

2024

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*



2024 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 has become our annual Family Business Survey.

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

- Business Goals and Strategies
- Defining "Success" Within Family Businesses
- Family-Owned Branding
- Next-Gen Leadership
- Philanthropy and Community Involvement
- Economic and Developmental Outlook

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
First Bank and FB Corporation

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:

- Business Goals and Strategies
- Defining “Success” Within Family Businesses
- Family-Owned Branding
- Next-Gen Leadership
- Philanthropy and Community Involvement
- Economic and Developmental Outlook

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 10/2/2023 – 1/4/2024.

Respondent Breakdown:

A total of 575 qualified respondents* completed our survey.

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

G1: First-Generation family members employed by the business	40%
G2: Second-Generation family members employed by the business	21%
G3+: Third-Generation (and Beyond) family members employed by the business	25%
Non-Family: Family business employees who are not family members	15%

*A qualified respondent is currently employed by a family business.

2024 Family Business Survey: Key Findings

BUSINESS GOALS

DEFINING "SUCCESS"

NEXT-GEN LEADERS

BRANDING STRATEGY

PHILANTHROPY

SHIFTING PRIORITIES & STRATEGIC CHANGES

From 2023 to 2024, focus on employees and business growth optimism increased by significant margins.

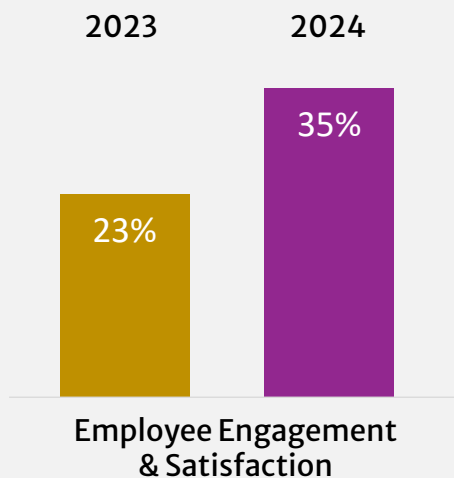
The most notable changes from last year's study are focused on employees. "Employee Engagement & Satisfaction" rose 12 points as a top priority (23% vs 35%), and the strategic change of "Hire More Staff" rose 18 points (20% vs 38%).

Furthermore, overall optimism scores regarding the economy rose 12 points (49 vs 61), expected revenue growth rose 9 points (66 vs 75), and belief that current models can withstand uncertainty rose 7 points (61 vs 68).

These shifts are indicative of anticipated business growth, supported by a 9-point year-over-year increase of "Expand Into New Markets" as a strategic change (35% vs 44%).

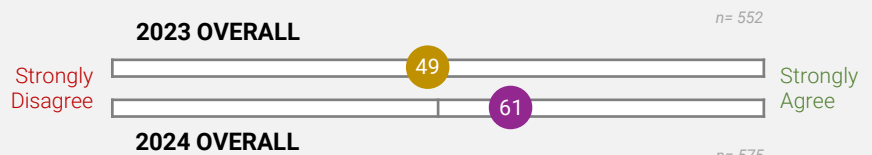
2023 vs 2024 COMPARISON

Aside from sales and profitability, what are your businesses Top 3 priorities as of today?



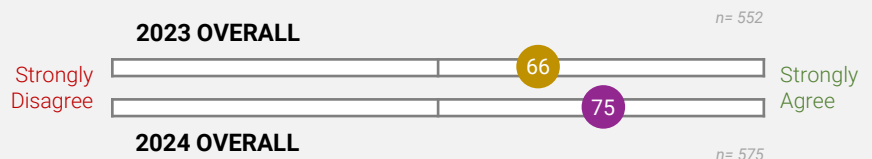
2023; n=552 | 2024; n=575 | Additional response options are included in the full results report.

"I feel confident in the direction of the economy over the next year."*



*This prompt was slightly rephrased from 2022

"I see our business and revenue growing over the next five years."



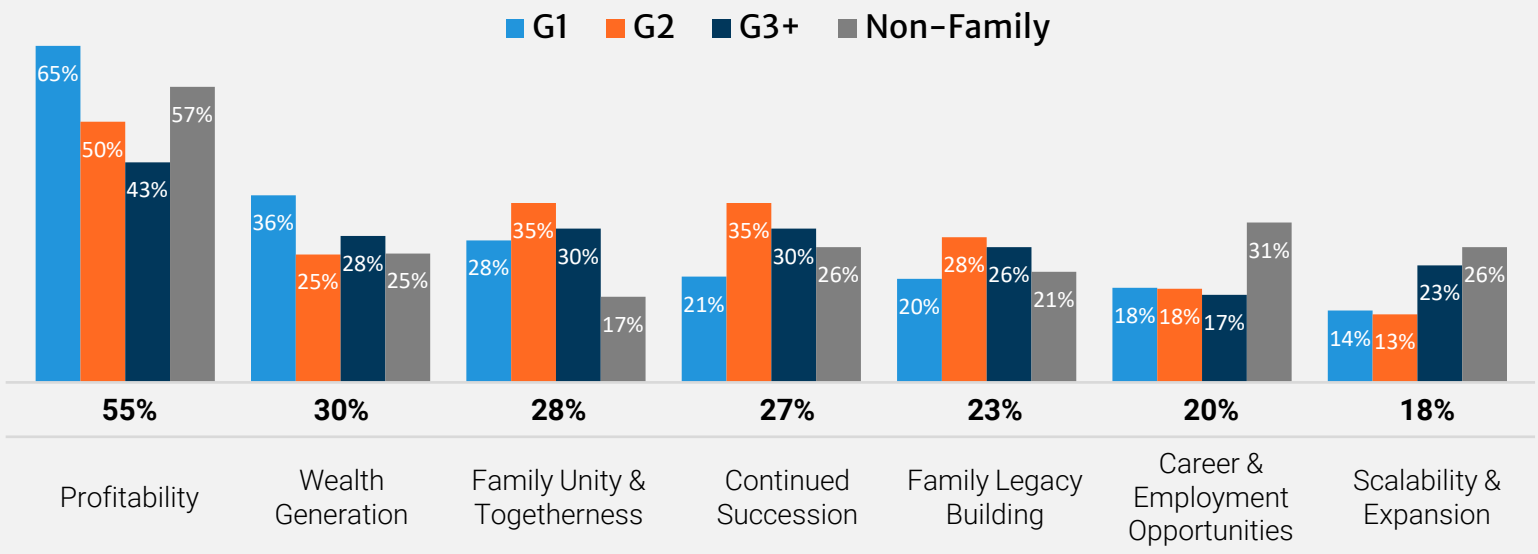
DEFINING “SUCCESS” WITHIN THE BUSINESS

Profitability is the top overall “success” metric. But after that, things change by generation.

Overall, profitability is the top “success” metric (55%). This finding aligns with Brightstar’s 2023 North American Family Business Report which found 54% of respondents believe profitability is the core objective for the family business over the next three to five years.

However, there is a significant drop-off in “Profitability” selection frequency from G1 (65%) moving to G2 (50%) and G3+ (43%). For G2 and G3+, “Family Unity & Togetherness” and “Continued Succession” are more important than for G1 and Non-Family respondents; ranking as their second and third response options.

As of today, which of the following is closest to how your family business defines “success”? (Select up to 3)



Overall n=575 | G1: n=229 | G2: n=121 | G3+: n=141 | Non-Family: n=84
Additional response options are included in the full results report.

Success Factors for Next-Gen Leaders

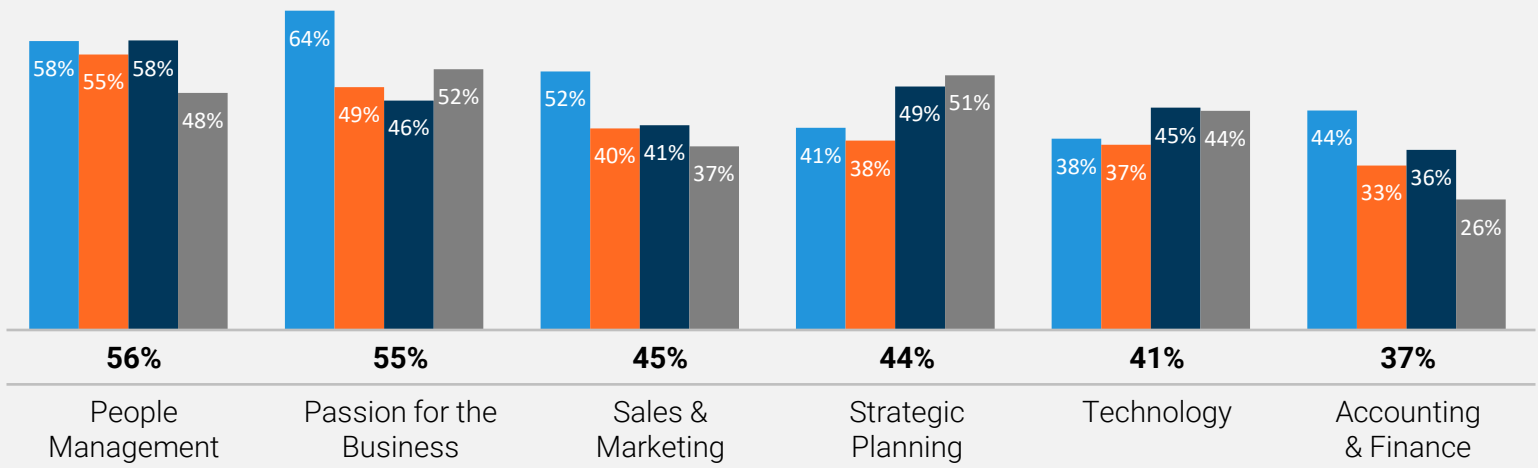
Next-Gen success is profitability and business growth; soft skills are seen as the way to get there.

Business profitability (26%) and continued business growth (23%) are the top success indicators for next-gen leaders. To achieve success, respondents selected soft skills such as "People Management" (56%) and "Passion for the Business" (55%) as the most necessary, with G1 selecting passion as their top choice (64%).

These findings continue trends from LinkedIn's 2019 Global Talent Trends report where 92% of talent professionals reported that soft skills were viewed as equally or more important to hire for than hard skills. Furthermore, our study found that effort (48%), desire (47%) and people management skills (39%) are seen as the biggest barriers to success for next-gen leaders.

What do you feel are the most important skills next-gen leaders need to be successful? (Select all that apply)

■ G1 ■ G2 ■ G3+ ■ Non-Family



Overall n=575 | G1: n=229 | G2: n=121 | G3+: n=141 | Non-Family: n=84
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FAMILY-OWNED BUSINESS BRANDING STRATEGIES

The majority incorporate family-owned in their branding, and the others are undecided on their future branding plans.

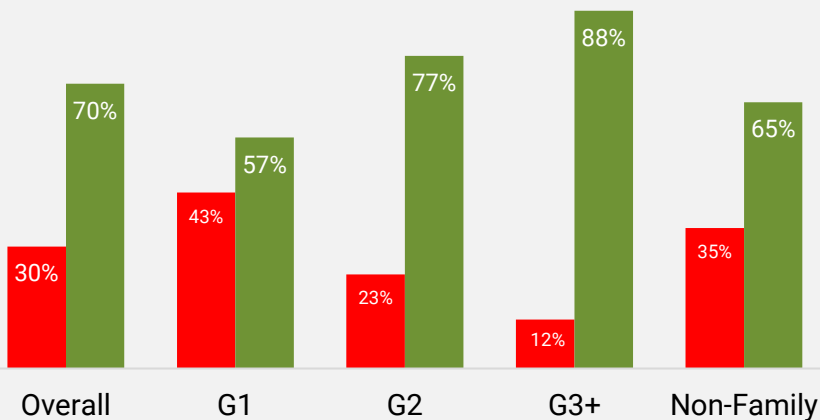
A 2023 study published by the Journal of Business Research* found that solid family business branding focused on socioemotional wealth was linked to superior economic performance; stating it "can help owners, managers and staff to have a common view and purpose."

So, it's no surprise that the majority of respondents' businesses (70%) currently include being family-owned within their branding strategy, and "Telling our Backstory/History" (59%) is the most common approach. For the businesses that aren't highlighting being family-owned, "No specific reason" (39%) was the most selected response option as to why not, followed by "Our customers or clients aren't interested in it" (24%).

*Source: "How to build a brand-oriented family firm: The impact of socioemotional wealth (SEW) dimensions, Journal of Business Research, 2023

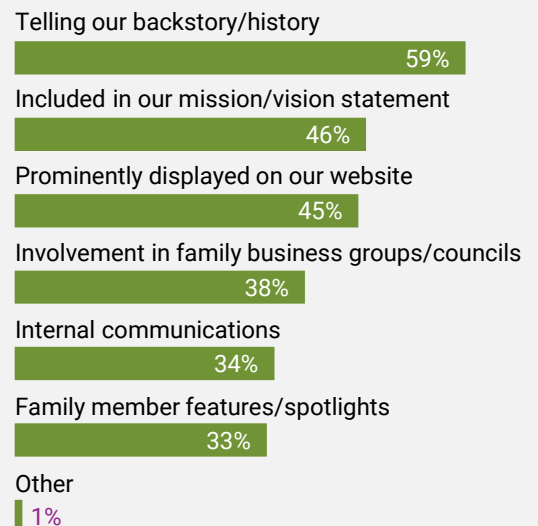
Does your business currently include being family-owned within its branding strategy?

■ No ■ Yes



Overall n=575 | G1: n=229 | G2: n=121 | G3+: n=141 | Non-Family: n=84

If "Yes", what are some of the ways your branding highlights being a family business?



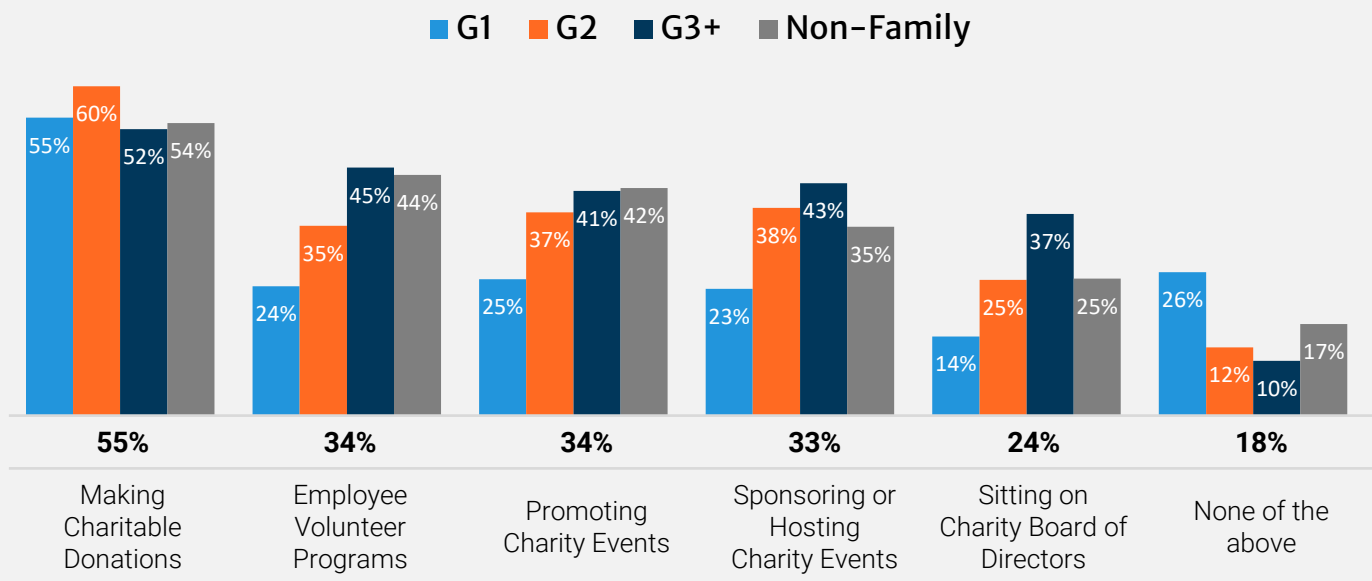
PHILANTHROPY & COMMUNITY

Younger generations are more philanthropically active, and having a personal connection is a top factor.

Overall, G3+ respondents are more involved with philanthropic and/or community support initiatives than other generations, followed by G2 and Non-Family respondents. G1 is the lowest across the board, with 26% selecting none.

Having a "Local Community Impact" was the most frequently selected factor when choosing causes to support, which aligns with PwC's 2023 Trust Survey where 81% said they are contributing to their local community. However, for G3+, their top response was having a "Personal Connection to the Cause."

Over the past year, has your business been active in any philanthropic and/or community support initiatives? (Select all that apply)



Overall n=575 | G1: n=229 | G2: n=121 | G3+: n=141 | Non-Family: n=84

Survey Questions

QUALIFIER QUESTION

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

RESPONDENT SEGMENTATION

- Including your own, which generations are currently involved? (Select all that apply)
- Which generation are you part of?
- When was the family business founded?
- Is the business primarily B2C, B2B, or a combination of both?
- Please indicate the proportion of share ownership held by family (Sliding scale)
- Which of these best describes your current role in the family business?

BUSINESS GROWTH & EVOLUTION

- Aside from sales and profitability, what are your business' Top 3 priorities as of today? (Select up to 3)
- How do you see your business strategies and/or needs changing over the next year? (Select all that apply)

DEFINING "SUCCESS" WITHIN THE BUSINESS

- As of today, which of the following is closest to how your family business defines "success"? (Select up to 3)
- Who is most responsible for that definition of "success"? (Select all that apply)
- Has your business' definition of "success" changed since it was first started?
- Please provide a few details about what initiated the change in how "success" is defined. (Open-text)
- How often do family members meet to discuss the metrics that define success?
- Aside from financial returns, which of the following are the most important measures of success for your family business? (Select all that apply)

"SUCCESS" FOR NEXT-GEN LEADERS

- Thinking about the future, which of these is closest to how would you define "success" for the next-generation leaders of your family's business?
- Looking ahead, when do you see next-gen family members assuming leadership roles within the business?
- What do you believe is stopping next-gen family members from assuming leadership roles within the business?
- What do you feel are the most important skills next-gen leaders need to be successful? (Select all that apply)
- How would you rank these skills in order from most-to-least important? (Drag and drop to rank order)
- What do you feel is the most effective way to gain those necessary leadership skills? (Drag and drop to rank order)
- What do you see as the biggest barrier(s) to success for next-gen leaders? (Select all that apply)
- As of today, what do you feel is the level of priority for developing next-gen talent and leadership within your business?
- To what level do you agree with the following statement: "When their time comes, I believe that next-gen family business leaders will have the skills needed to achieve long-term success."
- Does your family's business currently offer any resources or support for leadership skills development? (Select all that apply)

Survey Questions (cont.)

FAMILY BUSINESS BRANDING

- Does your business currently include being family-owned within its branding strategy?
- What are some of the ways your branding highlights being a family business? (Select all that apply)
- Why isn't being a family business part of your branding strategy? (Select all that apply)
- Do you ever plan on incorporating your family-owned status into your branding?

PHILANTHROPY & COMMUNITY

- Over the past year, has your business been active in any philanthropic and/or community support initiatives? (Select all that apply)
- Who is involved in determining the causes your business supports? (Select all that apply)
- What are the primary factors when choosing the causes your business supports? (Select all that apply)

PERCEPTION & PERSPECTIVE

- "I feel confident in the direction of the economy over the next year." (Level of agreement)
- "Our current business model can withstand continued uncertainty." (Level of agreement)
- "We'll need to pivot or evolve to survive long-term." (Level of agreement)
- "I see our business and revenue growing over the next five years." (Level of agreement)
- Within the family business sector, who comes to mind as an example of great leadership? (Open-text)
- What are the benefits of leading a family-owned business compared to leading a publicly owned company? (Open-text)
- What advice would you give to next-gen family business leaders? (Open-text)

DEMOGRAPHICS

- About Your Business: Annual Revenue
- About Your Business: Industry
- About You: Age
- About You: Gender