

## **A 2020 Vision for Family Business in America**

*New nonprofit organization stirs excitement amongst family business owners*

Family business owners from across the country converged in Naples, FL for Family Enterprise USA's (FEUSA) 1<sup>st</sup> Annual Member Meeting on February 28, 2011. The meeting's theme: *A 2020 Vision for Family Business in America* set the tone for a spirited discussion about the future of family-owned businesses in the U.S.

The excitement that reverberated throughout the meeting reinforced the potential for FEUSA to have a profound impact on the ability of America's family businesses to sustain their companies through generations. With each generational change, there is a 30% decline in the survival rate of family businesses. While some of that decline can be attributed to internal factors, much of it is exacerbated by external forces that require families to deal with issues that are unique to their business being family-owned.

Meeting attendees came from companies based all over the U.S., and ranged from 2<sup>nd</sup> to 11<sup>th</sup> generation. Their passion and overall engagement reinforced the need for FEUSA to represent their issues and interests. As business-owning families begin to have a clear understanding of what is possible, the growth potential for FEUSA and its ability to make an impact will be surpassed only by the success of future generations of America's family enterprises.

FEUSA's President, Ann Kinkade kicked off the annual meeting with an overview of the organization's current projects and overall financial health. FEUSA's current efforts include sharing the results of a recent national survey, publishing of legislative updates from a family business perspective, and getting the facts out to relevant constituents such as the media, policymakers and the general public regarding the prevalence of family business in this country.

The organization is funded solely by tax-deductible membership dues and donations. FEUSA was started with seed money from a Midwestern family business, and to date has several founding members who have made significant contributions. FEUSA also has a core group of general members. The organization saw a growth in both founding and general members at the conclusion of the annual meeting.

The meeting's discussion was sparked in several ways, including presentations from two well-renowned individuals in the family business field – Dr. Joseph Astrachan, FEUSA Board Chair and Executive Director of the Cox Family Enterprise Center at Kennesaw State University, and Greg McCann, an author, educator, consultant and speaker.

Dr. Astrachan provided a statistical profile of family businesses in the U.S. These numbers were surprising; not by the actual data, but because the current portrayal of family business does not adequately reflect their contributions to the U.S. economy and society. Using a broad definition there are 26 million family businesses in the U.S., which account for 57% of GDP in the U.S. In addition, 63% of all the jobs in the U.S. and greater than 75% of all new jobs (net) are generated by the family business sector. Not to mention the fact that 35% of largest public companies are actually family businesses, with significant family involvement in governance, strategic influence and/or ownership.

These statistics lend immediate credibility to a sector that has largely been overlooked as what can clearly be considered the major driving force of economic activity in America. If that weren't enough, research shows that family businesses hold a strategic competitive advantage over other types of business due to their long-term development of leaders, values-based decision making, reinvestment in employee loyalty, patient capital and governance by those with a true sense of ownership.

While the presentation of data laid foundational understanding of the context, Greg McCann posed the following question, “If the key stakeholders related to family business (media, policymakers, scholars, the general public and business-owning families) actually understood the role that family businesses play in America – what would change?”

Would the *Family Enterprise Journal* replace the *Wall Street Journal*? Would family business leaders meet with the President to advise on economic matters? Would 300 American universities have a major in family business? (Currently there are two.) Would more family enterprises take pride in responsible stewardship of their companies? The answers to these questions remain unknown until there is a better understanding of the impact family businesses have on the American economy and society.

In fact, the future of the U.S. economy (and the world’s economy for that matter) is dependent on the success of family businesses. With no other organization working to highlight the collective contributions made by this important sector in the U.S., FEUSA is poised to work on its behalf.

The speakers clearly energized the audience leading into a provocative discussion in which family business owners were asked to provide their insights into their 2020 Vision of Family Business in America. In particular, they were asked to focus on how FEUSA can make the most impact.

It is clear that sustaining family businesses through generations has great societal and economic benefits, and the meeting attendees knew this firsthand, but they had not had a forum to discuss their perspectives. FEUSA will provide the opportunity for family businesses to highlight the external challenges they face, especially those which create an uneven playing field when compared to their non-family business-owning competitors. FEUSA will then use this powerful data to publicly underscore the enormous impact family businesses have on the economy and society, thereby helping to re-frame key stakeholders’ views during times where their decisions may concern the sector.

In order to accomplish this goal, America’s family businesses need to think and act collectively. Family businesses are largely under- or mis-represented due to the fact that most align themselves with their specific industry. For many situations this is appropriate. However, to truly impact the overall future business climate, business-owning families need to speak from one voice as family business owners whose long-term perspective and planning horizons are fundamental to economic and societal vitality.

FEUSA’s first annual member meeting was a tremendous success. It may be the first time that a critical mass of U.S. family business owners gathered to discuss issues related to a shared identity and how their collective voice needs to be heard.

As one family business owner put it, “I found the first annual FEUSA meeting to be an extremely interesting and thought provoking gathering that has significant potential for not only family businesses, but from a policy perspective nationally. The engagement, knowledge and commitment of those who attended was refreshing and exciting.”

FEUSA would like to thank the speakers, members and guests who attended the meeting. If you would like more information about the organization or have questions about the events that took place at the annual meeting, please visit FEUSA’s website at [www.familyenterpriseusa.org](http://www.familyenterpriseusa.org) or email the staff at [info@familyenterpriseusa.org](mailto:info@familyenterpriseusa.org).

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Launched in 2009, Family Enterprise USA (FEUSA) is an independent, national 501(c)(3) membership organization whose primary purpose is to increase the public’s and policymaker’s knowledge and awareness of the positive contributions made by and the issues faced by America’s more than 5.5 million family businesses. FEUSA is supported solely by the tax deductible membership dues and donations from the family business community.