

## Family Business Facts

(<http://fambiz2point0.wordpress.com/facts/>)

Family owned businesses are central to the U.S. economy. Family owned businesses contribute 64% of the U.S. GDP (that's \$5.9 trillion), employ 62% of the workforce, and are responsible for 78% of all new job creation. (Astrachan & Shanker, 2003) 35% of Fortune 500 companies are family-controlled. (Businessweek.com, 2006)

Family owned businesses resourceful. ROA is greater in family businesses, averaging a 6.65% greater return than non-family firms. (ffi.org, 2010)

Family owned businesses have longevity. The average life span of a family-owned business is 24 years (familybusinesscenter.com). About 40% of U.S. family-owned businesses turn into second-generation businesses, approximately 13% are passed down successfully to a third generation, and 3% to a fourth or beyond. (Businessweek.com, 2010)

Succession risks are higher than ever. Almost a third (30.5%) of family business owners have no plans to retire, ever; and nearly another third (29.2%) report that retirement is more than 11 years away. Since the median age of the current leaders is 51, this means that many owners plan to live out their years in office. This poses unique challenges to the succeeding generation. **Further exacerbating this risk is the fact that nearly a third (31.4 percent) of FOBs have no estate plan beyond a will (2007). This is a marked increase from the 2002 survey, in which only 19 percent had no estate plan beyond a will.**

(American Family Business Survey, 2007)

Emergency planning is vital. In nearly half (47.7 %) of all FOB collapses, the failure of the business was precipitated by the founder's death, or in 29.8% of the cases, the owner's unexpected death. Only in relatively few instances (16.4 %), did the business failure follow an orderly transition, and in situations where the owner was forced to retire, the figure drops to 6.1%.

(University of Connecticut Family Business Program, 2009)

More FOBs are finding leadership from outside the family. Between 10% and 15% of U.S. family firms are now managed by non-family executives. (Barclays Wealth and The Economist Intelligence Unit, 2009.)

The greatest part of America's wealth lies with family-owned businesses. Family firms comprise 80 to 90% of all business enterprises in North America. (J.H. Astrachan and M.C. Shanker, Family Business Review, 2003)

Women are increasingly participating family businesses. Currently, 24 percent of family businesses are led by a female CEO or President, and 31.3 percent of family businesses

surveyed indicate that the next successor is a female. Nearly 60 percent of all family owned businesses have women in top management team positions. (Mass Mutual American Family Business Survey, 2007) Of the non-family firms in the Fortune 1000, only 2.5 percent are currently led by women (Fortune magazine, 2007).

Family businesses respect their communities. Nearly 60 percent of family businesses believe that their ethical standards are more stringent than those of competing firms. More than one third (37 percent) have written ethics codes, and discussions about ethics with employees, customers, and partners are frequent. (Mass Mutual 2007 American Family Business Survey)

Family businesses are thriving. More than 96 percent of respondents anticipate that their business will expand or at least remain the same size over the next year. Recent economic slowdowns, particularly in sub-prime lending, have not seemed to influence this key segment of the economy. The profound optimism of family business owners has them charging forward. (Family-to-Family: the Laird Norton Tyee Family Business Survey 2007)

The oldest family owned business operating in the US is the Zildjian Cymbal Co. of Norwood, MA. Founded 1623 in Constantinople and moved with the family to the US in 1929. (Family Business Magazine, Spring 2008).

For a complete list of America's oldest family businesses, go to [www.familybusinessmagazine.com/oldestcos.html](http://www.familybusinessmagazine.com/oldestcos.html)

The largest family owned business in the US is Wal-Mart Inc., with \$408 billion in revenues and 2.1 million employees in 2009. (forbes.com, 2010)

Recent surveys:

2009 Connecticut Family Business Survey (in pdf)  
(<http://www.business.uconn.edu/familybusiness/pdf/2009%20CT%20Family%20Business%20Survey.pdf>)

2008 Laird Norton Tyee Northwest Family Business Survey  
(<http://familybusinesssurvey.com/index.aspx>)

2007 Laird Norton Tyee Family Business Survey  
(<http://familybusinesssurvey.com/2007/index.htm>)

Mass Mutual 2007 American Family Business Survey (pdf file)  
(<http://www.massmutual.com/mmfg/pdf/afbs.pdf>)

Mass Mutual 2002 American Family Business Survey (pdf file)  
(<http://www3.babson.edu/ESHIP/ife/upload/American-Family-Business-Survey.pdf>)

2003 Babson Women in Family-Owned Businesses  
(<http://www3.babson.edu/CWL/research/Women-in-Family-Owned-Businesses.cfm>)