

First and Second Generation Owners Dominate America's Family Businesses, Says FEUSA's Family Business Survey

Cornell University Study Cites Better Communications Needed with Next Generation of Leaders



WASHINGTON, DISTRICT OF COLUMBIA, UNITED STATES, August 1, 2024 /EINPresswire.com/ -- America's

family businesses are getting ready to

transition from one generation to the next, but communication issues are complicating smooth handovers, according to results from two family business surveys.

The surveys are from Family Enterprise USA, which conducts its [Family Business Survey](#) each year, and from Cornell University's The Smith Family Business Initiative.

This year's [Family Enterprise USA Annual Family Business Survey](#) on the state of family businesses in America was the largest survey taken to date, with 789 respondents from 40 states completing the survey.

The majority of respondents, some 72.5%, said their family businesses are owned by either the first or second generation. In addition, another 16% are owned by the third generation, the survey found.

America's family businesses are the largest private employer in the country, accounting for 83.3 million jobs in 32 million family businesses. Family businesses contribute \$7.7 trillion annually to U.S. gross domestic product, according to research.

Though family businesses are still being run by founders or their children, the survey also showed that 67% "have not" passed on ownership to the next generation.

[Family businesses that have made plans to pass the business down](#), some 43%, have passed down "partial ownership," according to the data, but only 33% have passed on "full or controlling interest" in the business, the survey showed. A large group, 23% of family businesses, have passed on ownership to non-family members.

The issue of transitioning to the next generation were also raised in a new study from Cornell University's The Smith Family Business Initiative.

The research was designed to give voice to next-generation to "better understand their concerns and attitudes towards family businesses," according to Dann Van Der Vliet, Executive Director of the Ithaca, N.Y.-based The Smith Family Business Initiative. The survey was completed with the help of Family Enterprise USA and The Roberts Group.

In the survey, some 92 North American students enrolled in family business or entrepreneurship-related courses voiced their worries about family business transition plans.

The top concern among "Next Gen" respondents was the need for "family communication," that is, there is a lack of family communication, they survey found.

After communication issues, the students said their next worries were about their ability to "grow revenue" and build upon their family business. The third major concern was wondering if there is a basic "succession plan" in place.

"Both studies show there're issues with the older leaders, mostly Boomers, and their need to communicate more effectively with the next generation of family business leadership," said Pat Soldano, President of Family Enterprise USA and the Policy and Taxation Group, both advocates for family businesses on Capitol Hill.

The Family Enterprise USA survey found 74% of U.S. family business expect to grow at least 10% this year, while only 10% expect a decline.

"Despite the many challenges facing family businesses, this year's survey shows family businesses continue to grow, add jobs, and pay more benefits than non-family enterprises," said Soldano. "But family businesses are at a turning point as they begin transitioning leadership to the next generation," she said. "This research shows that better communication and the actual passing of ownership to the next family business leaders continues to be a challenge facing America's largest private employer."

Results from the surveys are available at www.familyenterpriseusa.com.

About Family Enterprise USA

Family Enterprise USA promotes generationally owned family business creation, growth, viability, and sustainability by advocating for family businesses and their lifetime of savings with Congress in Washington DC. Since 2007, Family Enterprise USA has represented and celebrated all sizes, professions, and industries of family-owned enterprises and multi-generational employers. It is a bipartisan 501.c3 organization. www.familyenterpriseusa.com

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