

# First Bank Center for Family-Owned Businesses

2024 Family Business  
Survey Findings



# Project Overview



## Situation:

First Bank is striving to be a thought leader by educating and inspiring current and future family business members.

## Objectives:

- Gain a better understanding of the current state of U.S. family businesses
- Become the go-to authority on forward-thinking family business topics
- Contribute to the strengthening of family business ecosystems
- Develop resources and networking opportunities for family business members

## Research Themes:

- Business goals and strategies
- Defining “success” within family businesses
- Family-owned branding – present and future
- Next-gen leadership – skills and support
- Philanthropy and community involvement
- Optimism regarding the business’ future

*Full list of survey questions included in the appendix*

# Methodology & Responses



## Survey Distribution

An online survey link was sent via email invitation to a purchased contact list, within personal networks, an online panel provider, and promoted on social media. Responses were gathered from 10/2/23 – 1/4/2024.

## Respondent Breakdown

A total of 608 survey responses were collected.

575 are qualified completes\* and 33 are from contractors or advisors.

In this report, we focus on the 575 qualified completes with segmentation analysis by generation:

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

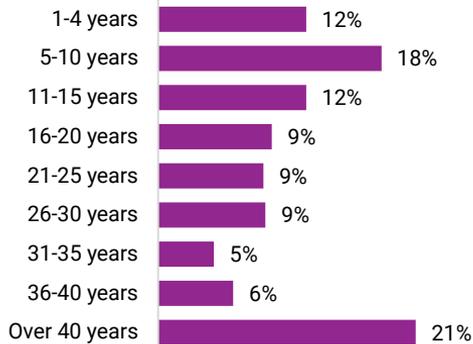
Contractor and advisor responses are included with “Perception & Perspective” open-text questions.

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

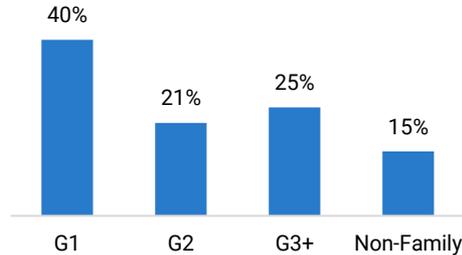
# Respondent Overview n=575



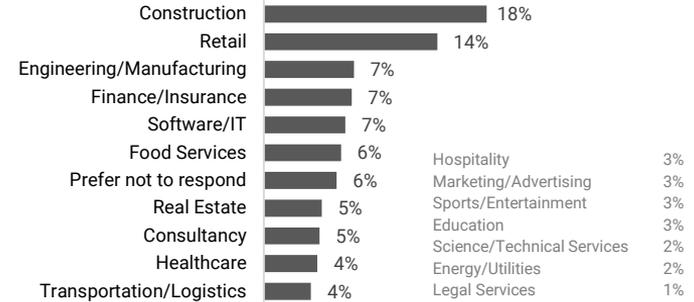
## BUSINESS AGE



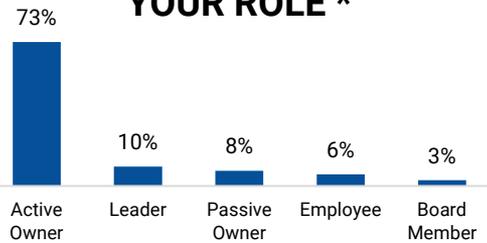
## YOUR GENERATION



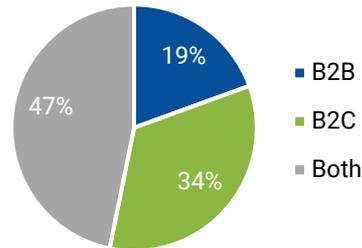
## INDUSTRY



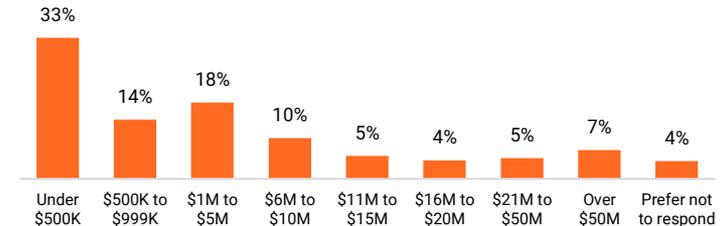
## YOUR ROLE \*



## BUSINESS TYPE



## ANNUAL REVENUE



\*Definitions listed in appendix

Survey Results Overview

# Business Growth & Evolution

# Business Growth & Evolution

*Capturing insights regarding the present and future strategic intent of family businesses. (Benchmark Questions)*



## Top Priorities:

“Employee Engagement & Satisfaction” rose 12 percentage points from 2023 to 2024.

G2 prioritize “Tech/Digital Advancements” more than any other generation.

## Strategic Changes:

Overall, “Hire More Staff” rose 18 percentage points from 2023 to 2024.

G3+ anticipate the most strategic changes over the next year, with “Increase R&D Investments” and “Focus on Corporate Social Responsibility” as notable differences.

## Perception & Perspective:

Compared to last year, there is a more optimistic outlook on the economy and business growth.

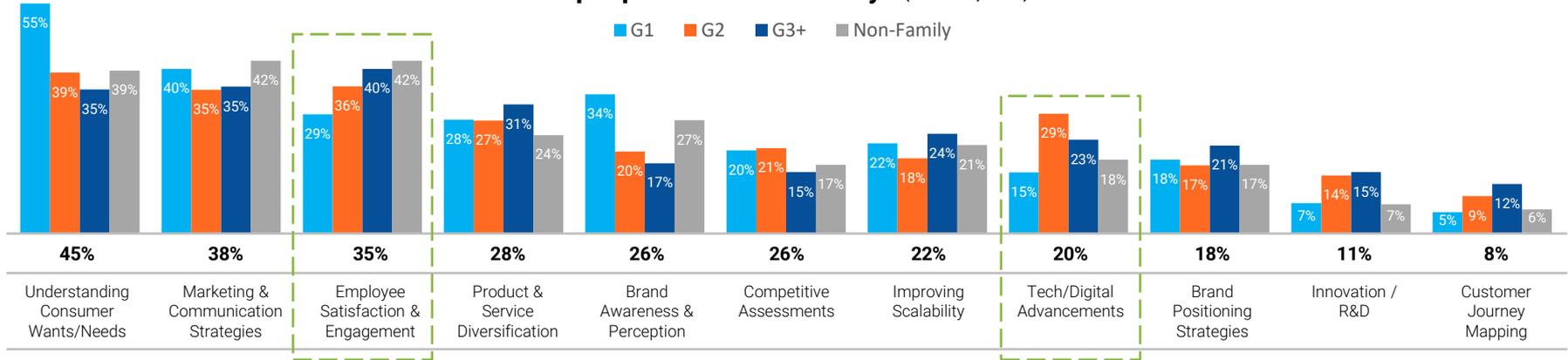
- Economic Confidence; +12 points
- Anticipate Revenue Growth; +9 points
- Need to Pivot; +9 points
- Withstanding Uncertainty; +7 points

# Business Growth & Evolution

Capturing insights regarding the present and future strategic intent of family businesses. (Benchmark Question)



## Aside from sales and profitability, what are the business' Top 3 priorities as of today? (Select up to 3)



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

2023 vs 2024 OVERALL COMPARISON	2023	2024	Diff
Employee Engagement & Satisfaction	23%	35%	+12
Understanding Consumer Wants/Needs	52%	45%	-7
Marketing & Communication Strategies	32%	38%	+6
Improving Scalability	18%	22%	+4

**NOTES & TAKEAWAYS:** In 2024, “Employee Engagement & Satisfaction” rose 12 percentage points compared to 2023; moving from #6 to #3. This response option grows in importance with continued succession.

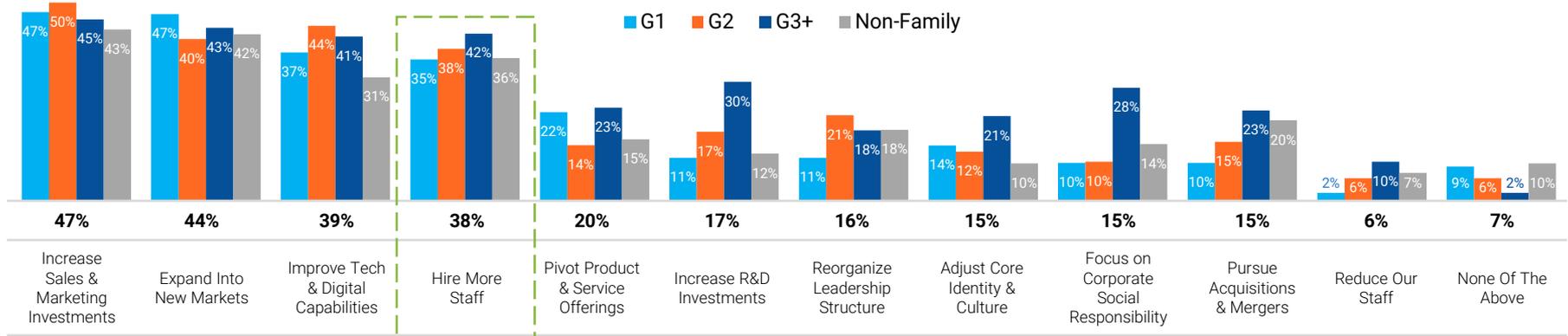
There’s a large jump in “Tech/Digital Advancements” between G1 and G2, signaling a second-generation desire to evolve business processes.

# Business Growth & Evolution

Capturing insights regarding the present and future strategic intent of family businesses. (Benchmark Question)



## How do you see your strategies and/or needs changing over the next year? (Select all that apply)



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

2023 vs 2024 OVERALL COMPARISON	2023	2024	Diff
Hire More Staff	20%	38%	+18
Expand Into New Markets	35%	44%	+9
Adjust Core Identity & Culture	6%	15%	+9
Improve Tech & Digital Capabilities	32%	39%	+7

**NOTES & TAKEAWAYS:** While overall frequencies are higher than last year, the Top 4 order remained the same from 2023 to 2024.

“Hire More Staff” rose 18 percentage points, indicating a period of expected business growth and expansion over the next year.

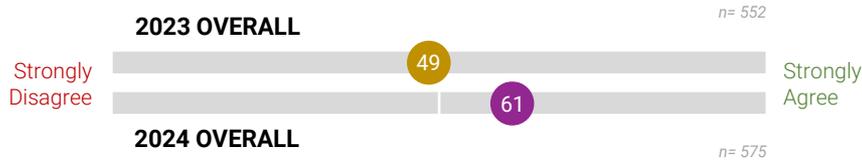
G3+ anticipate more strategic changes than any other generation, which is driving some overall averages higher than last year.

# Perception & Perspective: 2023 vs 2024

Gathering thoughts and opinions about the future. (Benchmark Question)

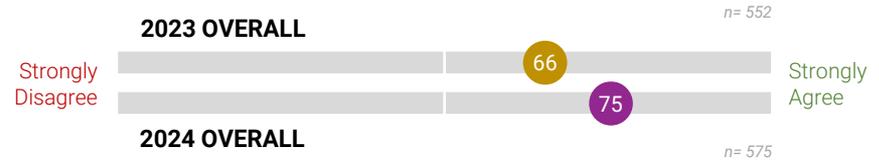


**"I feel confident in the direction of the economy over the next year."\***

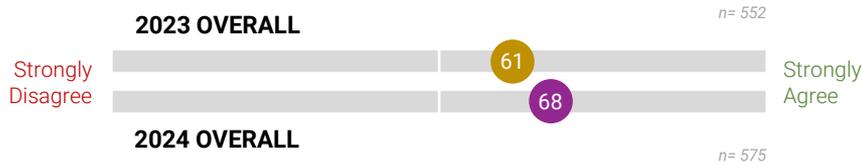


\*This prompt was slightly rephrased from 2022

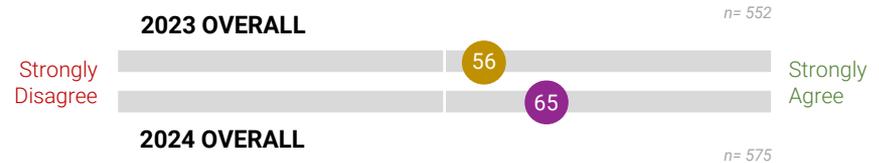
**"I see our business and revenue growing over the next five years."**



**"Our current business model can withstand continued uncertainty."**



**"We'll need to pivot or evolve to survive long-term."**



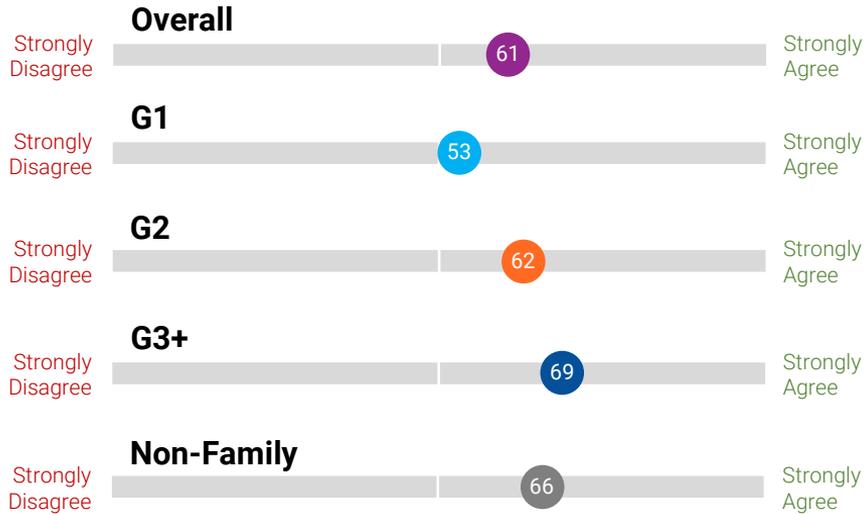
**NOTES & TAKEAWAYS:** There were significant increases in optimism about the economy (+12) and business revenue growth (+9). However, there is also an increased belief that a pivot will be needed to ensure long-term survival (+9).

# Perception & Perspective: 2024 Only

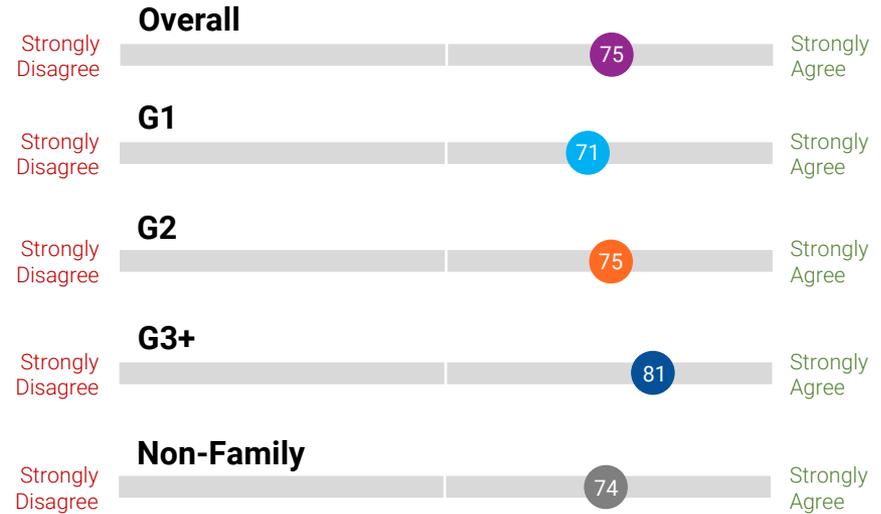
Gathering introspective thoughts and opinions regarding the family business sector.



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



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



n= 552

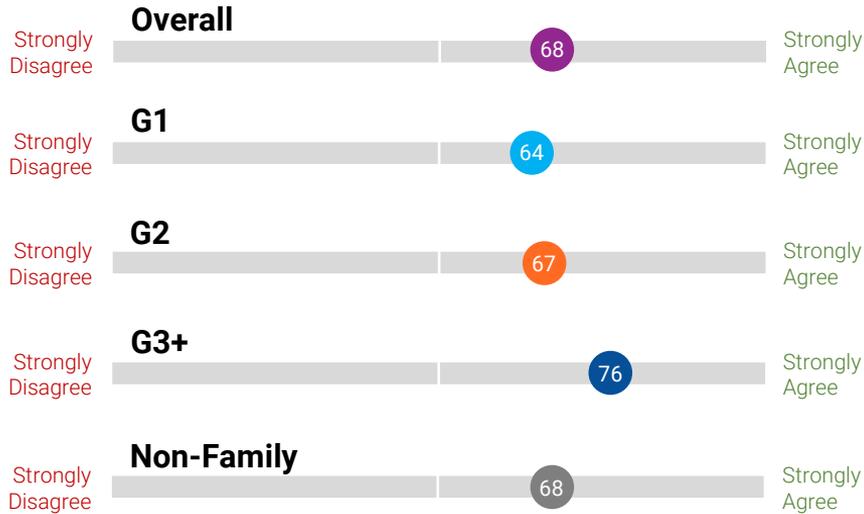
**NOTES & TAKEAWAYS:** G3+ respondents are the most optimistic about both the economy and their business' growth. This sentiment is reflected in their strategic plans to hire more staff and expand into new markets over the next year (Slide 8).

# Perception & Perspective: 2024 Only

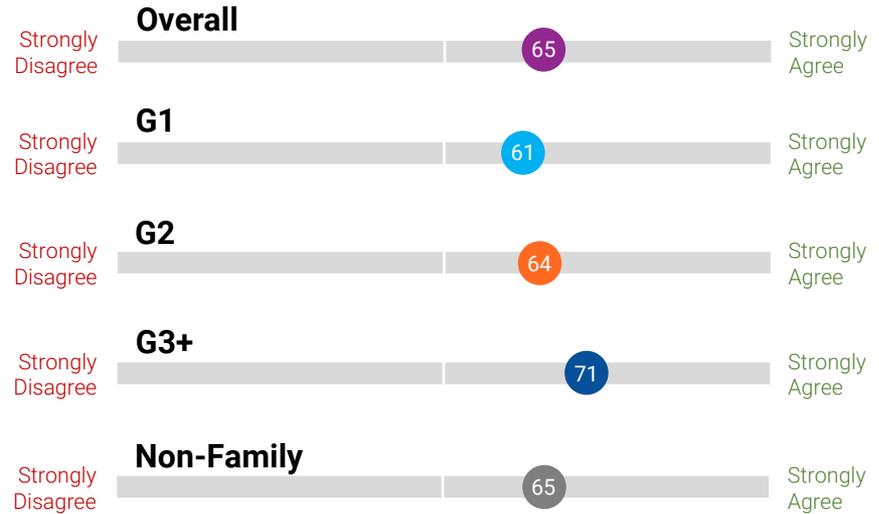
Gathering introspective thoughts and opinions regarding the family business sector.



*"Our current business model can withstand continued uncertainty."*



*"We'll need to pivot or evolve to survive long-term."*



n= 552

**NOTES & TAKEAWAYS:** While only 20% of respondents indicated pivots are planned over the next year (Slide 8), there is belief that pivots will be needed to survive long-term; especially within the G3+ group.

Survey Results Overview

# Defining “Success” Within the Business

# Defining “Success” Within the Business

*Understanding success factors and key performance metrics. (New Questions)*



## **“Success” Definition:**

Profitability is the top success definition, but selection frequencies taper by generation.

- G1: 65%
- G2: 50%
- G3+: 43%

For G2 and G3+, family-oriented factors such as togetherness, succession, and legacy building are more important than G1 and Non-Family respondents.

## **Responsible for Defining “Success”:**

Active owners (66%) are most responsible for defining success.

As succession occurs, the founders’ involvement in defining success declines.

## **“Success” Definition Changes:**

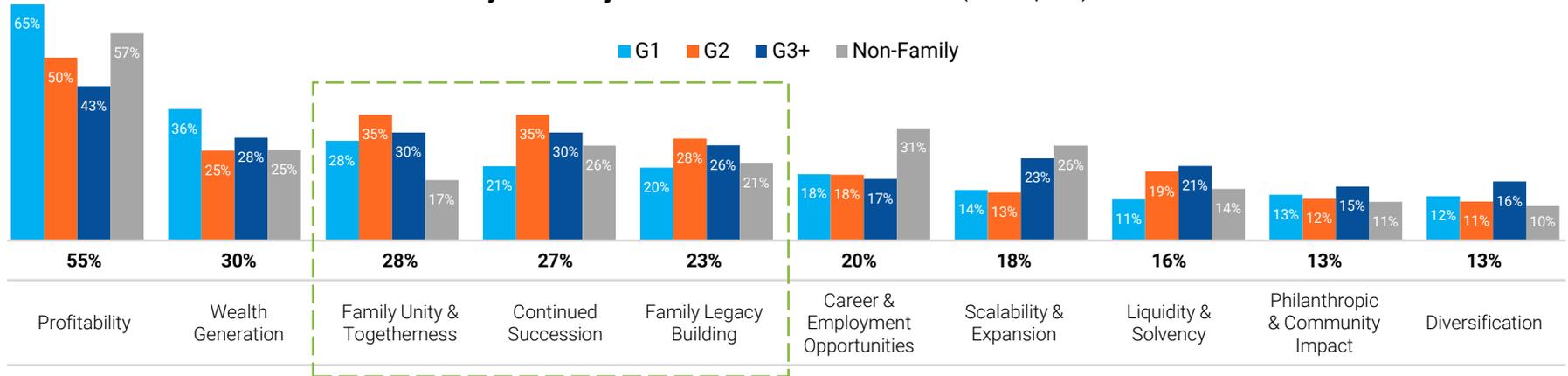
For 57% of respondents, the definition of success has at least somewhat changed since the business first started; with 35% of G3+ saying it has completely changed.

# Defining “Success” Within the Business

Understanding success factors and key performance metrics. (New Question)



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

## KEY FINDINGS

RANK	G1	G2	G3+	Non-Family
#1	Profitability	Profitability	Profitability	Profitability
#2	Wealth	Family Unity	Family Unity	Employment
#3	Family Unity	Succession	Succession	Expansion

**NOTES & TAKEAWAYS:** Profitability is the top overall “success” factor. For G2 and G3+, family-oriented factors such as togetherness, succession, and legacy building are more important than the other groups.

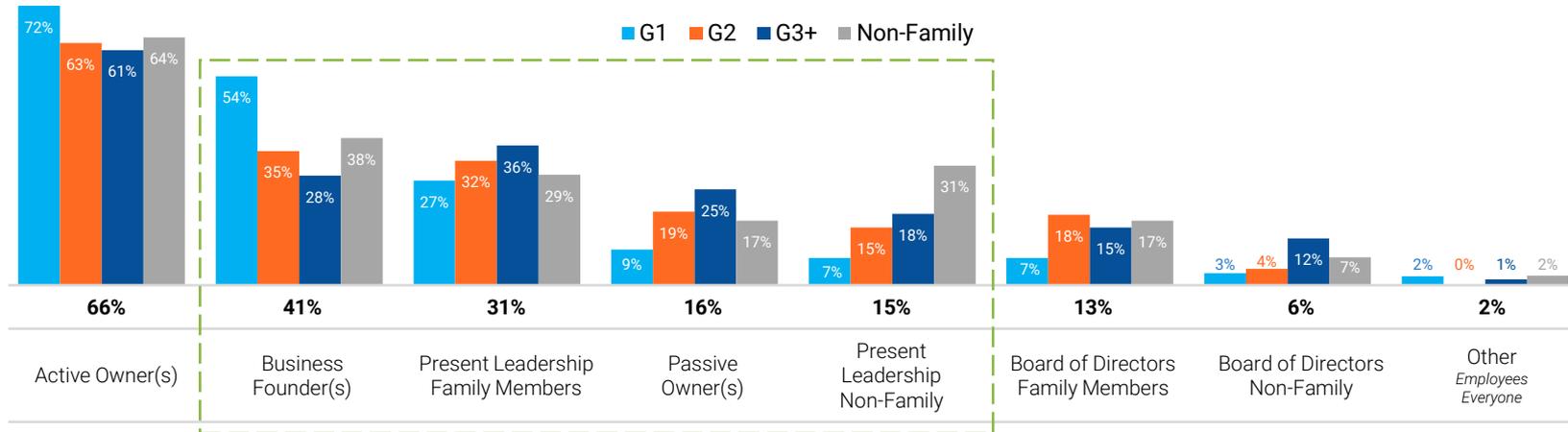
Non-Family respondents place higher importance on business-oriented factors, such as employment opportunities and scalability.

# Defining “Success” Within the Business

Understanding success factors and key performance metrics. (New Question)



## Who is most responsible for that definition of “success”? (Select all that apply)



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

### ADDITIONAL INSIGHTS: BY GENERATION

Ownership currently held by family members:

G1	G2	G3+	Non-Family
96%	88%	90%	75%

Female: n=254, Male: n=316

**NOTES & TAKEAWAYS:** As succession occurs, the founders’ involvement in defining “success” declines.

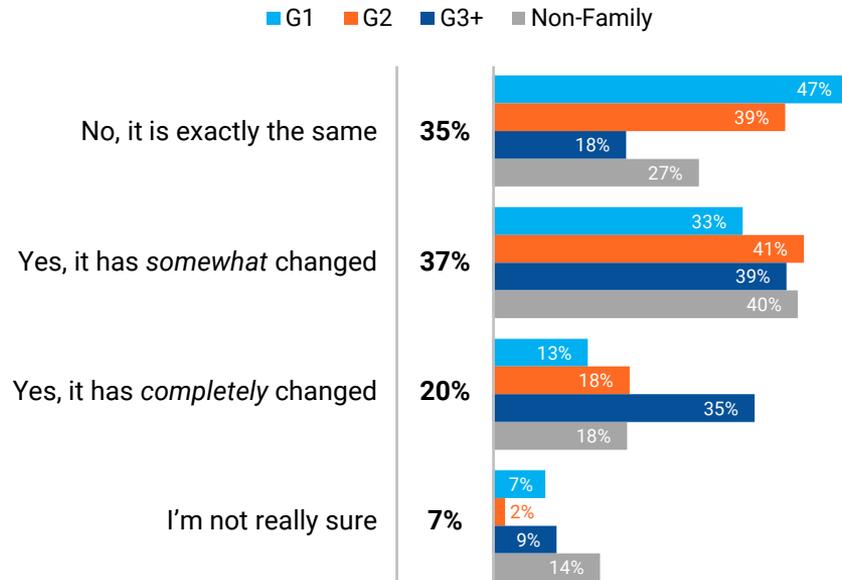
There is progressive growth by generation for “Present Leadership” and “Passive Owners”, which may indicate how a G1/Founders’ role changes as succession occurs – less decision-making influence.

# Defining “Success” Within the Business

Understanding success factors and key performance metrics. (New Question)



## Has your business' definition of “success” changed since it was first started?



G1: n=229, G2: n=121, G3+: n=141, Non-Family: n=84

### ADDITIONAL INSIGHTS: OPEN-TEXT RESPONSES

*“Please provide a few details about what initiated the change in how “success” is defined:*

1. **Adapting to change;** from the economy to customer and market evolution, “success” changed along with surroundings.
2. **Family dynamics/succession;** perspectives changed as more family members became involved.
3. **Diversification and growth;** shifting from finding customers to serving and keeping those customers.
4. **Demand for customer-centricity;** rising customer expectations.

### NOTES & TAKEAWAYS:

When a business reaches G3+ involvement, its definition of “success” is significantly more likely to have changed.

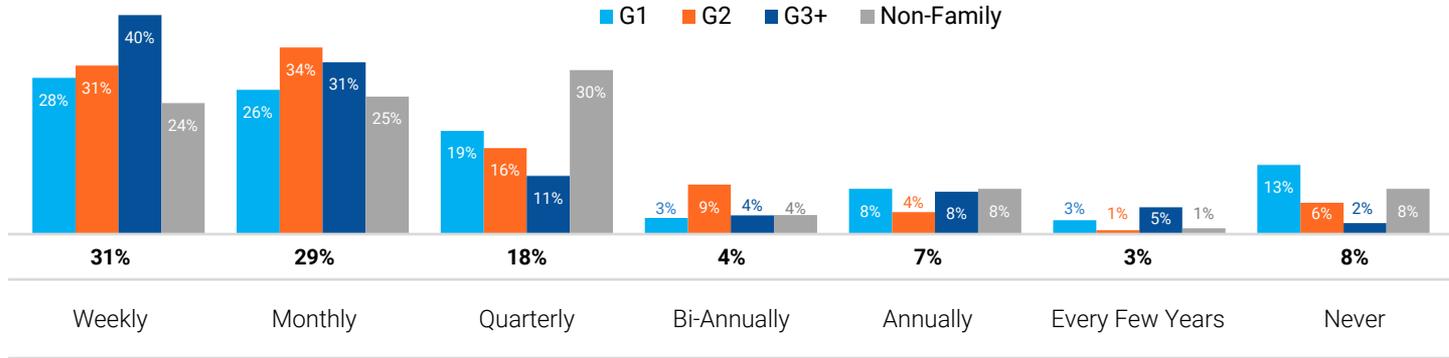
Open-text responses suggest that environmental and consumer demand changes are most responsible for driving changes to how success is defined.

# Defining “Success” Within the Business

Understanding success factors and key performance metrics. (New Question)



## How often do family members meet to discuss the metrics that define success?



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

### ADDITIONAL INSIGHTS: BY GENDER

	Weekly	Monthly	Quarterly
Female	34%	26%	17%
Male	28%	31%	18%

Female: n=254, Male: n=316

**NOTES & TAKEAWAYS:** There’s a correlation between “success” definition changes and meeting frequency. The more a generations’ definition has changed, the more frequently they meet to discuss success metrics.

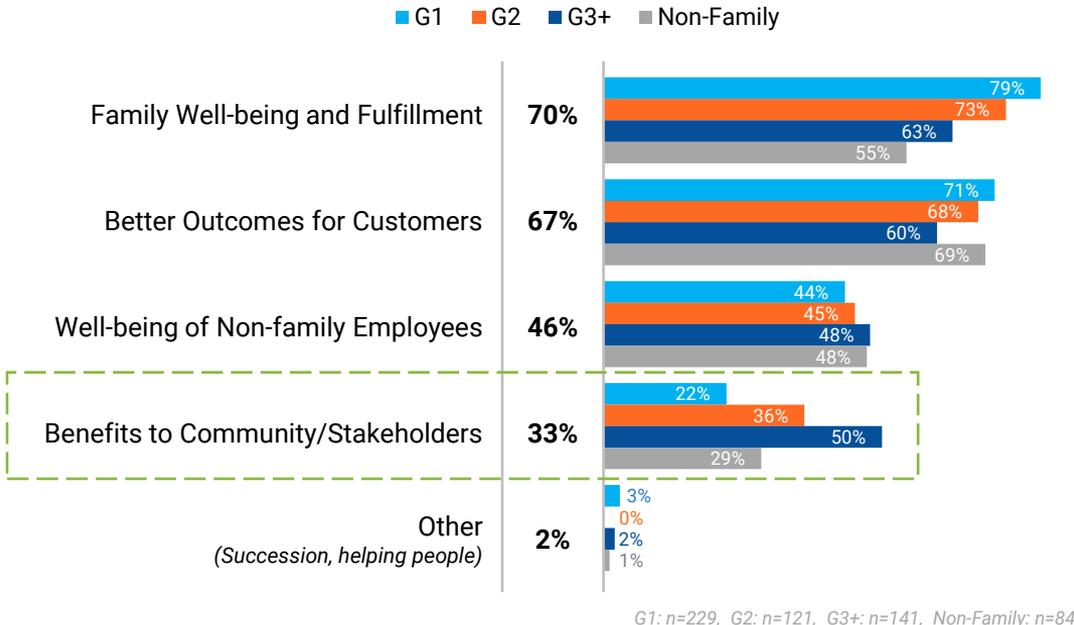
This is highlighted by G3+ having the highest frequency of “success” changes and the highest frequency of meetings, while G1 is the lowest for both.

# Defining “Success” Within the Business

Understanding success factors and key performance metrics. (New Question)



Aside from financial returns, which are the most important measures of success? (Select all that apply)



## ADDITIONAL INSIGHTS: BY BUSINESS TYPE

	B2B	B2C	Diff
Family Well-being and Fulfillment	65%	66%	+1
Better Outcomes for Customers	63%	70%	+7
<b>Well-being of Non-family Employees</b>	<b>54%</b>	<b>39%</b>	<b>-15</b>
Benefits to Community/Stakeholders	29%	28%	-1

B2B: n=112, B2C: n=194, Both: n=269

## NOTES & TAKEAWAYS:

With succession comes a shift away from family well-being and customer outcomes toward benefits to community and stakeholders.

B2B respondents indicate the wellbeing of non-family employees as significantly more important than B2C.

Survey Results Overview

# “Success” for Next-Gen Leaders

# “Success” for Next-Gen Leaders

*Understanding success factors and barriers to growth/development. (New Questions)*



## “Success” for Next-Gen:

Aside from the top overall choice of business profitability, there are notable differences between what G1 wants for next-gen leaders and what those leaders want for themselves.

G1: Continued Business Growth and Individual Wealth

G2: Well-being and Fulfillment

G3+: Professional Leadership Development

## Most Important Skills:

“People Management” was most frequently selected (56%), but “Passion for the Business” was most often ranked #1 by a 13-point margin.

## Acquiring Skills:

G3+ breaks from consensus that “Experience Inside the Business” is the most effective way to gain leadership skills, seeing education as just as important.

## Biggest Barriers:

G1 sees “Committing the Necessary Time/Effort” as the biggest success barrier, whereas G2 and G3+ selected “Having the Desire and Motivation.”

## Next-Gen Resources Offered:

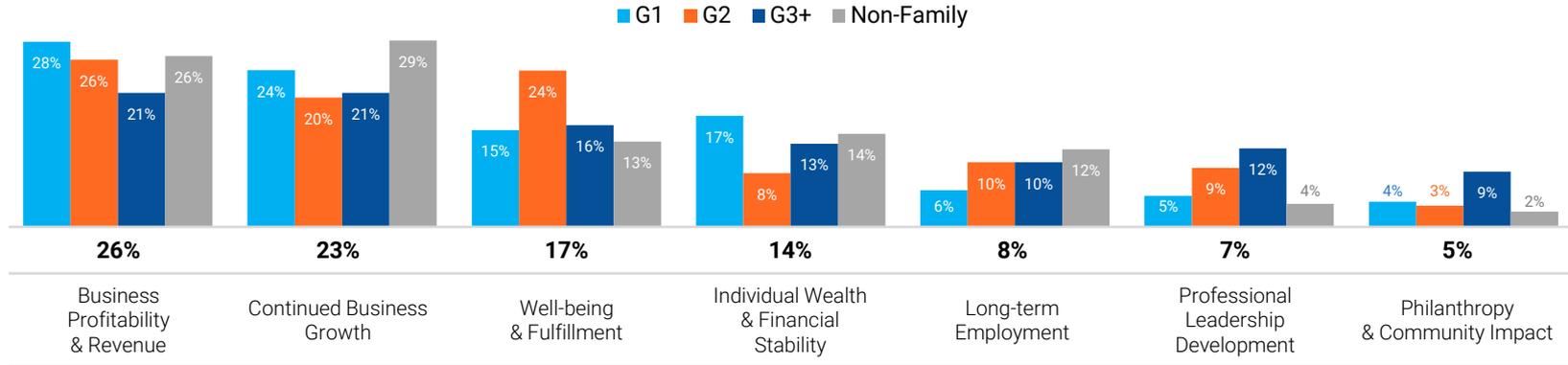
As a “Select all that apply” question, G3+ responses show their businesses offer more resources than any other group, most notably with “Education Reimbursement” and “External Coaching.”

# “Success” for Next-Gen Leaders

Understanding success factors and barriers to growth/development. (New Question)



## Which of these is closest to how you would define “success” for next-gen leaders of your family’s business?



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

### ADDITIONAL INSIGHTS: BY GENDER

	Female	Male	Diff
Continued Business Growth	27%	20%	-7
Business Profitability/Revenue	22%	28%	+6

Female: n=254, Male: n=316

### NOTES & TAKEAWAYS:

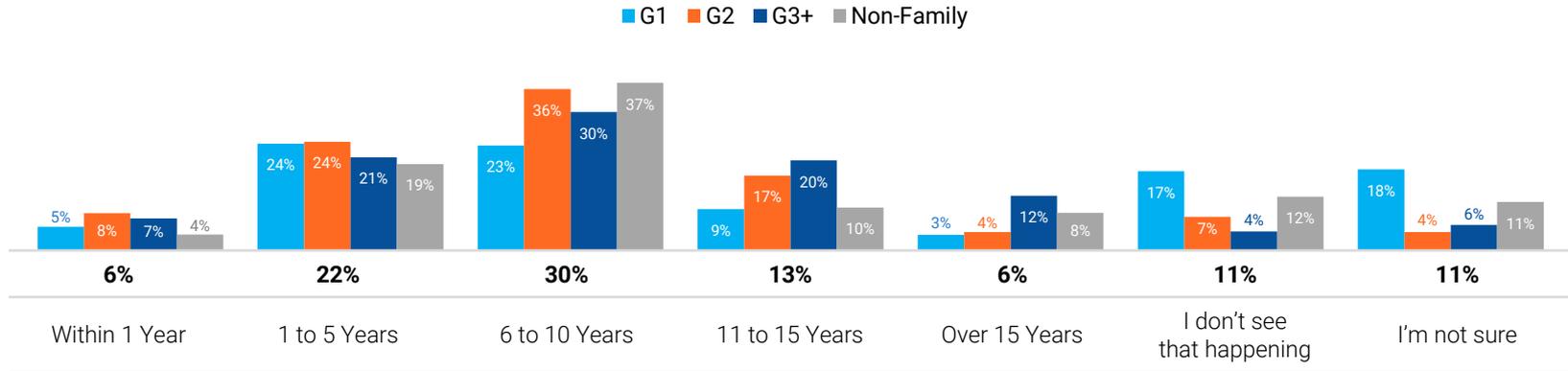
There are notable differences in what G1 wants for next-gen leaders (profitability, wealth) and what next-gen leaders want for themselves. (fulfillment, leadership development).

# “Success” for Next-Gen Leaders

Understanding success factors and barriers to growth/development. (New Question)



## When do you see next-gen family members assuming leadership roles within the business?



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

### ADDITIONAL INSIGHTS: OPEN-TEXT RESPONSES

What do you believe is stopping next-gen family members from assuming leadership roles?

- Lack of interest;** other career paths are being chosen.
- No children;** respondents indicate they don't have a "next-gen".
- Small business;** can't support adding more family members to team.

n=62

**NOTES & TAKEAWAYS:** Over half of businesses (58%) see next-gen family members assuming leadership roles within the next 10 years.

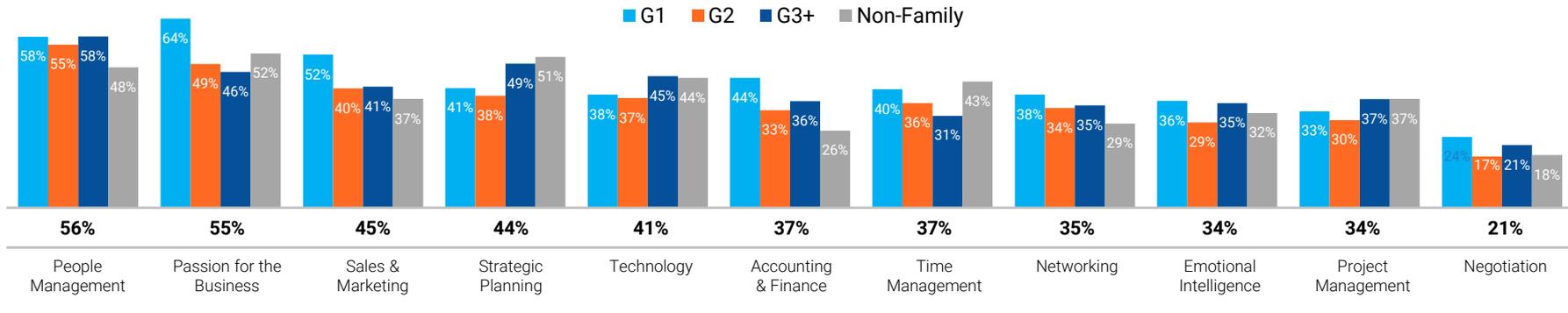
Open-text responses indicate lack of interest is seen as a barrier to next-gen assuming leadership roles, which is also cited as a barrier to overall next-gen success (Slide 25).

# “Success” for Next-Gen Leaders

Understanding success factors and barriers to growth/development. (New Question)



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



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

### ADDITIONAL INSIGHTS: OVERALL

How would you rank these skills in order of importance? (Ranked #1)

Passion for the Business	People Management	Sales & Marketing	Strategic Planning
31%	18%	9%	8%

n=575

### NOTES & TAKEAWAYS:

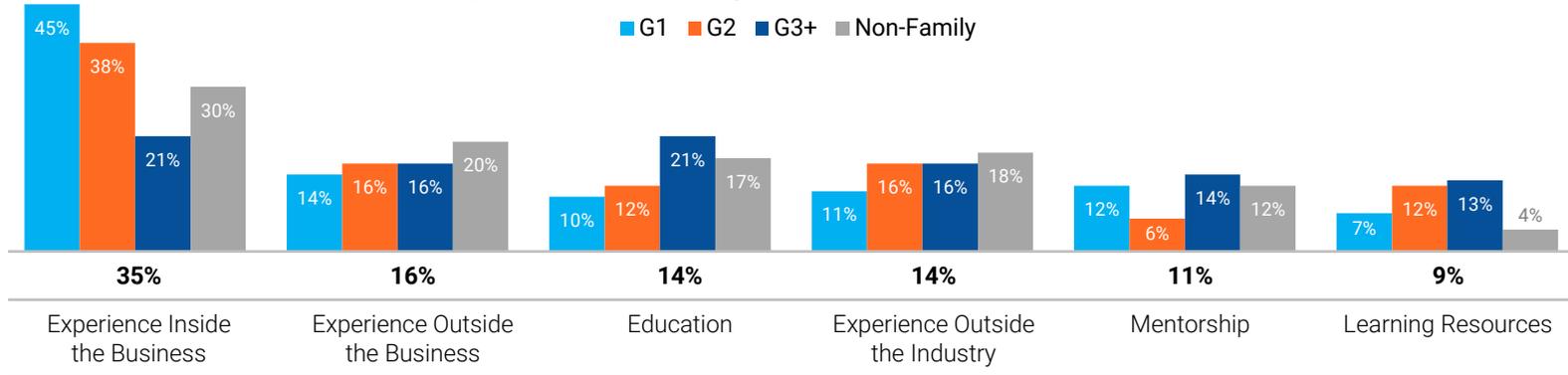
While “People Management” was the most frequently selected response option (56%), “Passion for the Business” was most often ranked #1 in importance by a 13-point margin.

# “Success” for Next-Gen Leaders

Understanding success factors and barriers to growth/development. (New Question)



## What do you feel is the most effective way to gain those necessary leadership skills? (Ranked #1)



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

### ADDITIONAL INSIGHTS: BY BUSINESS TYPE

	B2B	B2C	Diff
Experience Inside the Business	31%	40%	+9
Experience Outside the Business	25%	12%	-11
Education	17%	12%	-5

B2B: n=112, B2C: n=194, Both: n=269

**NOTES & TAKEAWAYS:** G3+ breaks from the consensus that experience inside the business (21%) is the most effective way to gain leadership skills; seeing education (21%) as just as important.

B2B respondents see experience outside the business as more effective than B2C respondents (25% vs 12%).

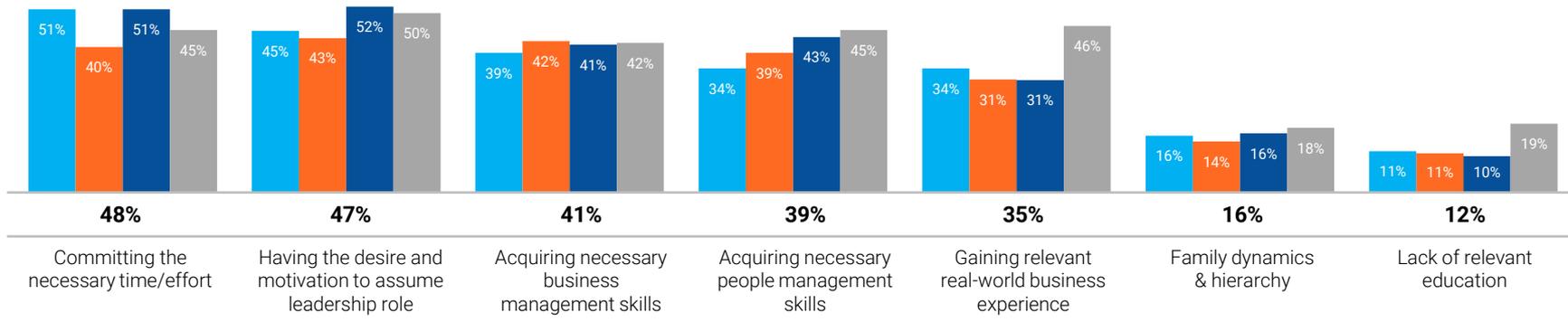
# “Success” for Next-Gen Leaders

Understanding success factors and barriers to growth/development. (New Question)



## What do you see as the biggest barrier(s) to success for next-gen leaders? (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

### ADDITIONAL INSIGHTS: BY GENDER

	Female	Male	Diff
Acquiring people management skills	34%	43%	+9
Gaining relevant business experience	31%	38%	+7
Having the desire/motivation	50%	46%	-4

Female: n=254, Male: n=316

**NOTES & TAKEAWAYS:** G1 sees committing necessary time and effort as the biggest barrier to next-gen success, whereas other groups selected having desire and motivation as their top choice.

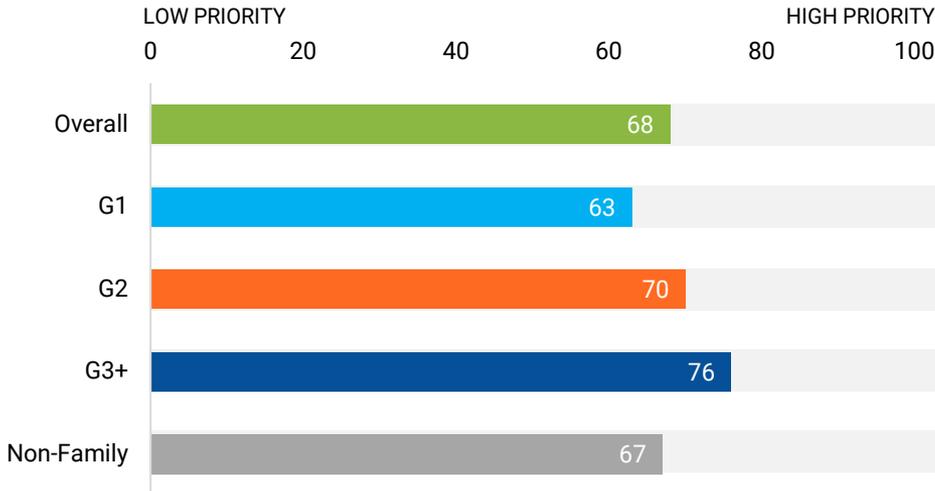
Non-family employees view gaining relevant experience as a bigger success barrier than family members; 11 percentage points higher than average.

# “Success” for Next-Gen Leaders

Understanding success factors and barriers to growth/development. (New Question)



As of today, what do you feel is the level of priority for developing next-gen talent and leadership within your business?



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

## NOTES & TAKEAWAYS:

As succession occurs, businesses become more focused on developing next-gen talent.

While G3+ doesn't see next-gen assuming leadership roles any sooner (Slide 22), they are prioritizing next-gen development at higher rates than other groups.

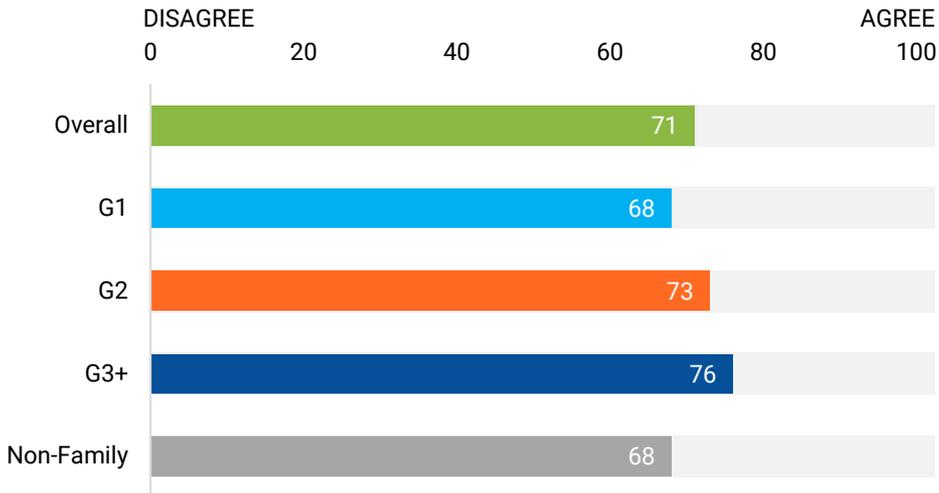
# “Success” for Next-Gen Leaders

Understanding success factors and barriers to growth/development. (New Question)



## To what level do you agree:

“When their time comes, I believe next-gen family business leaders will have the skills needed to achieve long-term success.”



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

## NOTES & TAKEAWAYS:

There is a correlation between prioritization (slide 26) and confidence regarding next-gen leaders.

The more a business prioritizes next-gen leader development, the higher their confidence that next-gen leaders will have the skills needed for success.

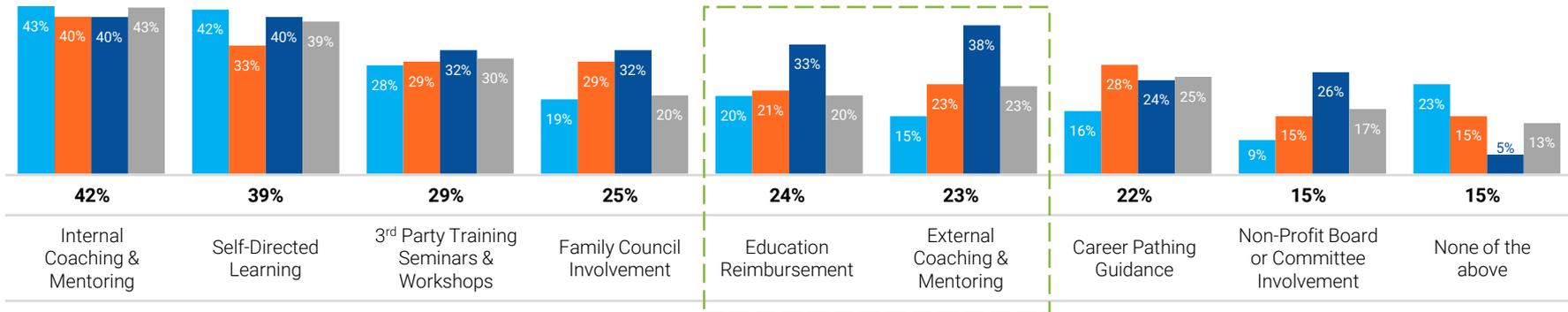
# “Success” for Next-Gen Leaders

Understanding success factors and barriers to growth/development. (New Question)



## Does your family’s business currently offer any resources or support for leadership skills development? (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

### ADDITIONAL INSIGHTS: BY GENDER

	Female	Male	Diff
Internal Coaching & Mentoring	37%	46%	+9
None of the above	20%	12%	-8
Education Reimbursement	21%	26%	+5

Female: n=254, Male: n=316

**NOTES & TAKEAWAYS:** As a “select all” question, G3+ responses show their businesses offer more resources and support than any other group, with notable differences in “Education Reimbursement” and “External Coaching”.

This aligns with G3+ prioritizing next-gen development more than any other respondent group (Slide 26).

Survey Results Overview

# Family Business Branding Strategy

# Family Business Branding

*How being family-owned influences branding and identity. (New Question)*



## **Family-Owned Branding: Yes**

70% of respondents currently include being family-owned in their branding strategy.

“Telling our backstory/history” is the most common method.

## **Family-Owned Branding: No**

The top reason for *not* incorporating family-owned branding is “No specific reason.”

B2B respondents more commonly feel their customers aren’t interested or that it doesn’t align with their desired identity compared to B2C respondents.

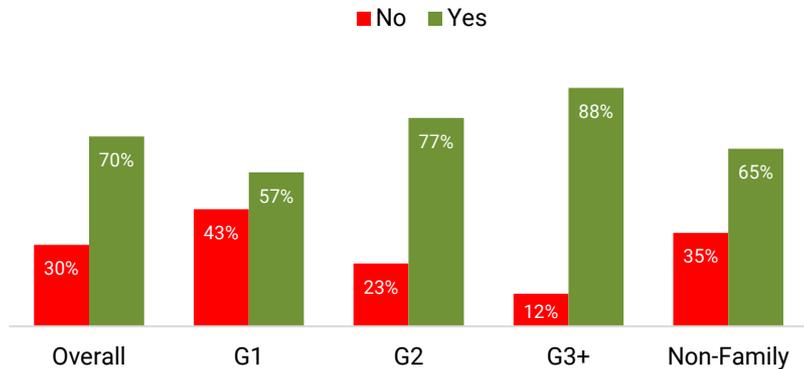
Only 11% of those without family-owned branding plan on including it in the future.

# Family Business Branding

How being family-owned influences branding and identity. (New Question)



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



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

### ADDITIONAL INSIGHTS:

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.”

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



Those who selected “Yes”; Overall: n=402

### NOTES & TAKEAWAYS:

70% of respondents include family-owned in their branding strategy, rates increase as succession occurs.

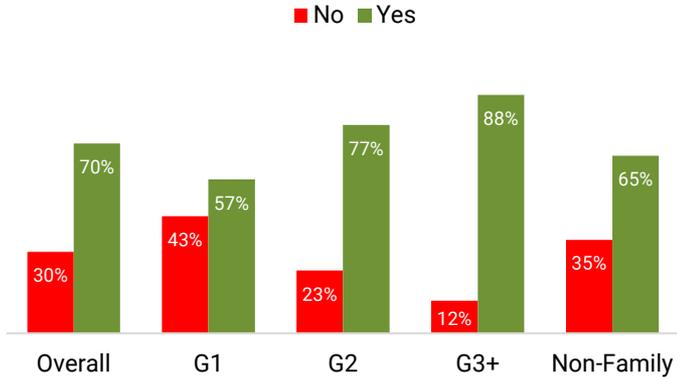
“Telling our backstory/history” as the most common method.

# Family Business Branding

How being family-owned influences branding and identity. (New Question)



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



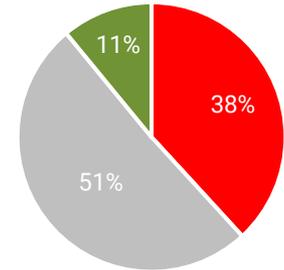
Overall: n=575, G1: n=229, G2: n=121, G3+: n=141, Non-Family: n=84

If "No", why isn't being a family business part of your branding strategy?



If "No", do you ever plan on incorporating your family-owned status into your branding?

■ No ■ Undecided ■ Yes



Those who selected "No"; Overall: n=173

## ADDITIONAL INSIGHTS: BY BUSINESS TYPE

WHY ISN'T IT PART OF BRANDING?	B2B	B2C	Diff
No specific reason	34%	41%	+7
Our customers/clients aren't interested	32%	24%	-8
Doesn't align with desired identity	24%	13%	-9

B2B: n=38, B2C: n=70, Both: n=65

**NOTES & TAKEAWAYS:** For respondents who don't currently include being family-owned in their branding strategy, "No specific reason" was the most frequently selected response when asked why.

B2B respondents more commonly felt their customers aren't interested in it or that it doesn't align with their desired identity compared to B2C.

Survey Results Overview

# Philanthropy & Community

# Philanthropy & Community

*Exploring philanthropic and community-oriented initiatives. (New Question)*



## **Philanthropic Activity:**

Overall, G3+ respondents have more philanthropic and/or community support initiatives than any other generation.

“Making Charitable Donations” is the overall top approach.

## **Philanthropy Decisions:**

Family member employees are most involved in determining philanthropic causes.

With succession there is progressive increases in family member BoD involvement.

## **Primary Factors:**

Overall, having a “Local Community Impact” was the most frequently selected factor.

For G3+, their top factor is having a personal connection to the cause.

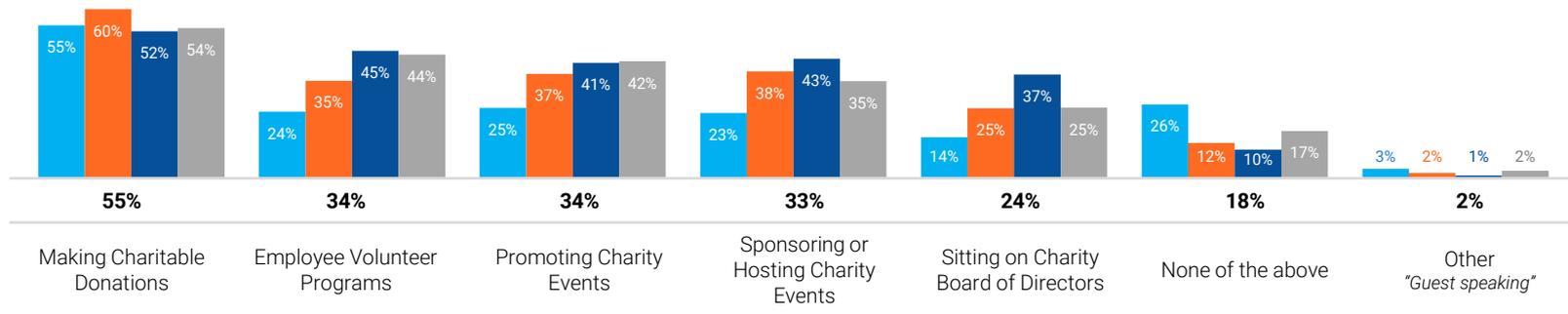
# Philanthropy & Community

Exploring philanthropic and community-oriented initiatives. (New Question)



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

## ADDITIONAL INSIGHTS: BY BUSINESS TYPE

ACTIVE IN PHILANTHROPY	B2B	B2C	Diff
Making Charitable Donations	59%	45%	-14
Employee Volunteer Programs	46%	26%	-20
Sitting on Charity Board of Directors	32%	18%	-14

B2B: n=112, B2C: n=194, Both: n=269

**NOTES & TAKEAWAYS:** Overall, G3+ respondents have more philanthropic and/or community support initiatives than other generations.

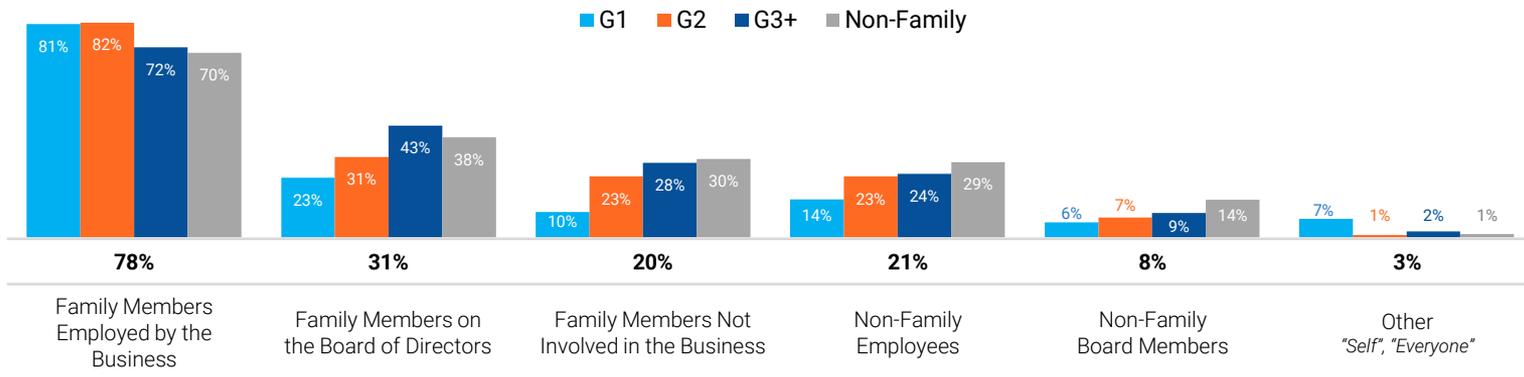
B2C respondents are significantly lower than B2B in making charitable donations, employee volunteer programs, and board of director seats.

# Philanthropy & Community

Exploring philanthropic and community-oriented initiatives. (New Question)



## Who is involved in determining the causes your business supports? (Select all that apply)



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

### ADDITIONAL INSIGHTS: BY BUSINESS TYPE

INVOLVED IN DETERMINING CAUSES	B2B	B2C	Diff
Family Members Employed	79%	71%	-8
Non-Family Employees	25%	14%	-11

B2B: n=112, B2C: n=194, Both: n=269

**NOTES & TAKEAWAYS:** Family member employees are most frequently involved in determining philanthropic causes.

With succession, there is progressive increases in family member Board of Director involvement.

Non-family employees are more involved in B2B than B2C businesses.

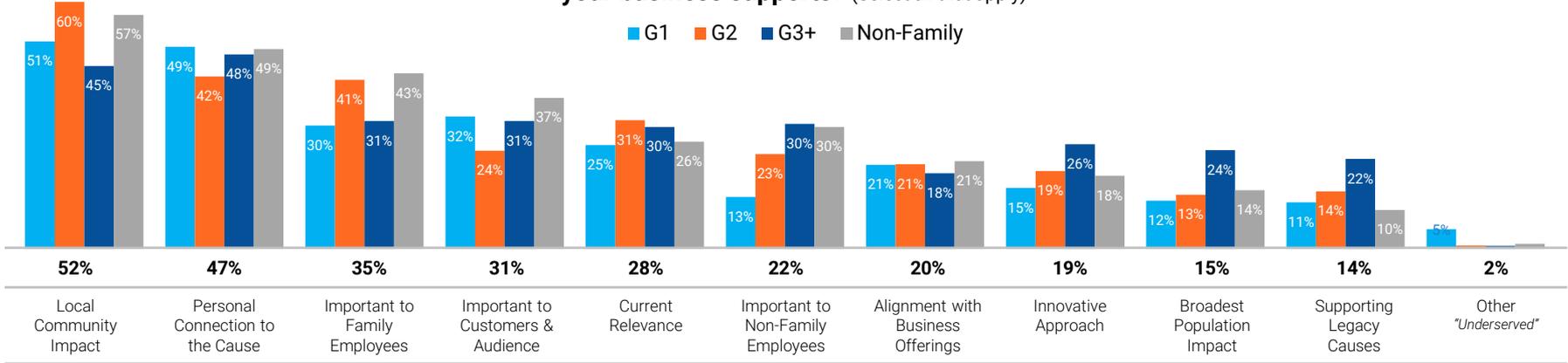
# Philanthropy & Community

Exploring philanthropic and community-oriented initiatives. (New Question)



## What are the primary factors when choosing the causes your business supports? (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

### ADDITIONAL INSIGHTS: BY BUSINESS TYPE

WHEN CHOOSING THE CAUSES	B2B	B2C	Diff
Local Community Impact	55%	46%	-9
Important to Family Employees	36%	25%	-11
Important to Customers/Audiences	21%	26%	+5

B2B: n=112, B2C: n=194, Both: n=269

**NOTES & TAKEAWAYS:** Having a local community impact was the most frequent selection overall. However, this was driven by high frequencies of G2 and Non-Family respondents. For G3+, their top response was having a personal connection to the cause.

Importance to family employees is higher for B2B than B2C (36% vs 25%).

# Top Findings & Takeaways

# STRATEGIC CHANGES & SHIFTING PRIORITIES



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

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

Furthermore, overall optimism 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%).

Our findings align with PwC’s 2023 US Family Business Survey which found 86% of respondents expect to see their business grow over the next two years.

# STRATEGIC CHANGES & SHIFTING PRIORITIES



## **Next-Gen respondents are more focused on employees, technology, and social responsibility compared to first-generation respondents.**

Succession brings an increased focus on “Employee Satisfaction & Engagement,” which sees increases from G1 (29%) to G2 (36%) to G3+ (40%).

Second-generation respondents are focused on “Tech/Digital Advancements” more than any other group, selecting this response option 9 points above average and 14 points higher than G1 (15% vs 29%).

Overall, G3+ respondents anticipate the most strategic changes over the next year; with 9 out of 10 response options being selected above average. The most notable differences are regarding “Focus on Corporate Social Responsibility” and “Increase R&D Investments.”

Brightstar’s 2023 North American Family Business Report shared similar findings, with 84% of respondents embracing new technology and over half (55%) adopting ESG policies.



# DEFINING “SUCCESS” WITHIN THE BUSINESS



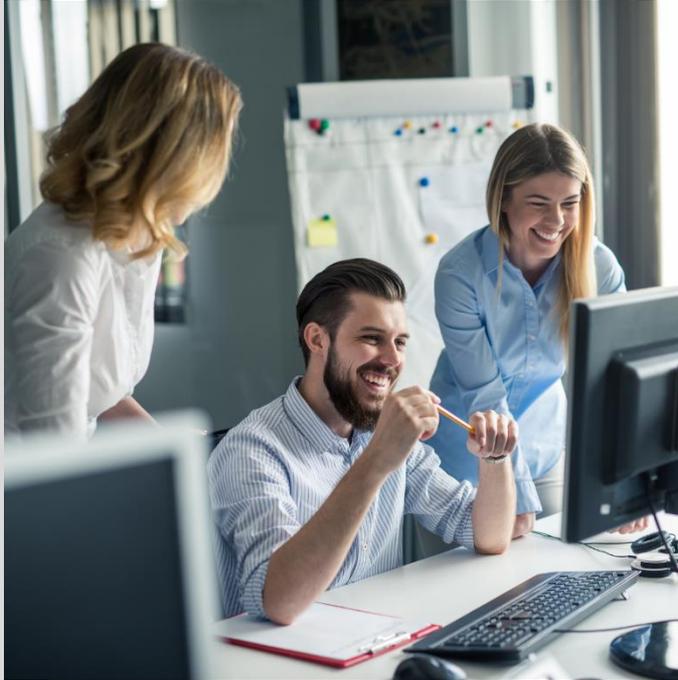
## **Profitability is the top overall “success” metric. But after that, things change by generation.**

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 “Profitability” drop-off from G1 (65%) moving to G2 (50%) and G3+ (43%).

For G2 and G3+, “Family Unity & Togetherness” and “Continued Succession” are more important success metrics than for G1 and Non-Family respondents; ranking as their second and third response options.

# “SUCCESS” 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 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.



# BRANDING AS A FAMILY-OWNED BUSINESS



## 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 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 30% that aren’t highlighting being family-owned, “No specific reason” (39%) was the most selected response option, followed by “Our customers/clients aren’t interested in it” (24%).

Most of those respondents indicated they are “Undecided” (51%) regarding future plans to incorporate family-owned branding, with only 11% affirming their plans of doing so.

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



## PHILANTHROPY & COMMUNITY



### **Younger generations are more philanthropically active, and having a personal connection is their top factor in choosing a cause.**

Overall, G3+ 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.”



# APPENDIX

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Role Definitions  
& Survey Questions

# About Your Role

*“Which of these best describes your current role in the family business?”*



## **Passive Owner**

*Has legal and financial rights WITHOUT direct involvement in strategies and operations.*

## **Active Owner**

*Has legal and financial rights ALONG WITH direct involvement in strategies and operations.*

## **Leader**

*A non-ownership role responsible for the development and execution of short-term and/or long-term strategies.*

## **Employee**

*Directly involved in day-to-day operations, but without influence on strategic decisions.*

## **Board Member**

*Has influence on strategic decision making, but without direct operational involvement.*

## **Retired**

*No longer involved or holding a specific role within the family business.*

# 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)

# Survey Questions



## 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



## 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



# Advice for Next-Gen Leaders

“What advice would you give to next-gen family business leaders?”



## Top 5 Open-Text Response Themes:

### 1. Work Ethic, Persistence, and Passion

- “Work hard” and “work ethic” were mentioned frequently
- Encouragements to persevere, not give up, and stay consistent
- Stay willing to listen and learn from family and employees

### 2. Family Values

- Emphasis on the importance of keeping family close
- Separate family and business but maintain strong family bond
- Show humility, have open communication, and work together

### 3. Customer Service and Integrity

- Prioritize honesty, trustworthiness, and being truthful in dealings
- Provide excellent customer service and value employees

### 4. Business Strategy and Management

- Focus on time management, interpersonal skills, and leadership
- Have a clear vision, set goals, and follow a plan
- Importance of education, learning, and keeping up with technology

### 5. Adaptability and Innovation

- Be open to change and new ways of doing things
- Stay current with technology and market trends

n=543



“Work hard, be honest, be mindful of all people involved”

“Work hard and stay in it for the long run – nothing comes easy”

“Understand the family dynamics and legacy”

“Treat your team right through good culture. Stay current or ahead of tech”

“Listen to the entire family and manage your emotional reaction”

**NOTES & TAKEAWAYS:** The most common themes in these open-text responses are centered on internal relationships, family dynamics, and the benefits of working together as a team.