



# 2016 FEUSA Family Business Survey

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August 2016

Family Enterprise USA (FEUSA) is a 501(c)(3) organization dedicated to educating the public and creating an environment where private family business is valued and strengthened.

The FEUSA Family Business Survey is conducted annually to update lawmakers on the facts about and priorities of family businesses each year and to further our efforts to grow public support for hard working family-owned businesses across America.

**HOW YOU CAN HELP: Membership in FEUSA is open to all family businesses. Please contact [Mike Hamra](#) or [Pat Soldano](#) of the FEUSA Board at [www.familyenterpriseusa.com](http://www.familyenterpriseusa.com) to find out how you can join, provide financial support and work with FEUSA to help educate legislators in your community and on Capitol Hill.**

2016 FEUSA Survey Administered by:



- Family Enterprise USA (FEUSA) is a 501(c)(3) organization dedicated to educating the public and creating an environment where private family business is valued and strengthened.
- The FEUSA Family Business Survey is conducted to update lawmakers on the facts about and priorities of family businesses each year, and to further our efforts to grow public support for hard working family-owned businesses across America.
- FEUSA retained Family Office Exchange (FOX) to coordinate participant outreach and administer the 2016 FEUSA Family Business Survey. This report captures data from 168 family-owned businesses that completed the online survey in June and July of 2016.
- Sample sizes are noted for each question. If you have questions or comments about the data and analysis presented herein, please contact FEUSA Board Chair, [Mike Hamra](#), or [Pat Soldano](#), FEUSA Board Member.
- FEUSA and Family Office Exchange are grateful to the university-based family business centers, Family Office Exchange members, and trusted advisors to family businesses who helped spread the word about this survey and, most of all, to the family business leaders who took time to voice their concerns by completing this survey.

## About the Participants

- The majority of survey participants (66%) are business owners who own companies that generate \$50 million or less in revenue each year. Most (85%) employ anywhere from 1 to 1,000 employees and come from industries ranging from manufacturing and construction to transportation and healthcare. Thirty-eight percent (38%) do not have wealth outside of the business; for these owners, the business is their nest egg and their legacy.
- In an unusual election year, it is noteworthy that 30% of participants identify themselves as Independent, while almost half (48%) identify as Republican.

## Long-term Commitment to their Businesses and Communities

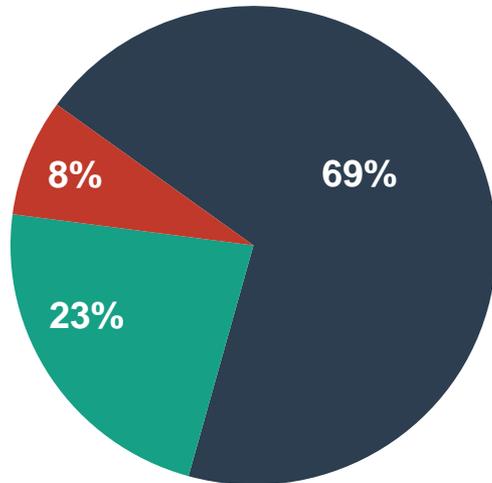
- Half of participants have first and second generation businesses, while the other half are in G3 or beyond. Most (73%) have multiple generations of the family working together in the business. Eighty-one percent (81%) consider their business to be part of the legacy they leave their children.
- The majority (55%) have formal business boards and rely on family members as well as independent, external advisors to lead their businesses. Most participants (61%) have had a governing board for at least 11 years and rely on this team to help them by providing objective, independent advice; enhancing strategy; and improving the bottom line.
- Ninety-two percent (92%) of participants give back to their communities and 61% encourage their employees to do the same.
- Most (78%) saw their business revenue grow in 2015 and are confident about the business' ability to increase revenue each year. Increases in revenue lead to new jobs; 66% plan to hire additional employees in 2016.

## Challenges & Concerns

- In spite of revenue and job growth, participants are concerned about government regulation of their businesses and taxes. Their top concerns are reducing regulations, reducing income taxes, simplifying the tax code and reducing or eliminating the estate tax.
- Participants want legislators to understand the real impact of estate taxes on their businesses (and their communities) and shared these sentiments in their own words. Common themes include the drain on time and resources caused by estate taxes along with the fact that these taxes hamper growth.
- Most participants (69%) report that it is harder to operate their family businesses than it was five years ago. This is significant because just 50% of participants in 2011 reported revenue growth, and just 33% planned to add employees.
- Seventy-seven (77%) of participants see external influences such as government regulation, tax policy and the economic environment as a greater threat to their sustainability than internal issues such as family conflict.

Over the past five years, has it gotten easier or harder to operate your family business?

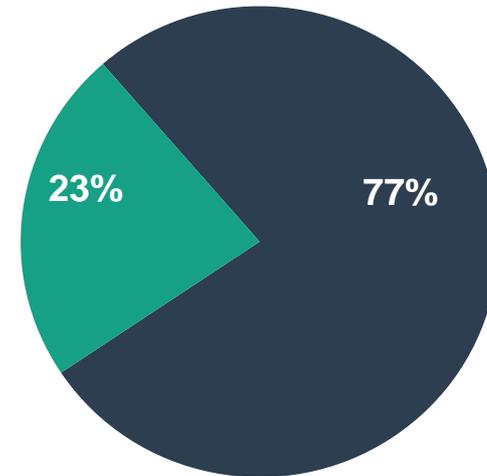
n=155



■ Harder    ■ About the same    ■ Easier

Which do you believe to be the greater threat to the future success of your family business?

n=155

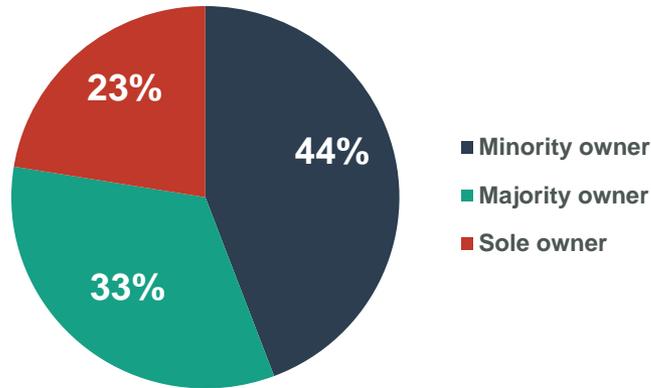


■ External factors (e.g. economic climate, tax policy, government regulation)

■ Internal factors (e.g. family disagreements, strategic direction of the business, conflict in general)

## Nature of Business Ownership

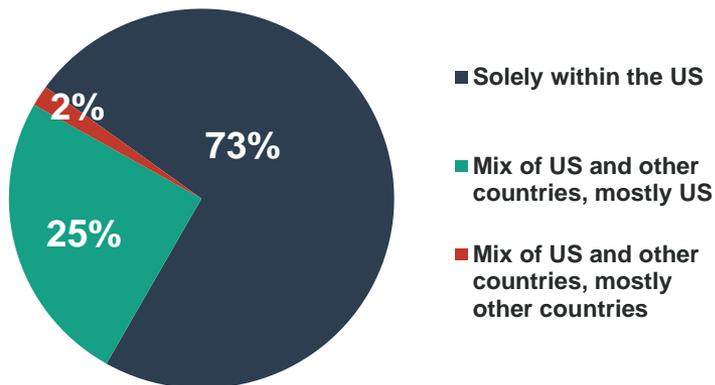
n=168



93% of participants own an operating family business;  
71% of respondents are C-suite executives in the business.

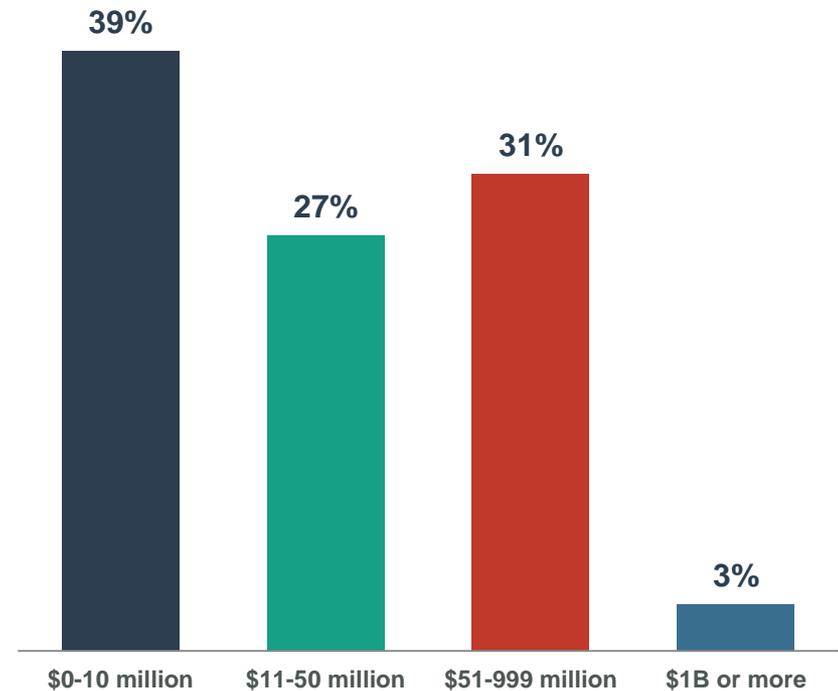
## Does the family business operate exclusively in the United States?

n=168

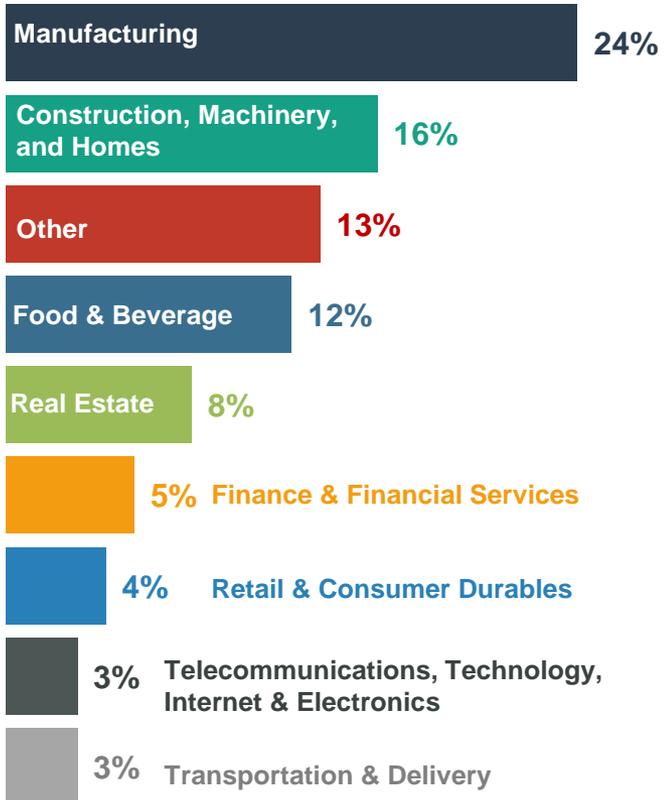


## What was the business' annual revenue for 2015?

n=166

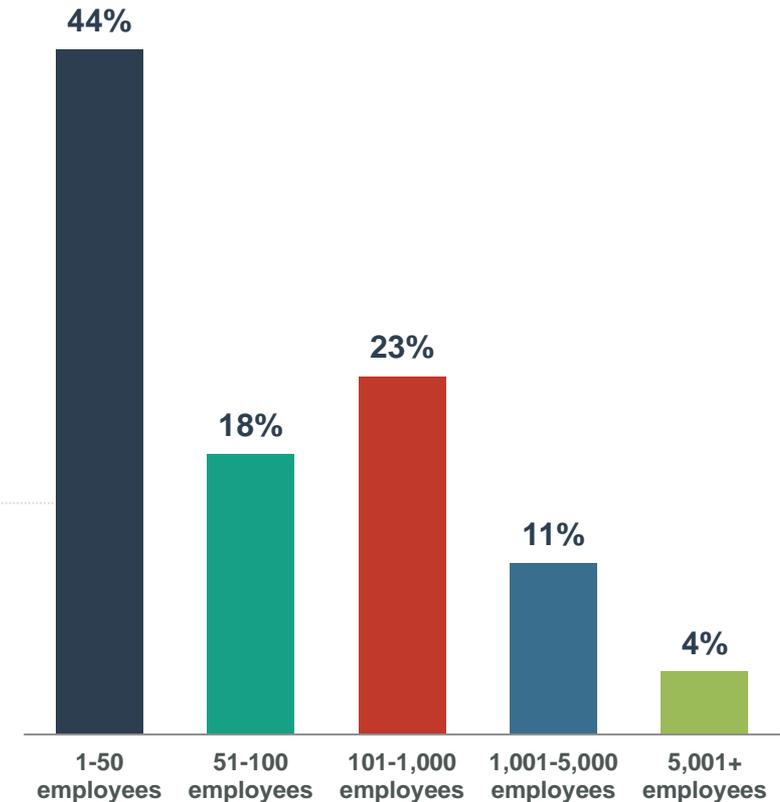


Which of the following best describes the principal industry of your family business? n=164



The remaining 12% of participants represent industries ranging from education and agriculture to healthcare and entertainment.

How many employees work for your family business? n=168



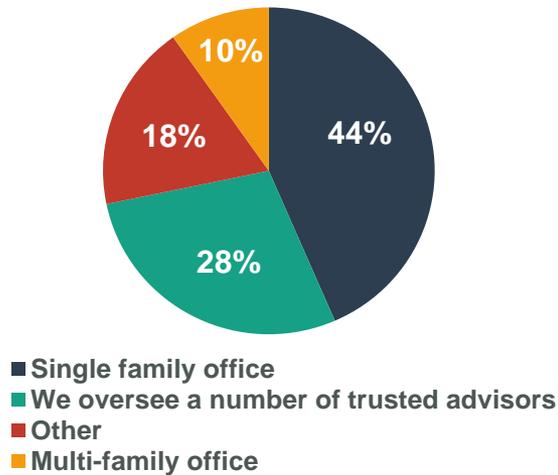
## Do you have liquid wealth outside of the business?

n=154



## How do you manage this liquid wealth?

n=92

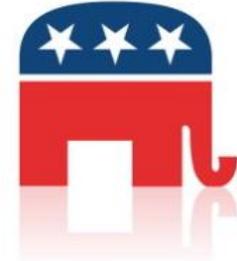


Other includes investment advisor and self-directed.

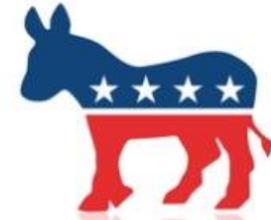
## How do you identify yourself politically?

n=155

**48%**



**15%**



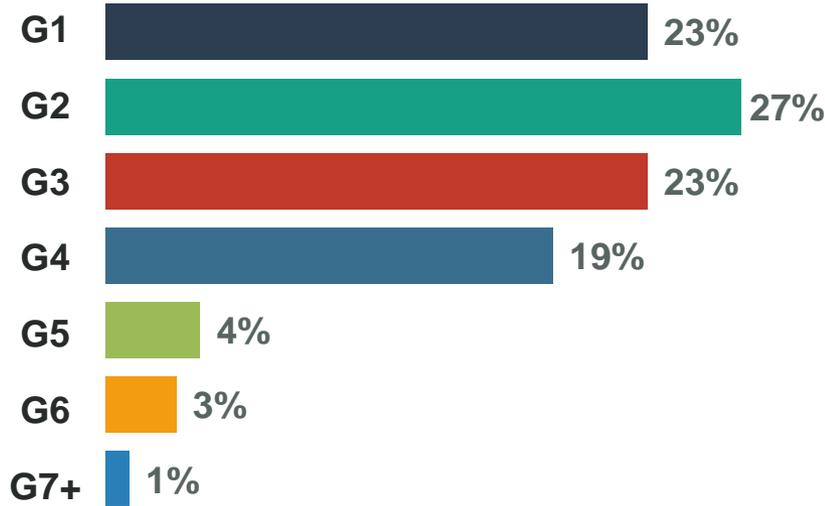
**30%**



7% Other, which includes Libertarian, Conservative, undecided and declined to share.

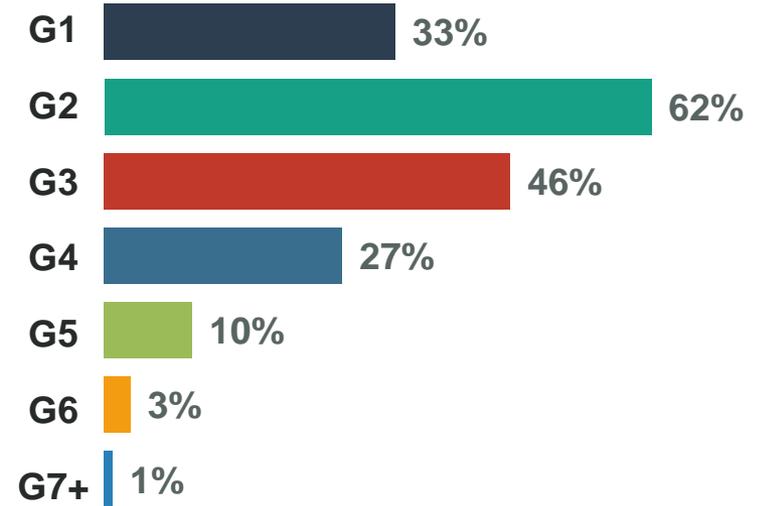
## What generation is your family business?

n=167



## Which generations are active in the family business? *Select all that apply*

n=164



## Do you consider your family business to be part of your legacy to your children?

n=155



### Keeping It In the Family

- 27% of participants have defied the parable of “shirt sleeves to shirt sleeves in three generations” and have businesses that have been in the family for four or more generations.
- 73% of respondents have multiple generations of family members working together in the family business.

## 55% of participants have Governing Board

n=168

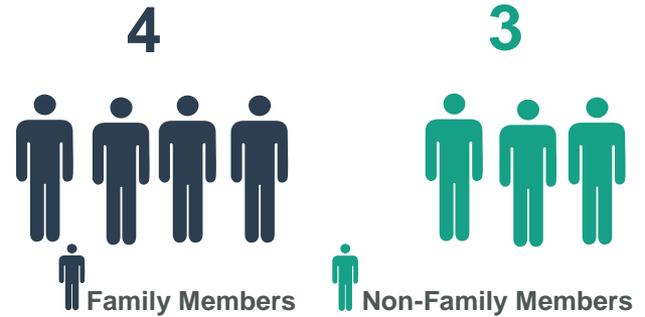


15% are considering forming one

81% of those with a governing board rely on both family and external, independent board members.

## Average Number of Members Serving on a Governing Board

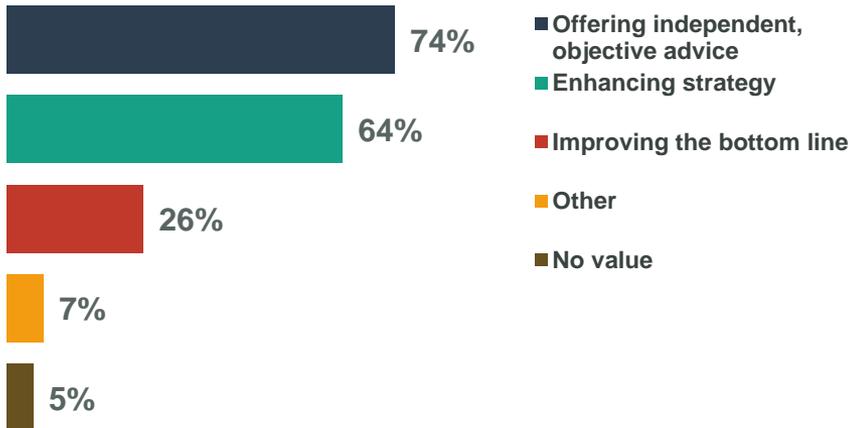
n=86



56% of participants rely on other business owners to serve as board members on their governing boards.

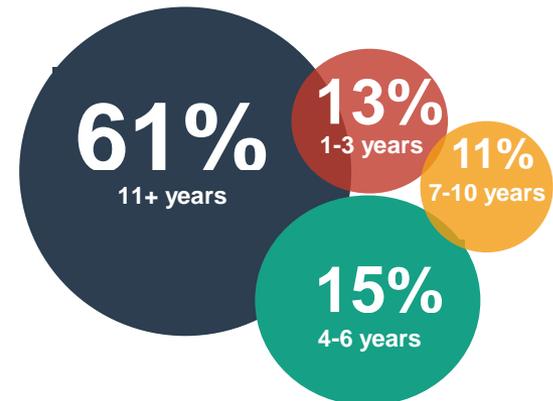
## How has the Board been helpful to your business?

n=85



## How long has your board been in operation?

n=85



How do you or your business pursue civic engagement? n=154

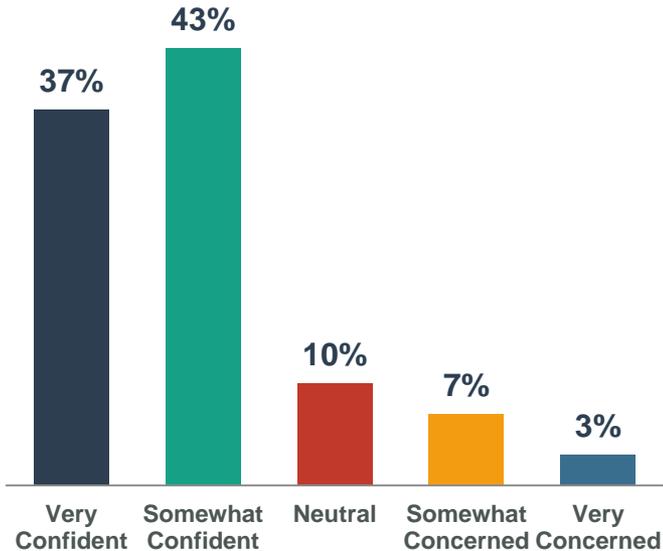


## Positive Impact on their Communities

- **92%** of respondents give back to their communities by sharing their time, talents and resources in the ways outlined above.
- From volunteering their own time (**77%**) to encouraging their employees to volunteer in the community (**61%**), family business owners invest in their communities.

## Confidence in Business' Ability to Increase Revenue Each Year

n=168

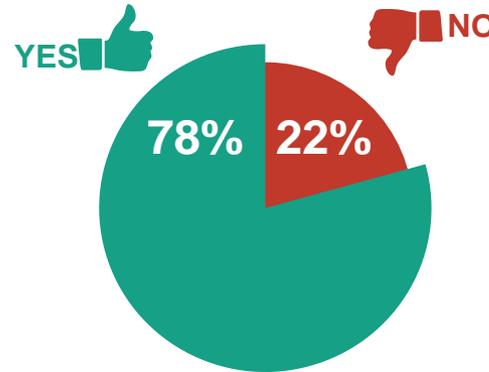


### Confidence in Continued Growth

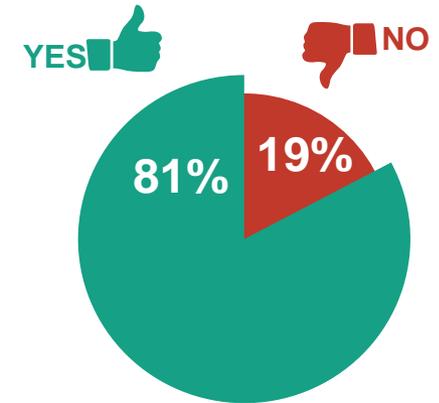
- **78%** of respondents report revenue grown in 2015. This is up from 50% in 2011, and down from 81% in 2014. The majority (62%) reported growth rates between 5-20%.
- **80%** of respondents are confident about their ability to increase revenue each year, in spite of their concerns about government regulations and taxes.

## Did Your Business Revenue Grow Last Year?

2016 Survey n=166

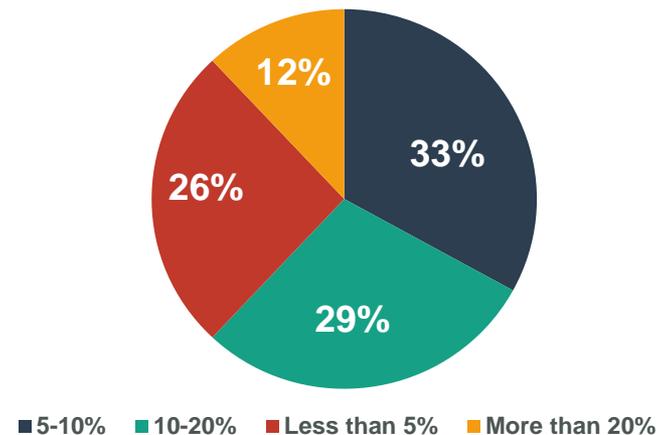


2015 Survey n=50



## 2016 Survey Revenue Growth

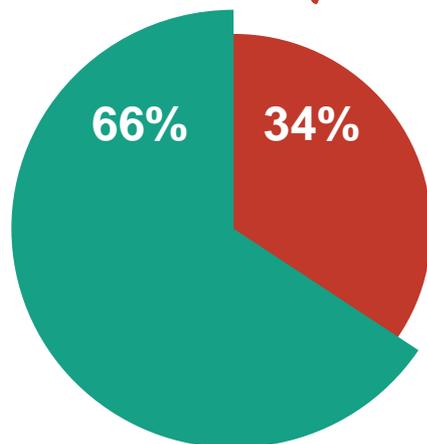
n=129



## Do you plan to hire more employees this year?

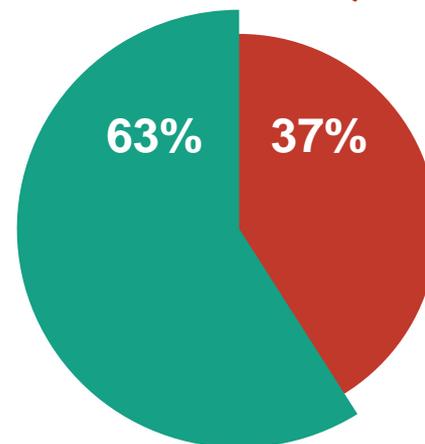
2016 Survey n=101

YES   NO



2015 Survey n=50

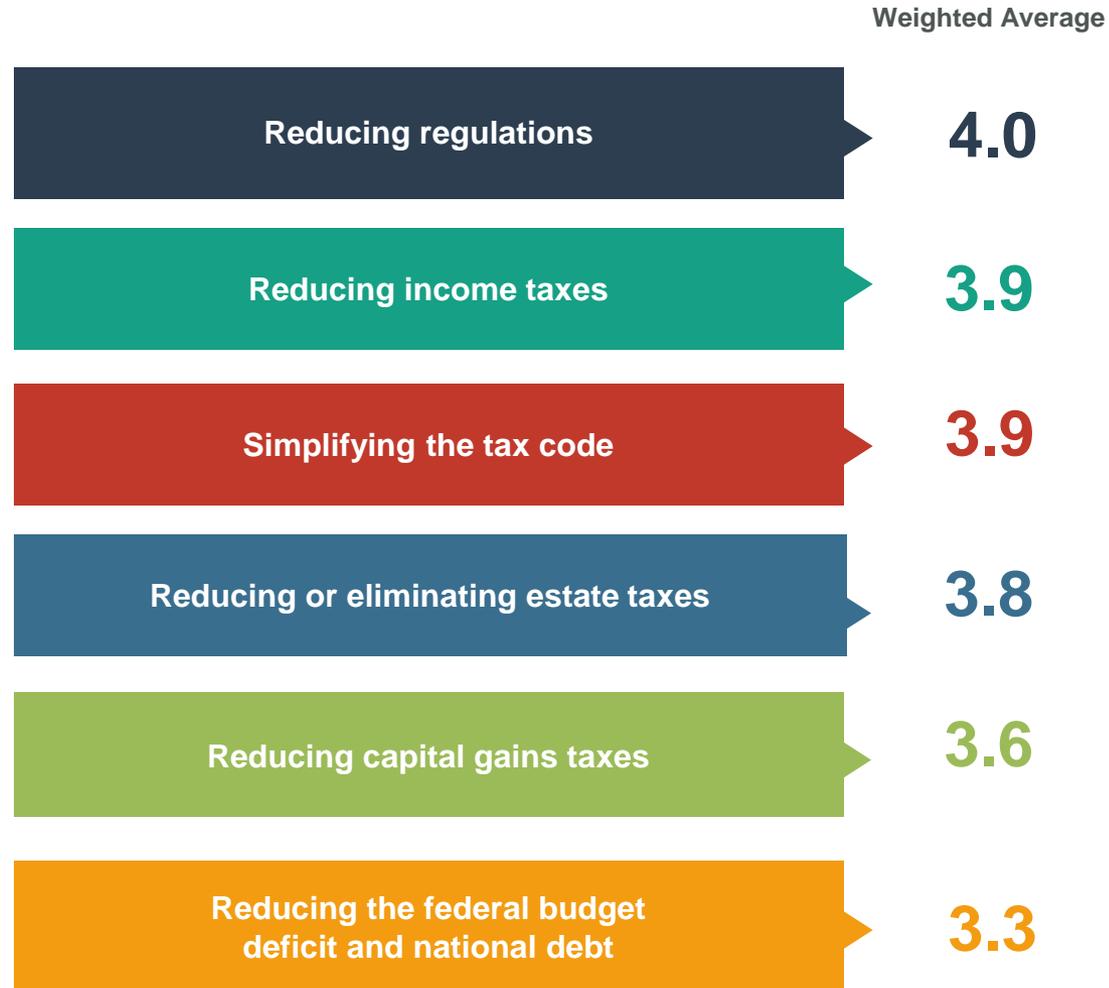
YES   NO



### Revenue Growth Leads to Job Growth

- In 2011, just **33%** of participants reported job growth. In 2016, **66%** of respondents plan to add employees.
- **90%** of the respondents that are hiring new employees this year plan to add up to 100 new employees in 2016.

Please rate your level of concern about the following issues  
on a scale of: 1 (Not at all concerned) to 5 (Very concerned) n=151



**While just 10% of respondents indicate that planning for estate taxes affects their ability to add jobs, the estate tax costs business owners time and money.**

**Average cost of insurance to pay for estate taxes in 2015** n=8

**\$91,900**

**Average other costs incurred to plan for estate taxes in 2015** n=9

**\$143,900**

**Average percentage of time spent planning for estate taxes in 2015** n=16

**11%**

## What would you like lawmakers to know about the impact of estate taxes on your business?

- *It is a constant worry as we think about our sustainability and longevity into the future, as our business employs and supports many families as well as the community, in a huge way.*
- *It takes our time away from growing a business, which provides jobs.*
- *One word: devastating.*
- *Estate taxes hamper growth and eliminate jobs.*
- *It causes great uncertainty.*
- *They are unfair.*
- *It is a job and business killer.*
- *It has impaired growth; it presents challenges to our philanthropic planning and is ultra-complex.*
- *The estate tax adds risk and makes investment planning harder.*
- *What business? They took it from the future generations to pay for Washington's unlimited addiction to wasteful spending and entitlement for a lot more people than need or deserve it.*

## Mission and Approach

[Family Enterprise USA \(FEUSA\)](#) is dedicated to educating the public about the implications of public policy upon closely held and family-owned businesses. FEUSA conducts non-partisan research that highlights the contributions of family enterprises to the economy and the challenges these businesses face, which is then used to educate. This research provides the foundation for FEUSA to educate the public and opinion leaders on the important role of family businesses in the economy and local communities.

## Impact and Focus

FEUSA is the go-to organization in Washington for information on the family business industry. FEUSA has established itself as a trusted resource through its two major projects, which will continue to be expanded upon:

- **Capital City Fly-In:** Twice a year, FEUSA gathers supporters in Washington, D.C., to hear updates on the organization's latest work and developments and learn the state of federal policy impacting businesses. The supporters then meet with legislators to discuss FEUSA's work, and educate them on the current economic environment businesses around the country face.
- **FEUSA Annual Survey:** Through its annual Family Business Survey, FEUSA has distinguished itself as an expert in data collection in the family business sphere. The data provides the foundation for executing FEUSA's mission.

Over the coming years, FEUSA will continue to grow by conducting research in specific areas of tax policy that impact family-owned businesses. A primary focus will be researching the effects of the estate tax. FEUSA will explore the following topics in measuring estate tax impacts:

- Compliance Costs
- Environmental Impact
- Minority Wealth

Family Enterprise USA is uniquely positioned to provide the non-partisan intelligence, data, and educated arguments that opinion leaders will need in the coming years to elevate the debate around tax policies that influence family businesses. Family Enterprise USA's research and work will be instrumental to solidifying FEUSA as the leading organization in Washington working on behalf of family-owned companies.

Sara Hamilton founded FOX in 1989 to provide objective information and advice on family wealth, family leadership, and different pathways available to sustain wealth across generations. Helping members preserve and enhance their true family wealth by providing education, insights, and peer exchange is the sole focus of FOX. The firm's success is measured by the quality and value of the experience of its many private investors, family offices, multi-family offices, and wealth advisor members. True to this original vision, FOX strives to address new challenges and to provide insights on current trends and issues regarding investing, philanthropy, and owner education. As an advocate for wealth owners, FOX provides leadership in the private wealth field, helping to shape the industry and develop standards of performance for industry professionals.

FOX serves family groups and their advisors in 20 countries, providing trusted insight and best practices for managing family wealth. The network includes 480 ultra-wealth families, as well as 280 multi-family offices (MFOs) and advisory firms. More than 6,000 individual family members are served by the FOX global community.

Members rely on FOX ([www.familyoffice.com](http://www.familyoffice.com)) to help them make better, more informed decisions about their family legacy and their wealth management practices and providers. FOX has established a safe, confidential environment of common interest and mutual trust to enable members to compare experiences and learn from the collective knowledge of other members in the network. Resources available to FOX members include proprietary research on wealth management best practices, peer benchmarking, bi-monthly webinars on current trends, and an extensive library of articles and white papers, as well as online discussion forums, regional peer roundtables, and a variety of educational workshops and forums.

FOX offers five forums a year for members. The Forums address many of the issues of greatest concern to wealthy families and their advisors in the areas of legacy and leadership. Perhaps most valued by members is the collective intelligence of the FOX network. This accumulated wisdom has been methodically captured by the FOX staff, with full respect for confidentiality and discretion, and archived in a secure searchable database for the exclusive use of FOX members. This collective knowledge is what truly sets FOX apart.



# Family Enterprise USA

Enterprising families. Working together.

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