



How do you compare?

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Our Forums for Family Business provide roundtable peer groups exclusively for family business participants. At our monthly meetings we discuss critical questions facing families in business through the exchange of the experience of Forum members on various topics.

At a recent Forum meeting we explored a series of questions that are tied into to statistical studies of family-owned businesses. For example:

- Question: Have you developed a management transition plan?
 - The leadership of 39% of family-owned businesses will have changed hands in the next five years. Of CEOs due to retire within five years aged 61 or older, 55% have not yet chosen their replacement. (Raymond Institute/MassMutual, American Family Business Survey, 2003)
- Question: What leadership roles will women take in the future of your family business?
 - 34% of family firms expect the next CEO to be a woman; 52% of participants hire at least one female family member full time, while 10% employ two female family members of the same status. (Raymond Institute/MassMutual, American Family Business Survey, 2003)
- Question: Have you completed your estate plan and do the elements of your plan support the strategic needs of the business?
 - 19% of family business participants have not completed any estate planning other than writing a will; only 37% have written a strategic plan; and over 60% are very positive about their company's future. (Raymond Institute/MassMutual, American Family Business Survey, 2003)
- Question: Do you have competent family members who will take over the leadership of the business?
 - 85% of family-owned firms that have identified a successor say it will be a family member. (Raymond Institute/MassMutual, American Family Business Survey, 2003)
- Question: Do you track the metrics that show how your business is performing relative to your industry?

- Within the Fortune 500 family firm performance is greater and EVA is 5.5% greater when founding families maintain an ownership stake. In addition, young family firms and old family firms (50-year-old threshold) outperform non-family firms. (Anderson and Reeb, 2003)
- Question: How are you teaching the next generation about family values?
 - Of primary importance among family firm wealth holders is transferring not only their financial wealth but also their values surrounding their wealth to subsequent generations. Primary values taught include encouraging children to earn their own money, philanthropy, charitable giving, and volunteering. (Wealth with Responsibility Study/2000, Bankers Trust Private Banking, Deutsche Bank Group)

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Statistics compiled by The Family Firm Institute - www.ffi.org