:

Qualifying respondents and determining question track.

- As of today, are you directly involved in a family business?

Starting the Business:

Understanding the history and current family business makeup.

- How long ago was your family business started?
- Which generations are currently involved in the business?
- Which family business generation are you part of?
- Thinking back to the beginning, what do you feel best describes the motivation for starting the family business?

Your Arrival:

Shown only to non-G1 respondents to understand the thoughts and conditions regarding their initial family business involvement.

- When you were a teenager, did you picture yourself working full-time in your family's business?
- Which of these best describes why you started working for your family's business?

Succession Planning:

Outlining plans for the family business' future leadership.

- Does your family business have a structured succession plan?
- Did you have, or are you considering, outside succession planning support?
- Has the pandemic impacted your approach to succession planning?
- Have you begun discussions regarding generations not yet involved in the family business?

Business Growth & Evolution:

Capturing insights regarding the past, present, and future strategic intent of family businesses.

- Aside from sales and revenue, what are the business' top three priorities as of today?
- Are your offerings and value propositions the same today as when the business first started?
- What was the primary driver of changes to the business' offerings and/or value propositions?
- How do you see your strategies changing over the next year?
- Thinking about your family business 10 years from now, what do you feel is most likely to happen?

Thoughts About The Future:

Gauging forward-thinking optimism and expectations through "level of agreement" responses.

- The economy will rebound over the next year.
- Our current business model can withstand continued economic uncertainty.
- We'll need to pivot or evolve our products/services to survive long-term.
- I see our business and revenue growing over the next five years.

Perception & Perspective: (Open-Text Responses)

Gathering introspective thoughts and opinions regarding the family business sector.

- What do you feel is the most common misperception people have about operating a family business?
- What strengths and/or advantages do you feel family businesses have that other businesses may not?
- How would you define the "legacy" of a family business?
- While there are many, what do you see as the biggest contribution family businesses provide in their local communities?

Key Findings Report Citations:

- 1) "What Is A Customer Journey Map And Why Are They Important?", LinkedIn Blog, 2021 ([Link](#))
- 2) "Top 5 Things Millennials Want In the Workplace in 2021", Great Place to Work, 2021 ([Link](#))
- 3) "From Trust to Impact", 10th Global Family Business Survey, PWC, 2021 ([Link](#))