

CENTER for WOMEN'S LEADERSHIP
CWL
AT BABSON COLLEGE

A close-up portrait of a woman with dark hair, wearing a pink top, looking slightly to the right. The background is blurred, showing what appears to be an American flag.

WOMEN IN FAMILY-OWNED BUSINESSES

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GENDER DOES MAKE A DIFFERENCE

WOMAN-LED FAMILY BUSINESSES
EXPERIENCE GREATER SUCCESS
THAN THOSE LED BY MEN

August 2003

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Dear reader,

Family-owned businesses are the lifeblood of American business, accounting for 80% to 90% of all businesses in North America.* Family businesses account for 78% of all new jobs, 65% of all wages paid, and 60% of total U.S. employment, and contribute more than 50% of the GDP.**

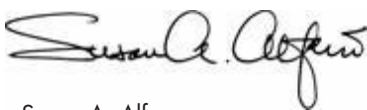
Increasingly, women are playing a larger role in the leadership of family businesses. In 1997, the Massachusetts Mutual Life Insurance Company (MassMutual) funded a research study that gave an indication of the changing role of women. In that study, more than 25% of family businesses responded that they expected their next CEO to be a woman.

Six years later, in early 2003, the MassMutual Financial Group/Raymond Institute American Family Business Survey was published, which analyzed planning, growth, and succession issues of family businesses in detail. The survey results indicated significant changes from MassMutual's original 1997 survey. Specifically, we found that the percentage of firms expecting their next CEO to be female had grown dramatically, from 25% in 1997 to 34% in 2002. What's more, the number of firms with female CEOs had doubled in the same time period.

The following Babson College/MassMutual report, *Women in Family-Owned Businesses*, more closely analyzes the 2002 survey data, comparing and contrasting the businesses owned by women versus men. This groundbreaking, first look at what makes woman-owned family businesses different was led by the Center for Women's Leadership at Babson College, the first academic center at a leading school of management dedicated to the advancement of women in business and entrepreneurship. MassMutual's support of this study is a reflection of its ongoing commitment to helping women achieve their financial goals.

Clearly, gender is making a greater difference today than ever before. This study indicates that woman-owned family businesses are nearly twice as productive as those owned by men. The findings point to the numerous differences in leadership and management styles that contribute to the success of woman-owned family firms.

Women have made great strides in the business world, and they are building on their successes at a tremendous pace. Read on.



Susan A. Alfano
Executive Vice President
MassMutual Corporate Operations



Dr. Nan Langowitz
Cofounder & Faculty Director
Center for Women's Leadership at Babson College

* Family Business Review, 1996

** Financial Planning, Nov. 1999

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OUR COMMITMENT TO WOMEN

CENTER FOR WOMEN'S LEADERSHIP AT BABSON COLLEGE

The Center for Women's Leadership at Babson College is the first center dedicated to women in business and entrepreneurship at a leading school of management. Through educational programs and research, the Center develops women's leadership skills and promotes the advancement of women as entrepreneurs and entrepreneurial leaders within corporations and not-for-profit organizations. The Center for Women's Leadership collaborates with companies and business-related organizations to understand the issues that contribute to women's leadership success in business and entrepreneurship.

Babson College supports entrepreneurs on their journeys to build and grow successful enterprises. The College has been a pioneer in entrepreneurial education since its inception in 1919, offering an innovative curriculum that helps students develop well-rounded leadership and management skills. While conventional thinking defines entrepreneurship as starting and running a business, Babson believes that having sharp entrepreneurial skills is vital for the success of any business—large or small, public or private, corporate or not-for-profit, local or global. The College offers BS, MBA, and custom MS and MBA degrees through its undergraduate program and the F.W. Olin Graduate School of Business at Babson College. Executive development programs are offered to experienced managers worldwide through Babson Executive Education. Babson College is proud to have been recognized as a world leader in entrepreneurial education by *U.S. News & World Report*, the *Financial Times*, and *The Wall Street Journal*.

Women in Family Business Team:

I. Elaine Allen, Kevern R. Joyce Term Chair and Associate Professor of Statistics and Entrepreneurship, Babson College

Nan Langowitz, Faculty Director, Center for Women's Leadership and Associate Professor of Management, Babson College

MASSMUTUAL FINANCIAL GROUP WOMEN'S MARKET INITIATIVE

MassMutual Financial Group is dedicated to helping women meet their financial goals. To that end, the company has created a Women's Markets Initiative to guide the company in delivering its message of financial achievement and empowerment to women, and to help the company better attract female financial services professionals and aid them in developing a successful career with MassMutual.

MassMutual Financial Group/Raymond Institute American Family Business Survey Team:

Joseph H. Astrachan, Ph.D., Director, Cox Family Enterprise Center at Kennesaw State University and Distinguished Research Chair of Family Business at Loyola University Chicago; I. Elaine Allen, Ph.D., Kevern R. Joyce Term Chair and Associate Professor of Statistics and Entrepreneurship, Babson College; Stephen Spinelli Jr., Ph.D., Director, Arthur M. Blank Center for Entrepreneurship at Babson College; and Carol B. Wittmeyer, Ed.D., President, George and Robin Raymond Family Business Institute.

EXECUTIVE SUMMARY

Woman-owned businesses in the United States have increased by 14% in the last five years.¹ In the same period, the number of women owners of family businesses has increased by 37%.² Female-owned family businesses share common characteristics with their male-owned counterparts. Female-owned family businesses, like those owned by men, are substantial, well established, U.S. centered, and operate in similar industries. The majority of these businesses expect that the family will maintain control of the business in the years ahead and share an optimistic view of the future. Woman-owned family businesses have some unique aspects that set them apart, however, and there are differences in the employment and leadership of women among male- and female-owned firms. This report looks at the influence of women as owners and leaders of family-owned businesses.³ The findings in this report are based upon the results of the MassMutual Financial Group/Raymond Institute American Family Business Survey, directed and supported by the Loyola University Chicago Family Business Center, the Cox Family Enterprise Center at Kennesaw State University, and Babson College.

Highlights of the findings on woman-owned family businesses include:

- Female-owned family firms are typically 10 years younger than male-owned firms and more are first-generation businesses
- The owners of woman-owned family firms assumed their roles as owners at an age five years older than their male counterparts
- Female-owned family firms do more with less; they are nearly two times as productive as male-owned family firms
- Woman-owned family firms are more than twice as likely to employ women family members full-time and nearly three times as likely to employ more than one female family member full-time
- Female-owned family firms rarely look outside the family for a chief executive and are far less likely to do so than male-owned firms
- Fewer male than female owners of family businesses look to their spouse for chief executive leadership
- Female-owned family firms experience greater family loyalty to the business, agreement with its goals, and pride in the business than male-owned family firms
- Woman-owned family firms have a 40% lower rate of family member attrition in the business
- Female-owned family firms are more likely to have chosen a successor chief executive than male-owned family firms, and that successor is more likely to be a woman
- Woman-owned family firms have greater gender balance in the composition of their boards of directors
- The presence of a woman on the owner-management team of a family business is positively associated with the presence of a woman as CEO, the gender balance of the board of directors, and the choice of a woman as successor CEO

⁴ The MassMutual Financial Group/Raymond Family Business Institute American Business Survey data set. © Copyright 2002. The Raymond Family Business Institute and Massachusetts Mutual Life Insurance Company. All rights reserved. Used with permission.

EXECUTIVE SUMMARY *continued ...*

- Woman-owned family firms place greater proportionate emphasis on philanthropy and direct that philanthropy toward educational and community organizations
- Female-owned family firms may benefit by funding future growth through levels of debt comparable to those at male-owned firms
- More than two-thirds of woman-owned family businesses anticipate a positive future for their companies despite the current recessionary conditions

Overall, woman-owned family businesses are thriving and changing the face of family firms in the United States. Female ownership and leadership has increased the level of participation of women family members as full-time employees of their family businesses. They bring improved productivity to their businesses and a higher emphasis on philanthropy to their communities. This can only bode well for the future of family business in America.

¹ "Women-Owned Businesses in the United States: 2002," Center for Women's Business Research, Washington, D.C., 2002.

² Based upon the 1997 Arthur Andersen/Mass Mutual American Family Business Survey and the Mass Mutual Financial Group/Raymond Family Institute American Family Business survey, the % of women owners increased from 11.4% in 1997 to 15.6% in 2002, a 36.8% increase.

³ Tables in the report indicate statistically significant differences with boldface type.

BUSINESS CHARACTERISTICS OF FEMALE-OWNED FAMILY FIRMS

Woman-owned family businesses are substantial, with average annual revenues of \$26.9 million in 2002. The range in revenues reported was very wide, with one company reporting annual sales of \$1 billion and a handful of the respondents indicating revenues of \$400,000 or lower.

Although female-owned firms are somewhat smaller in size compared with the average annual \$30.4 million in revenues of their male-owned counterparts, they generate their sales with fewer median employees, employing 26 individuals compared with 50 at male-owned firms. This means that *female-owned family businesses are 1.7 times more productive than male-owned family firms. They do more with less.*

Female-owned family businesses are most frequently active in the identical top industries in which male-owned firms most often operate, namely manufacturing or wholesaling. However, the service sector is the third leading industry for female-owned businesses, whereas male-owned firms are next most likely to be in the construction industry. Nonetheless, both types of firms identify the same five industries as their primary business sector.

TOP FIVE INDUSTRIES FOR FAMILY BUSINESSES

Type of Business	Male Owner	Female Owner
Manufacturing	25%	28%
Services	7%	13%
Construction	13%	9%
Wholesale	16%	22%
Retail	12%	11%

Woman-owned family businesses are typically 10 years younger than those owned by men and, likely as a result, more are first-generation businesses. The most frequent median year of business founding is 1970 for a woman-owned firm, compared with 1960 for those owned by men. Because of the relative youthfulness of woman-owned businesses, fewer of these businesses are third-generation firms. It's possible that the youthfulness of these businesses is a contributing factor to the increased productivity noted above.

% OF BUSINESSES BY GENERATION OF FAMILY OWNERSHIP

	Male Owner	Female Owner
First generation	29%	33%
Second generation	43%	47%
Third generation	21%	18%

Similar to all family businesses, woman-owned family businesses maintain a strong U.S. market sales focus; nearly two-thirds report U.S. domestic sales as their sole revenue source. Despite dependence on the U.S. economy, *two-thirds of woman-owned firms have maintained or grown their revenue levels*, and less than one-fifth have experienced sales drops of more than 5%. *Most firms have resisted trends to downsize their organizations*, with the median number of employees in woman-owned firms unchanged during the past three years. More than a quarter of respondents grew their firms' revenue by more than 11%, despite the U.S. recessionary environment.

BUSINESS CHARACTERISTICS OF FEMALE-OWNED FAMILY FIRMS *continued ...*

SALES REVENUE TRENDS AT FAMILY-OWNED FIRMS

	Male Owner	Female Owner
Change in sales revenue over the past three years		
Increased by greater than 11%	32%	25%
Increased from 6% to 10%	15%	14%
Increased from 1% to 5%	21%	21%
No change	8%	10%
Decreased from 1% to 5%	8%	13%
Decreased by more than 5%	15%	17%

DEBT STRUCTURE IN FAMILY-OWNED BUSINESSES

	Male Owner	Female Owner
No debt other than trade payables	28%	32%
Debt level between 1% and 25% of equity	33%	31%

Overall, female-owned firms have fared less well in terms of revenue growth than those owned by males. Again, this may be linked to the relative youthfulness of their firms. Less experience in the marketplace may make it harder to rely on an established business base to generate new sales opportunities. On the other hand, it is also the case that woman-owned firms tend to be more fiscally conservative. More of these firms carry no debt, other than trade payables, compared to male-owned firms. Such fiscal conservatism may give them greater ability to weather adversity, but it foregoes the opportunity to use debt to finance growth. It is a matter of investigation whether the reduced use of long-term debt by woman-owned firms is due to barriers to access for credit, which have in the past been reported by women business owners and entrepreneurs, or simply a slightly more risk-averse financial posture on the part of these owners. *The use of financial leverage could be an important variable for the future growth of woman-owned family businesses.* Female-owned firms may benefit by funding future growth through levels of debt comparable to those at male-owned firms.

FAMILY CHARACTERISTICS OF FEMALE-OWNED FAMILY FIRMS

Owners of family businesses are nearly the same age, regardless of the gender of the owner. *Women owners, however, take on ownership of the business later in life than male owners—five years later on average.* For those who are first-generation owners, it may be the case that women owners do not form their firms until their child-bearing and rearing years are coming to an end. This may also be a reason why second- and third-generation owners may forgo taking on family business responsibility until later in life.

CHARACTERISTICS OF FAMILY-BUSINESS OWNERS

	Male Owner	Female Owner
Average age of owner	59	58
Average number of years as owner	23	17
Average age upon assuming ownership	36	41

Woman-owned family businesses actively employ a greater percentage of women family members on a full-time basis in their firms. *Female-owned family firms are more than twice as likely to employ women family members full-time and nearly three times as likely to employ more than one female family member full-time as their male-owned counterparts.* Female-owned firms may have higher expectations that women family members will participate in the business than male-owned firms. In addition, the role modeling by women owners may serve to inspire other women family members to enter the business and work full-time.

FEMALE FAMILY MEMBER FULL-TIME EMPLOYMENT

	Male Owner	Female Owner
Women family members employed full-time	45%	87%
More than one woman family member employed full-time	13%	38%
Of family members employed full-time, percent women	21%	49%

Woman-owned family businesses are far less likely to look outside the family for leadership. Only 6% of female-owned family businesses are led by non-family CEOs, in contrast to 15% non-family CEOs in male-owned family firms. And, while the CEO of a male-owned family business is more likely to be a family member, there are fewer male-owned businesses in which the wife is the CEO than female-owned firms in which the husband is the CEO.

FAMILY MEMBER STATUS AS CEO

	Male Owner	Female Owner
Business was led by a non-family member as CEO	15%	6%
The CEO is a family member	79%	67%
The CEO is related by marriage	12%	33%

FAMILY CHARACTERISTICS OF FEMALE-OWNED FAMILY FIRMS *continued ...*

Woman-owned family businesses experience greater alignment between the family and the business when it comes to loyalty, agreement with business goals, and pride in the business. In addition, and perhaps as a result, woman-owned family firms experience a 40% lower rate of family member attrition in their businesses.

FAMILY AND BUSINESS ALIGNMENT

	Male Owner	Female Owner
The family is loyal to the business to a large extent	66%	74%
The family agrees with the business goals to a large extent	40%	45%
The family is proud of the business to a large extent	71%	76%
A family member left the business within the past five years	35%	21%

Woman-owned family businesses place a greater value on philanthropy and are more likely to give to community and education causes. The philanthropy of family businesses is necessarily linked to the size and resource base of the family's business. As noted earlier, female-owned family firms tend to be somewhat smaller than those that are male-owned. Despite this size differential, the median size charitable gift, \$50,000, is the same for both types of firms. This means that *the median woman-owned business donates at a 13% higher proportion of charitable giving in relation to the resources of the firm.* While the average level of giving remains higher for male-owned firms, as female-owned firms continue to grow and accumulate wealth, they may become increasingly important as charitable contributors.

TARGET OF CHARITABLE GIVING

	Male Owner	Female Owner
Median amount to charity	\$50,000	\$50,000
Average amount to charity	\$177,000	\$100,000
Average % to:		
community	22%	45%
education	33%	30%
international relief	7%	8%
religion	29%	15%
other	9%	2%

LEADERSHIP, GOVERNANCE, AND THE FUTURE

Woman-owned family firms are more than six times as likely to have a female CEO, with more than half of woman-owned firms led by a female chief executive. The CEOs of female-owned family businesses are similar in age and tenure in office to their counterparts at male-owned firms. CEOs at woman-owned firms tend to bring lower levels of formal education to their jobs. They are typically in their early to mid-fifties and have been the CEO for 15 years. 20% of female-owned firms are led by co-CEOs, compared with 15% of male-owned firms.

CEO CHARACTERISTICS

	Male Owner	Female Owner
CEO is a woman	7%	52%
CEO is older than 60	29%	30%
Median age	53	55
CEO has a college degree	69%	58%
Median number of years as CEO	15	15

Overall, 39% of family-owned businesses will experience a leadership transition in the next five years, as CEOs retire or semi-retire. Chief executives at female-owned firms are more likely to retire in the next five or 10 years than their counterparts at male-owned firms. However, while nearly one-third of CEOs at all family firms are over 60, the over-60 CEOs at female-owned firms are less likely to retire within five years than their male-owned counterparts. It's possible that this is a generation of women CEOs who entered their leadership roles later in life and see themselves as just hitting their stride.

CEO RETIREMENT EXPECTATIONS

	Male Owner	Female Owner
The current CEO will retire within five years	28%	33%
The current CEO will retire within 10 years	55%	64%
The current CEO will never retire	14%	14%
The current CEO will semi-retire within five years	10%	16%
For CEOs older than 60, will retire within five years	59%	38%

Despite this anticipated leadership transition, female-owned family businesses are less likely (9%) to indicate concern about management strength than male-owned firms (13%). Woman-owned firms have focused more carefully on CEO succession planning. With a higher anticipated rate of CEO retirement in the next five to 10 years, *female-owned firms are more likely to have chosen a successor chief executive than male-owned firms, and that successor is more likely to be a woman.*

CEO SUCCESSION

	Male Owner	Female Owner
A successor has been named	40%	49%
The chosen successor is a woman	7%	31%

One factor influencing the choice of a woman as the future CEO is the experience of the current owner-management team with women. *The likelihood of a woman successor CEO is even higher for firms that already have a woman involved as either owner or CEO.*

LEADERSHIP, GOVERNANCE, AND THE FUTURE *continued ...*

CEO SUCCESSION

	Male Owner <i>Male CEO</i>	Mixed Gender <i>Owner & CEO</i>	Female Owner <i>Female CEO</i>
A successor has been named	41%	37%	51%
The chosen successor is a woman	6%	29%	37%

Female-owned firms are also more likely to have gender balanced boards of directors than male-owned firms. The typical composition of a board of directors at a woman-owned company includes two female and two male directors. For male-owned firms, however, the composition shifts to one female and three male directors. Experience with a woman on the current owner-management team tends to influence the gender mix of the board, however, resulting in an increased rate of female board members.

BOARD COMPOSITION BY GENDER

	Male Owner <i>Male CEO</i>	Mixed Gender <i>Owner & CEO</i>	Female Owner <i>Female CEO</i>
Average number of male board members	3.2	2.2	2.1
Average number of female board members	1.4	1.7	2.1

Most family businesses anticipate maintaining family control in the future, but female-owned family businesses have slightly lower expectations that the same family will control the business within five years than male-owned firms. Despite the higher levels of loyalty, agreement with goals, and pride experienced by families in woman-owned firms, the level of commitment to the business by the next generation is somewhat diminished in these companies. This paradox may occur because woman-owned firms tend to be

younger; it may simply be harder for family members to judge and commit to the long-term viability of the business. Alternatively, if women delayed ownership of their businesses until their children were raised, these children may not have grown up with the business around them, thereby reducing their level of commitment.

FUTURE FAMILY CONTROL

	Male Owner	Female Owner
Same family will control business in five years	90%	85%
Next generation shows the same commitment	45%	41%

The overwhelming majority of woman-owned family firms, however, do expect the family to maintain control, and many have begun the process of business transition financial planning within the family. Female-owned firms and male-owned firms are comparable with respect to estate planning and share-transfer intentions. Fewer female-owned firms have made formal financial arrangements than male-owned firms, perhaps owing to the greater number of female-owned firms in their first generation of ownership and the youthfulness of these firms.

FAMILY OWNERSHIP PLANS

	Male Owner	Female Owner
Estate planning not completed (other than a will)	20%	19%
Other generations know share-transfer intentions	65%	65%
Firm has buy-sell agreement defining ownership	64%	50%
Firm has formal redemption/liquidity plans	45%	28%

LEADERSHIP, GOVERNANCE, AND THE FUTURE *continued ...*

Looking ahead for the business itself, female-owned family firms are slightly less optimistic regarding company prospects than their male-owned counterparts, with lower expectations for revenue and employment growth. *Woman-owned businesses see the current U.S. recessionary environment as the greatest future challenge.*

FUTURE EXPECTATIONS

	Male Owner	Female Owner
Optimistic regarding the company's prospects	74%	68%
Revenue growth greater than 6% next year	48%	43%
Staffing will increase by 5% or more next year	52%	40%

Business' greatest challenge

• Domestic competition	13%	11%
• Management strength	13%	9%
• Recessionary environment	11%	17%
• Labor costs	5%	8%
• Regulatory burdens	5%	6%

Overall, more than two-thirds of woman-owned family businesses anticipate a positive future for their companies, with 43% expecting revenue growth greater than 6% and 40% anticipating expansion in employment by at least 5%. These firms may be concerned about the current economic environment, but they are poised to prosper nonetheless.

LESSONS FROM WOMEN IN FAMILY-OWNED BUSINESSES

There is an emergent and growing presence of women in U.S. family-owned businesses. As their presence changes the face of family business in America, some areas deserve particular focus:

- Female-owned firms exhibit greater productivity than male-owned firms. Since both types of firms operate in the same top five business sectors, clearly something is happening in the management style of female-owned firms to garner these results. Learning from the management approaches of female owners may be an important future step for family business success.
- Familiarity with women on the ownership-management team seems to breed their acceptance. Once family-owned firms include women as either owners or CEOs, the level of full-time participation by women family members and female leadership on the board or as CEO rises.
- Family-owned businesses have long been looked to as philanthropic donors to causes and their communities. As female owners bring an increased emphasis on charitable giving to their family businesses, philanthropic organizations can expect to benefit.
- Families seeking to shore up family involvement and satisfaction in their businesses might look to the model of woman-owned firms. Woman-owned family firms experience higher levels of family loyalty, business goal agreement, and business pride, and benefit from lower rates of family member departure from the business.

SURVEY METHODOLOGY

The MassMutual Financial Group and the George and Robin Raymond Family Business Institute conducted the American Family Business Survey. The research was directed and supported by the Loyola University Chicago Family Business Center, the Cox Family Enterprise Center at Kennesaw State University, and Babson College. This year's survey team polled a broad cross-section of family businesses widely dispersed throughout the country. The 20-page questionnaires containing more than 100 questions were mailed in March 2002 to more than 38,000 family businesses. The database was created expressly for this survey. The survey team researched family businesses at least 10 years old with sales volume in excess of \$1 million that have at least two officers or directors with the same last name. The full report for the American Family Business Survey can be found by contacting the Raymond Family Business Institute (www.RaymondInstitute.org).

The overall response rate to the American Family Business Survey was 3%, with 1,143 surveys returned within a six-month period. The survey was designed to over-sample women owners. But because the response rate of female-owned businesses was lower than that of male-owned businesses, no over-representation in the sample occurred. Of the 1,143 companies that responded to the survey, 873 (76.4%) identified the gender of the owner if there is a single owner. Of these 873 family businesses, 136 firms (15.6%) reported having a female owner and 737 (84.6%) reported having a male owner. These firms' responses provide the data⁴ for this report on women in family businesses.

APPENDIX: GENDER DIFFERENCES IN FAMILY-OWNED BUSINESSES*

	Male Owner	Female Owner
Company Characteristics		
• Number of firms	737	136
• Median annual revenues (\$ millions)	\$8.0	\$6.0
• Mean annual revenues (\$ millions)	\$30.4	\$26.9
• Sales revenues have increased over the past three years		
Increased by greater than 11%	32%	25%
Increased from 6% to 10%	15%	14%
Increased from 1% to 5%	21%	21%
No change	8%	10%
Decreased from 1% to 5%	8%	13%
Decreased by more than 5%	15%	17%
• No debt other than trade payables	28%	32%
• Debt level between 1% and 25% of equity	33%	31%
• The business operates as an S corporation	48%	49%
• The business operates as a C corporation	45%	44%
• Median number of employees	50	26
• Median year of business founding	1960	1970
• Type of business		
Manufacturing	25%	28%
Services	7%	13%
Construction	13%	9%
Wholesale	16%	22%
Retail	12%	11%
• Owner/founder of the business		
First-generation owner/founder	29%	33%
Second-generation owner/founder	43%	47%
Third-generation owner/founder	21%	18%
Leadership Profile		
• The CEO is older than 60	29%	30%
• CEO median age	53	55
• The CEO has a college degree	69%	58%
• The median number of years CEO in office	15	15
• The CEO		
is a family member	79%	67%
is related by marriage	12%	33%

* The data in this appendix are taken from the MassMutual Financial Group/Raymond Family Business Institute American Business Survey data set. Statistically significant differences are indicated with boldface type. © Copyright 2002. The Raymond Family Business Institute and Massachusetts Mutual Life Insurance Company. All rights reserved. Used with permission.

APPENDIX: GENDER DIFFERENCES IN FAMILY-OWNED BUSINESSES *continued ...*

	Male Owner	Female Owner
Succession Plans		
• The business will change leadership within five years	38%	49%
• The current CEO		
Will retire within five years	28%	33%
Will retire within 10 years	55%	64%
Will never retire	14%	14%
• The current CEO will semi-retire within five years	10%	16%
• For CEOs older than 60, will retire within five years	59%	38%
• A successor has been named	40%	49%
• The chosen successor is a woman	7%	31%
• If co-CEOs in the future, one may be a woman	47%	39%
• Women family members employed full-time	45%	87%
• More than one woman family member employed full-time	13%	38%
• Of family members employed full-time, percent women	21%	49%
• The business is led by co-CEOs	15%	21%
• Family members will serve as co-CEOs in the future	36%	35%
• Business was led by a non-family member as CEO	15%	6%
• If business has had a non-family member CEO, the experience was		
"Extremely successful"	33%	19%
"Very successful"	41%	46%
"Somewhat successful"	14%	19%
"Slightly successful"	6%	4%
"Not successful"	6%	12%
• Same family will control business in five years	90%	85%
• Next generation shows the same commitment	45%	41%
• Business contributes to the family's identity in the community		
"Very much so"	47%	44%
"For the most part"	19%	17%
"Somewhat"	17%	22%
"Slightly"	11%	9%
"Not at all"	6%	9%

APPENDIX: GENDER DIFFERENCES IN FAMILY-OWNED BUSINESSES *continued ...*

	Male Owner	Female Owner
Estate Planning		
• The senior generation understands the amount of estate tax due upon their deaths		
"Good" understanding	71%	62%
"Some" understanding	26%	32%
"Not at all"	4%	5%
• Estate planning not completed (other than a will)	20%	19%
• Other generations know share-transfer intentions	65%	65%
• Life insurance will cover estate taxes	46%	33%
• Firm has buy-sell agreement defining ownership	64%	50%
• Few businesses have formal redemption/liquidity plans	45%	28%
• Owners use all or most of the \$1 million gift exemption	21%	27%
• Owners regularly use \$10,000 annual gift exclusion	45%	46%
• Owners have never paid gift taxes	67%	74%
Ownership Issues		
• The same family will control the business in five years	90%	85%
• A family member has left business within the past five years	35%	21%
• Family members have been "bought out" in the past 10 years	34%	34%
• Families with at least one divorce in the past 5 years	18%	23%
• Ownership is NOT restricted to family members	39%	32%
• Ownership succession for the next generation is undecided	26%	21%
• Expectations for future ownership		
Ownership to those "contributing most to the business"	23%	25%
"Equal division of ownership"	28%	32%
"Less ownership for inactive"	10%	8%
"No ownership for inactive"	14%	8%
"Undecided"	22%	24%
"Not applicable (selling business)"	3%	3%

APPENDIX: GENDER DIFFERENCES IN FAMILY-OWNED BUSINESSES *continued ...*

	Male Owner	Female Owner
Boards of Directors		
• The board		
Meets only one or two times per year	54%	59%
Meets not at all	16%	15%
Meets 3-4 times per year	19%	20%
Meets 5 or more times per year	12%	7%
• The board's contribution is rated		
"Outstanding"	23%	20%
"Good"	34%	46%
"Fair"	15%	14%
"Poor"	2%	1%
"No contribution"	26%	18%
Strategies and Organization		
• The company does NOT have a written strategic plan	60%	58%
• Company management is familiar with the strategic plan	68%	64%
Perceptions of Outside Advisors		
• Most trusted business advisor is		
Accountant	36%	34%
Lawyer	31%	26%
• Among top three advisors		
Accountant	69%	63%
Lawyer	53%	53%
Banker	21%	17%
Business peer	21%	24%
• Most trusted advisor for estate planning		
Accountant	43%	42%
Lawyer	37%	41%
Business Climate		
• Optimistic regarding the company's prospects		
"Very much so"	63%	50%
"For the most part"	11%	18%
"Somewhat"	17%	18%
"Slightly"	7%	11%
"Not at all"	2%	3%
• Revenue growth expected to be greater than 6% next year	48%	43%
• No change or a decrease in revenue growth	18%	18%

APPENDIX: GENDER DIFFERENCES IN FAMILY-OWNED BUSINESSES *continued ...*

	Male Owner	Female Owner
Business Climate (continued)		
• Staffing will increase 5% or more next year	52%	40%
• Business' greatest challenge		
Domestic competition	13%	11%
Management strength	13%	9%
Recessionary environment	11%	17%
Labor costs	5%	8%
Regulatory burdens	5%	6%
Business Attitudes		
• The extent to which the family has influence		
Not at all	6%	3%
Not to any extent	12%	8%
Neutral	16%	16%
To some extent	25%	25%
To a large extent	41%	41%
• The extent to which the family is loyal to the business		
Not at all	1%	1%
Not to any extent	1%	1%
Neutral	5%	3%
To some extent	26%	22%
To a large extent	66%	74%
• The family agrees with the goals of the business		
Not at all	1%	2%
Not to any extent	3%	3%
Neutral	13%	11%
To some extent	43%	40%
To a large extent	40%	45%
• The family is proud of the business		
Not at all	1%	1%
Not to any extent	2%	0%
Neutral	5%	4%
To some extent	22%	19%
To a large extent	71%	76%
• The family and the business share similar values		
Not at all	3%	1%
Not to any extent	6%	3%
Neutral	16%	15%
To some extent	37%	41%
To a large extent	39%	41%

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ABOUT THE SURVEY TEAM



BABSON COLLEGE

Babson College supports entrepreneurs on their journeys to build and grow successful companies. The College has been a pioneer in entrepreneurial education since its inception in 1919, offering an innovative curriculum that helps students develop well-rounded leadership and management skills. While conventional thinking defines entrepreneurship as starting and running a business, Babson believes that having sharp entrepreneurial skills is vital for the success of any business — large or small, public or private, corporate or not-for-profit, local or global. In 1967, Babson became the first College to offer a graduate course in entrepreneurship. More than three decades later, it has been recognized as a world leader in entrepreneurial education by *U.S. News & World Report*, the *Financial Times* and *The Wall Street Journal*. The College can be reached at 781-239-4456 or www.babson.edu.



THE RAYMOND INSTITUTE

The George and Robin Raymond Family Business Institute is a not-for-profit foundation that strives to be the global authority of fostering ideal conditions for effective family-business management. Located in Alfred, N.Y., the Raymond Institute provides and enhances networking opportunities and supports interdisciplinary research and teaching initiatives. The Institute can be reached at 607-587-9695 or www.RaymondInstitute.org.



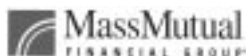
LOYOLA UNIVERSITY CHICAGO

Loyola University is Chicago's oldest university and has long been in the forefront of family-owned business research. The University's Family Business Center is internationally recognized as a pioneer and leader in family-business development. The Center is dedicated to the ideal of celebrating family enterprise. The Center can be reached at 312-915-6490 or www.gsb.luc.edu/centers/fbc.



KENNESAW STATE UNIVERSITY

The Cox Family Enterprise Center at Kennesaw State University has been recognized as a leader in the field since 1987. More than 120 colleges and universities emulate its research and educational programs. Programs promote effective family-business management and secure the growth of healthy family relationships. The Center can be reached at 770-423-6045 or www.kennesaw.edu/fec.



THE FAMILY BUSINESS ENTERPRISE AT MASSMUTUAL

MassMutual created the Family Business Enterprise to educate its representatives to serve family businesses and help business owners receive the advice and products to best suit their needs. The Family Business Enterprise provides educational opportunities for family-business owners and members through MassMutual's sponsorship of Family Business Centers and The Entrepreneurship Institute. The Family Business Enterprise recognizes the achievements of family businesses through MassMutual's annual National Family Business of the Year Award. The Family Business Enterprise can be reached at 1-800-234-1007 or via e-mail at familybusiness@massmutual.com. Visit our Web site at www.massmutual.com.

FOR MORE INFORMATION

For more information about this survey, please contact the Center for Women's Leadership at Babson College (781-239-5001 or cwl@babson.edu), or Retail Distribution Marketing at Massachusetts Mutual Life Insurance Company (1-800-234-1007 or via e-mail at familybusiness@massmutual.com). Researchers who are full-time employees of qualified academic institutions may request a copy of the data set for academic, non-commercial research purposes by contacting the Raymond Family Business Institute.

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