

Making a difference: a US perspective*

The PricewaterhouseCoopers Family Business Survey 2007/08

Table of contents

Foreword	2
Introduction	4
Growth and corporate challenges	8
Competitiveness	16
Ownership and succession planning	22
Conflict resolution	26
Economic and regulatory changes family businesses would like to see	32
Conclusion	36
Appendix	38
Contacts	40

Foreword

Family businesses are a critical component of the global economy. Yet despite the importance of family-owned or controlled companies, the views of their leaders are seldom recorded. Our latest Family Business Survey—the fourth conducted since 2002 and the first to cover the global scene—aims to redress this omission. Through this survey, we set out to solicit the opinions of 1,454 family business leaders around the world.

For the first time, our survey includes responses from family businesses in the United States. In the US report we highlight the views of 89 US companies and compare them to the global total in instances where we note a significant difference. Our goal is to give you, as a US family business leader, an opportunity to see how your

issues and concerns compare with those of your peers throughout the country. The survey also enables us to learn more about the opinions, intentions and expectations of the leaders of these companies. Gaining insights that will help us better understand the issues they face is a natural outgrowth of our efforts to provide value to private company owners today and well into the future.

Most entrepreneurs are immersed in the details of running their companies and have little time to focus on broader trends in family businesses or the issues impacting their peers. This survey strives to capture a snapshot for you. We recognize that this survey reflects the opinions of company leaders at a single point in time, and that answers could change

in response to fluctuating economic, political and demographic circumstances. As a longtime thought leader on the subject of family business, we are committed to monitoring this shifting landscape, to capturing more snapshots of family businesses in the US and to tracking how their needs and concerns evolve over time.

We hope that you will find the results of this survey revealing. In our work with family businesses, we have found that open communication is one of the most important prerequisites to the long-term health and success of any enterprise. With that in mind, one of the most important objectives of this survey is to spark a healthy discussion among the members of your family business.

Introduction

For this survey, we interviewed the senior management of 89 mid-sized family companies in the United States, in a wide range of industry sectors (see *Figures 1 and 2*). More than 90% of these companies have been in business for more than a decade; 39% have been in business for at least 50 years, passing the company from one generation to the next. While 83% of the companies have 250 or fewer people on the payroll, almost three-fourths (74.2%) generated between \$139M and \$1.4B in annual revenues in the most recent fiscal year—a testament to the leadership of the families who manage them.

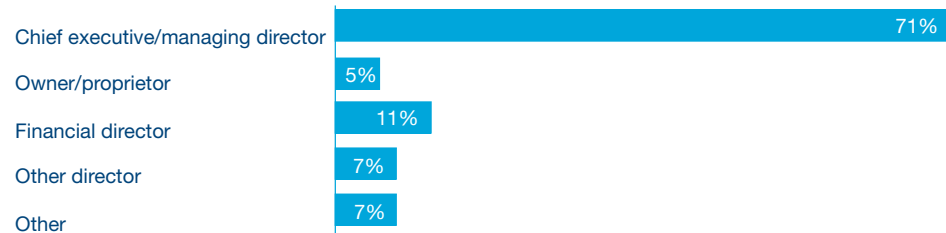
Our survey confirmed what we regularly experience in our work with private companies—that family-run companies realize unique benefits but also face distinct challenges. When those running the business also own the company, they have a powerful motivation to succeed; they are attached emotionally and financially in ways that their public company counterparts may not be. The dedication and passion that drive family businesses can give them a competitive advantage. However, the marriage of family and business presents challenges as well. Conflicts are bound to arise when family members work side by side, as our respondents confirm.

In this report we'll explore how to prevent or resolve such conflicts—skills that are essential to the success and longevity of any family business.

We hope that the survey findings will help to shed light on the issues of greatest interest to the leaders of family businesses. Among those issues, which we explore in this report, are a shortage of skilled labor, increasing competition, succession planning, conflict resolution, and the impact of the economic and regulatory environment. (For details of our methodology, please see the Appendix.)

Introduction

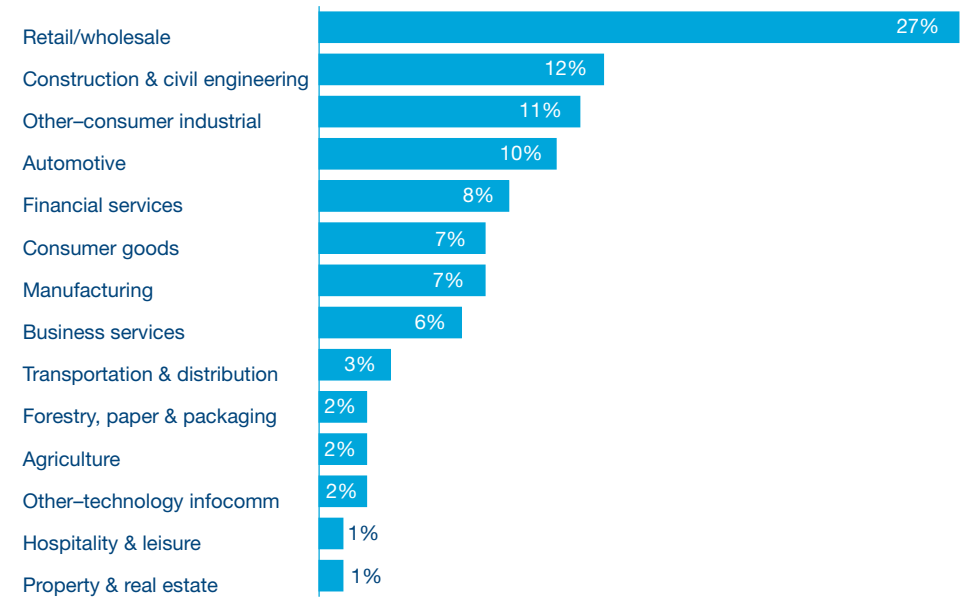
Figure 1: Survey participants by position in company



Other includes: finance/accounts, manager/general manager, not specified

Source: PricewaterhouseCoopers Family Business Survey, 2007/08

Figure 2: Survey participants by industry sector



Source: PricewaterhouseCoopers Family Business Survey, 2007/08

What is a family business? We have defined family businesses as companies in which a family or related families hold at least 51% of the shares, the family members constitute the majority of the senior management team, and the owners have responsibility for the day-to-day management of the business.

Growth and corporate challenges

- Almost two-thirds of the family businesses in our survey have experienced a growth in demand in the past 12 months, and almost as many expect the value of orders or contracts to increase over the next 12 months.
- Most respondents are prepared to act on opportunities that present themselves. Nearly three-quarters of family businesses have developed a strategic business plan, and of those, more than 95% have reviewed and updated the plan within the past 12 months.
- However, one-quarter of companies have no business plan, which could hamper their ability to secure financing, attract key personnel, and provide for a succession plan.
- Entrepreneurs recognize that they face formidable challenges. Topping the list of external challenges are: market conditions, competition and government policy. The leading internal challenge is recruiting talent from a shrinking pool of skilled labor.

Until the summer of 2007, and the fallout from the housing market and credit crisis, the US economy had been on a modest growth track. The gross domestic product was 13.2 trillion USD in the US in 2006 and the outlook was for continued modest growth.

In this environment, almost two-thirds of respondents reported that they had seen demand for their products or services increase in the 12 months before the survey. “Growth and expansion” was the leading strategy cited by respondents, although some were wary of growing too fast. While 45% of respondents had increased their capital expenditure levels in the past 12 months, another 42% kept expenditures at the same level.

The profit picture was mixed: 46% of companies saw operating profits increase in the past 12 months, 28% saw them remain flat and 24% experienced a decline. Nevertheless, optimism about the future was widespread. Almost two-thirds of family businesses in our sample expected to see the value of orders or contracts increase over the next 12 months (see *Figure 3*).

However, given the disruptions in the economy since the survey was conducted, these business leaders are likely to be less optimistic in the second half of 2007 than in the first. The crisis in the sub-prime mortgage market, tightening in the credit market and rising fuel prices likely

will put a significant damper on the revenue growth and the ability of family businesses to secure capital for expansion. As housing prices continue to slump and fewer buyers qualify for loans, consumers have less purchasing power to buy the goods and services that family businesses produce. Worries about the economy could cause even those consumers who are not directly impacted to curtail their spending.

Given the economic turbulence in the last half of 2007, it may be difficult for some companies to achieve their growth objectives, especially if their focus is solely on the US market. That said, family businesses seem to have the ability to adjust more quickly than

“I want us to become one of the top five companies in our industry nationally.”

Survey participant

their large corporate counterparts to a changing economic environment. One reason may be that these companies tend to forge strong relationships, not just within the family but also with their suppliers, their communities and even with industry peers, who often help one another when needed—all of which makes it easier to weather economic storms.

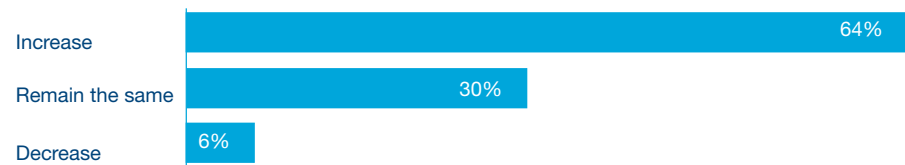
Indeed, most respondents are prepared to act on opportunities that present themselves. For family-owned businesses with solid financials, there are still tremendous opportunities for growth, through avenues such as mergers and acquisitions and international expansion. To position themselves for the future, nearly three-quarters of the family businesses we surveyed have devel-

oped a strategic business plan, and of those, more than 95% have reviewed and updated the plan within the past 12 months (see *Figure 4*).

However, it's concerning that 28% of respondents do not have such a plan, which could constrain their ambitions. A sound business plan is essential for any company hoping, among other things, to secure outside funding. But today such a plan is indispensable, not just to acquire financing in a difficult environment but also to recruit and retain key personnel at a time when the labor pool is shrinking and the competition for talent is intensifying.

Companies that have not done so would do well to consider developing a strategic business plan. The plan

Figure 3: Sixty-four percent of responding companies expect the value of the orders or contracts they secure to increase over the next 12 months



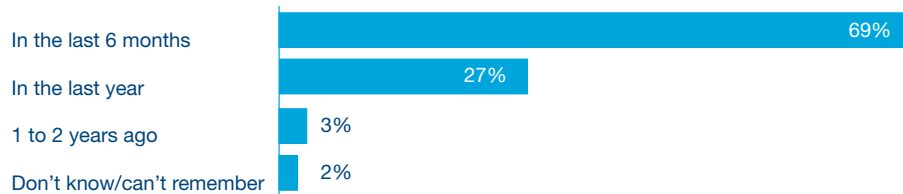
Source: PricewaterhouseCoopers Family Business Survey, 2007/08

must be written (not simply residing in the CEO's head), and it should focus on three to five years into the future, if not longer. The plan should address key issues of operations, leadership and succession as well as plans for growth and expansion. It should have the buy-in of key stakeholders, within

and outside of the family. Most important, the strategic business plan should be a living document that is reviewed, discussed and revised periodically—at a minimum, every other year—perhaps at an off-site retreat where stakeholders will not be distracted by everyday operational concerns.

Growth and corporate challenges

Figure 4: More than 95% of those companies that have a business plan have reviewed it within the last 12 months



Source: PricewaterhouseCoopers Family Business Survey, 2007/08

Having a strategic business plan will help family businesses deal more effectively with the external and internal challenges they face. When asked about which external challenges would most affect their companies over the coming year, respondents cited market conditions,

competition and government policy (see Figure 5).

Fifty-six percent of respondents are worried about market conditions, which could, perhaps, signal their fears of an economic slowdown. Indeed, had the question been

asked six months later, it's likely the percentage would have been even higher, given the ensuing turmoil in the housing and credit markets.

While market conditions were top of mind for the largest percentage of respondents, 34% of companies also cited competitive pressure as a key external challenge. Market conditions and competition go hand in hand, and they extend beyond US borders. Increasingly, regardless of whether or not family businesses in the US participate in global markets, they are affected by them. Lower costs of labor and materials in developing countries can have an enormous competitive impact on domestic family businesses. Companies in the manufacturing sector are among the hardest hit, but even service

“I want people to remember us for having established a culture and environment of caring and sharing for employees, customers and suppliers.”

Survey participant

businesses are experiencing intense global competition, as an increasing number of processes are being outsourced to low-cost countries in Asia and Eastern Europe.

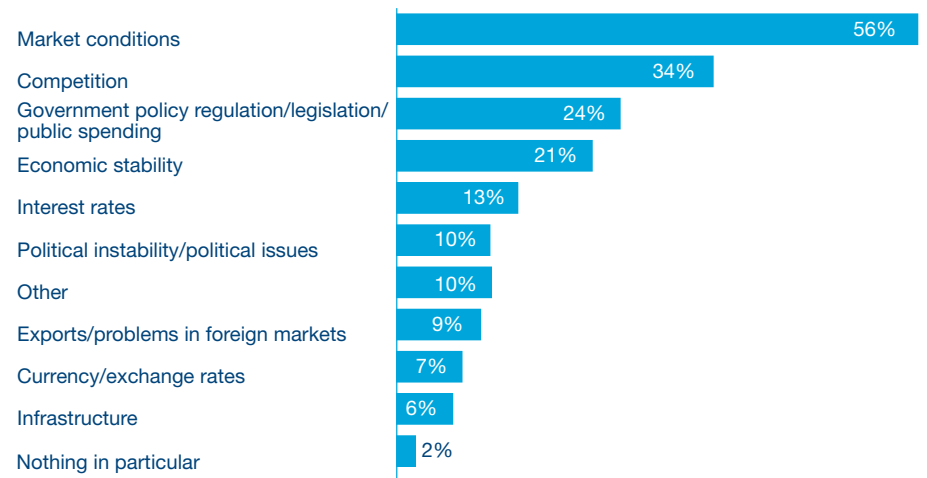
In an environment of global trading, isolationism is not an option. At a minimum, US companies must monitor the global competitive landscape continually. They must understand business trends in Asia-Pacific, Europe and South America if they are to devise effective strategies to address international competition.

The challenge of competing on a global scale will likely intensify—possibly one reason why 24% of respondents cited government policy, including regulation, legislation and public spending, as another leading external challenge (see Figure 5).

There is a fair amount of anxiety among the leaders of family businesses about the prospect of more regulation and higher taxes. Government regulations have a major impact on family businesses, and the reporting and other burdens they impose make it more difficult for US businesses to compete globally, or even to compete with businesses in other cities, counties or states that have more business-friendly regulatory and tax environments.

Family businesses face internal challenges as well. Leading the list are labor shortages, cash flow management and the need for corporate restructuring to adapt to a fast-changing business environment (see Figure 6).

Figure 5: Responding companies believe the main external challenges they will face in the next 12 months are market conditions, competition and changes in government policy

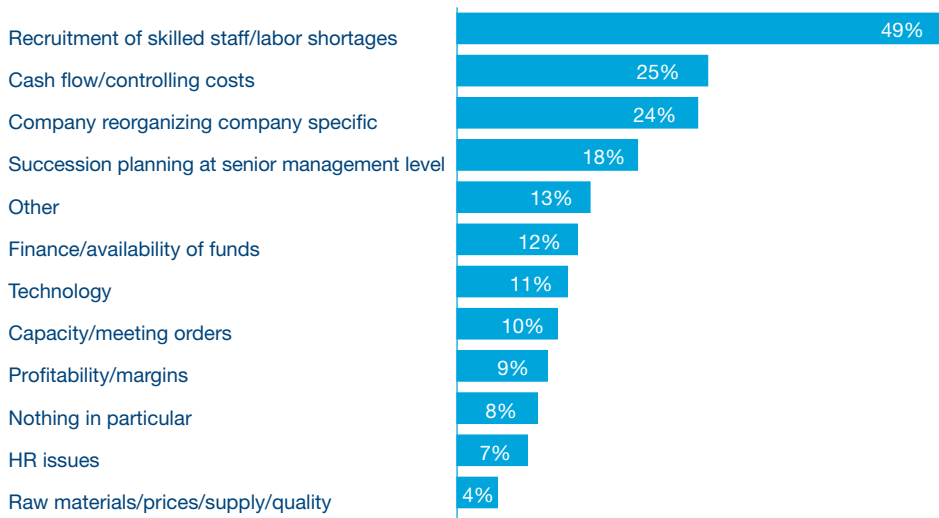


“Other” includes: environmental issues, international/national fiscal tax regime, power of retailer, communication/technology

Source: PricewaterhouseCoopers Family Business Survey, 2007/08

Growth and corporate challenges

Figure 6: Responding companies believe the main internal challenges they will face in the next 12 months are labor shortages, cash flow management and corporate restructuring



“Other” includes: tax planning/optimizing tax structure, bureaucracy/meeting regulation/customer service, R&D/innovation, strategy, efficiency, logistics

Source: PricewaterhouseCoopers Family Business Survey, 2007/08

A labor shortfall is particularly acute in the US, where the generation of baby boomers is set to retire and the pool of younger replacement workers is smaller. Not surprisingly, then, the recruitment of skilled staff over the next 12 months was cited more frequently than any other internal challenge, by almost half of respondents. Employers must begin now to plan how to replace key personnel who will be retiring over the next three to five years.

Recruiting is not the only challenge. With the labor pool shrinking, employers will find it harder to retain the most talented workers, who have many options in today’s marketplace. Companies can take a variety of steps to boost their retention rate

of skilled workers, such as including retention programs in the annual strategic plan, discussing retention issues during management meetings, creating personal development plans for employees, and placing an emphasis on development opportunities and recruiting efforts.

While the competition for talent tops their list of internal challenges, 25% of respondents also cited the need to manage cash flow and control costs. Cash flow is the lifeblood of closely held companies, so acquiring and managing cash is a critical concern. Additionally, the credit crisis that emerged in the summer of 2007 will have a significant impact on the ability of family businesses to acquire capital to fuel expansion plans. That, in turn, will

“My wish is for one hundred years of business success.”

Survey participant

make it critical for companies to spend their cash wisely, controlling costs in order to remain viable.

In addition to addressing labor shortages and cash flow management, almost one-fourth of compa-

nies are focused on the challenge of restructuring their organizations. This focus reflects the need for family businesses to be highly flexible, to adapt to changing economic conditions, and to respond to increasing global competition.

Twenty-eight percent of respondents do not have a strategic business plan

Competitiveness

- Almost all of the executives who responded to our survey believe that their companies are “somewhat” or “very” competitive.
- To boost their competitiveness, family businesses are investing in a variety of areas. Topping the list are IT infrastructure, sales activity and marketing.

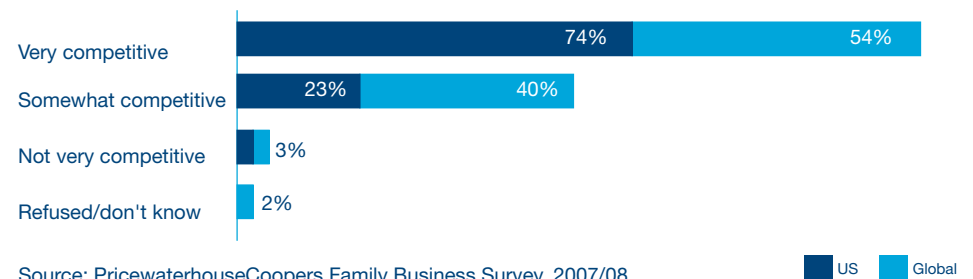
Despite the external and internal challenges they face, the company leaders in our sample are overwhelmingly optimistic about their competitive positions relative to the market leaders in their sector (see *Figure 7*). Almost three-fourths of respondents view their companies as “very competitive”—significantly higher than in the global sample as a whole (74% vs. 54%). Perhaps the difference reflects a strong work ethic, optimism and a spirit of competition among US entrepreneurs.

To boost their competitiveness, family businesses are investing in a variety of areas. Topping the list are IT infrastructure, sales activity and marketing (see *Figure 8*).

The overwhelming majority of US companies in our sample are investing in IT infrastructure—a significantly higher percentage than their global counterparts (87% versus 62%). This is not surprising, given the high cost of materials and human capital in the US relative to many parts of the world. Technology can help to increase efficiency and reduce labor costs, enabling US businesses to compete more effectively in the global economy.

The current skilled labor shortage will only increase the dependence of family businesses on technology as a means of boosting productivity and competitiveness. For instance, more than half of the companies we

Figure 7: The vast majority of responding companies are confident that they can compete effectively with the market leaders in their sector

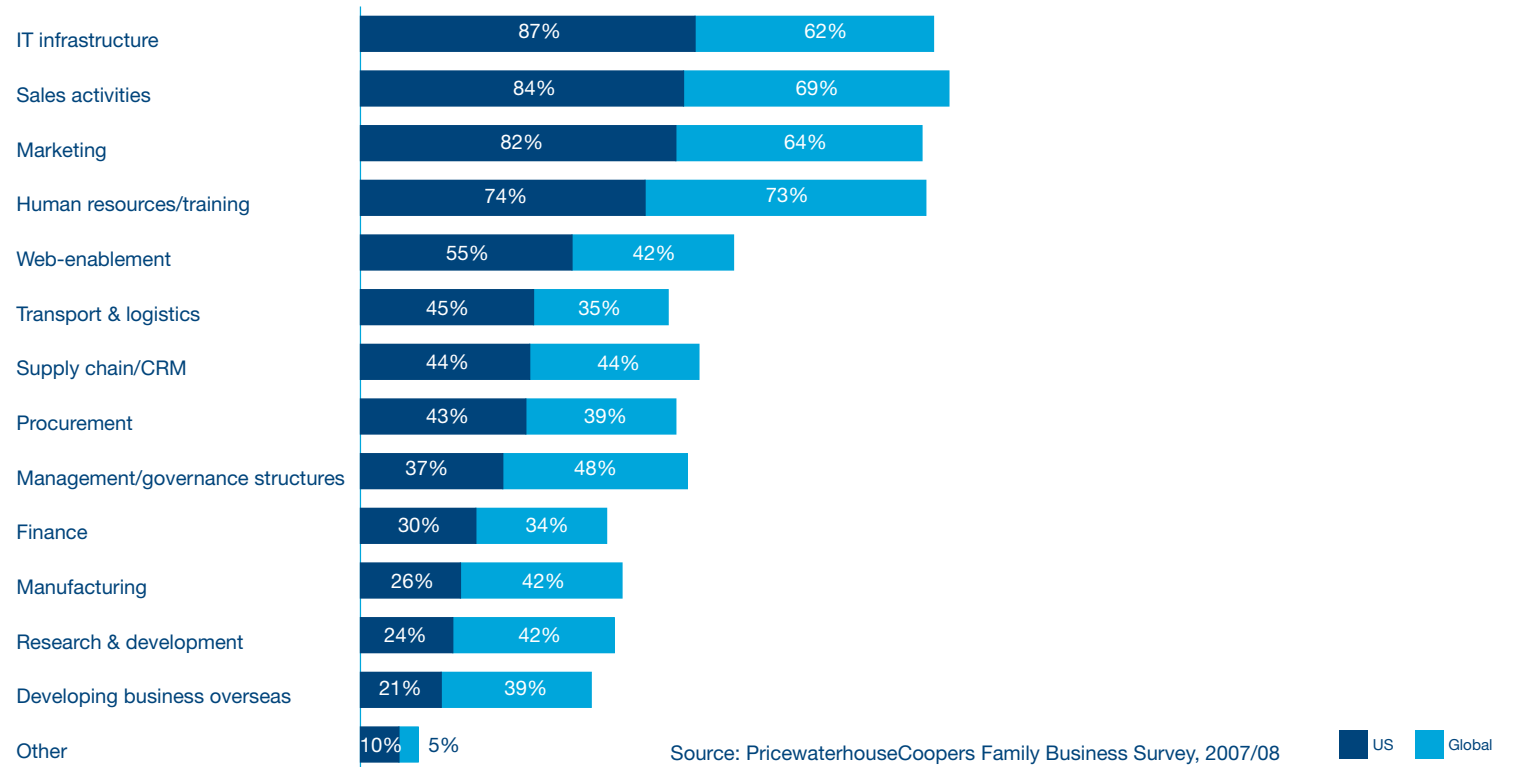


Source: PricewaterhouseCoopers Family Business Survey, 2007/08

surveyed are investing in Web enablement, to become more agile, reduce the cost of doing business, and reach new markets around the world without the need to establish a physical presence overseas.

In fact, even as the business world has become increasingly global, a resounding 79% of family businesses responding to our survey have no plans to invest in developing business overseas—a significantly

Figure 8: The top investment priorities of responding companies over the next 12 months are IT infrastructure, sales activity and marketing



Competitiveness

higher percentage of “no” responses than in the overall global sample. Some companies might be reluctant to recognize or accept the reality and extent of globalization. Others may be wary of the regulatory, cultural and other complexities involved.

However, as domestic growth opportunities slow, we are beginning to see more businesses pursue global expansion plans, to counter the economic effects of the declining domestic housing market and the falling US dollar. PricewaterhouseCoopers’ research¹ suggests that a split is now occurring between companies that market abroad and those that do not. International marketers project higher revenue growth rates than their domestic-only peers—an average of 24.2% compared to 18.3%, according to the research. In addition, companies

that market themselves internationally expect more than one-sixth of total revenues (17%) to come from international sales over the next 12 months. More of these companies also are planning major capital investments than their domestic-only peers (52% versus 32%) and more have plans to participate in strategic alliances (33%) and expand to new markets abroad (39%). More international marketers also expect to increase budgets for new product/service development, research and development, and facilities expansion.²

Whether or not they have plans to expand globally, most of the companies in our sample are boosting their marketing budgets to reach new customers—and are doing so at greater rates than their global peers (82% versus 64%). Nearly

¹ *Trendsetter Barometer™ Business Outlook 2Q 2007* (p. 3), PricewaterhouseCoopers. See <http://www.barometersurveys.com/trendsetter>.

² *Ibid*

three-quarters of respondents also are investing in human resources or training to ensure that they will have the skilled labor they need to remain competitive.

However, most family businesses in the US are not focusing on research and development. Less than one-fourth of respondents plan to invest in R&D over the next 12 months—significantly lower in proportion to the

global sample. This may be because many companies in the US look to other (often larger) businesses to invent the “next new thing” rather than do so themselves, partly because of the major expense involved in many R&D activities and the scale required to conduct them. Instead, many family businesses focus on refining and marketing their existing products as an easier, faster means of generating a return on investment.

More than 86% of respondents say that their top investment priority is IT infrastructure

Ownership and succession planning

- One-quarter of the US family businesses in our sample are due to change hands within the next five years and another 2.2% anticipate a change in ownership is more than five years.
- Among the respondents (28%) who said they anticipate a change in ownership, within or beyond the next five years, almost three-fourths (72%) anticipate that ownership will pass to the next generation of the family, yet 44% of all responding companies have no succession plan.
- Conversely, the vast majority of companies (84%) say they have plans in place for dealing with both business and family issues should a key manager or shareholder become incapacitated.

Of the companies in our sample, one out of four (26%) plan to change hands within the next five years. This probably reflects the fact that many family businesses were created in the two decades following World War II. The founders of these companies now are reaching their 60s and 70s, so we can expect to witness a growing shift to second-generation ownership.

Passing the family business to the next generation is difficult, and most family businesses fail to make the leap. According to research at the Cox Family Enterprise Center at Kennesaw State University, Georgia, only one-third of family businesses worldwide manage the transition from one generation to the next.³ The majority of family businesses are either sold or closed after the founder's death, and

the main reason appears to be a lack of planning.

Our survey results are consistent with this research. Only half of respondents said they had chosen a successor, and a significant percentage (44%) do not have in place a succession plan for key senior roles—a critical shortcoming for companies on whom many families, shareholders, customers and suppliers rely for their livelihoods. Furthermore, it can take years to create an appropriate new holding structure for a family business, which increases the uncertainty about the future and can jeopardize a company's earnings or even threaten its existence. If the owners should die prematurely without a solid succession plan in

place, a host of stakeholders could be affected.

Many entrepreneurs focus on the day-to-day operations of the business and do not take time to plan for unexpected events that could impact the leadership and direction of the company. Furthermore, it is human nature to defer or avoid unpleasant tasks, and succession planning sometimes falls into that category.

Grooming a successor can be a difficult challenge for the senior management of publicly traded companies. However, the challenge is magnified for executives of closely held companies, because of the potential for acrimony among family members, depending on the choice of a successor. This is

“I want to continue what our grandfather started and keep the business in the family.”

Survey participant

³ “Passing on the Crown—Family Businesses and How a Family Firm can Avoid a Succession Crisis,” *The Economist* (November 6, 2004).

a serious issue for US family businesses; 60% of the executives we surveyed said that one or two family members would be named successors.

Despite the challenges of choosing a successor, family businesses would do well to develop a succession plan. A good plan outlines how the succession will occur and what criteria will be used to judge when the successor is ready to take on the task. It eases the founder's concerns about transferring the company to someone else and provides time in which to prepare for a major change in lifestyle. It encourages the heirs to work in the business rather than embark on alternative careers, because they

can see what roles they will be able to play. And it attempts to provide what is best for the business—recognizing that managerial ability is more important than birthright, and that appointing an outside candidate may be wiser than entrusting the company to a relative who has no aptitude for, or interest in, the work.

While many of the companies we surveyed have no succession plans, they are better prepared to cope with other, less predictable eventualities. Four out of five companies in our sample have made provisions to deal with both business and family issues in the event of the untimely death or incapacity of key managers and/or shareholders—significantly higher than

the global sample as a whole (84% versus 67%). One reason for the high percentage may be that the future of the estate tax has been a leading topic of political debate in the US, forcing companies to plan ahead to minimize the tax consequences of passing the business to the next generation if the founder should die prematurely. Based on our experience in working with numerous family businesses, many of these provisions are likely to be informal plans that the owner has in mind but has not necessarily documented. In any case, as with the business plan, provisions for dealing with the death or incapacity of key stakeholders should be documented in writing, reviewed periodically and updated as needed.

One-quarter of responding companies are expected to change hands within the next five years

Conflict resolution

- More than one-third of the family businesses in our survey have experienced tension in relation to discussions about the future strategy of the business. Thirty percent experienced tension in relation to the performance of family members actively involved in the business, and 29% experience tension over whether to reinvest profits in the business or pay dividends to shareholders.
- One-quarter of respondents say family members experienced tension in relation to decisions about who can and cannot work in the business, and what compensation level should be set for family members who are actively involved in the business.
- Almost four out of five companies in our sample have no procedures in place for dealing with disputes between family members.

Since family-run companies combine the tensions of family and of business life, conflicts are inevitable. It was surprising, then, that few respondents reported a significant level of tension resulting from having family members involved in the business. Based on our experience in working with numerous family businesses, we believe that there is likely to be somewhat more tension than reported, due to a lack of clear communication that we often observe between the CEO and other family members working in the business. This observation becomes even more apparent in company situations where the passing of a founder was not supported by a clearly defined

succession plan. It is our observation that leaders of family businesses are not always aware of simmering tensions among family members that could erupt into conflict.

Of the sources of tension that respondents do recognize, it's clear that a few key issues spark conflict (see *Figure 9*). The most contentious issue, reported by more than one-third of respondents, is the future strategy of the business.

Thirty percent of companies also experience tension in relation to the performance of family members actively involved in the business. Measuring performance is a difficult

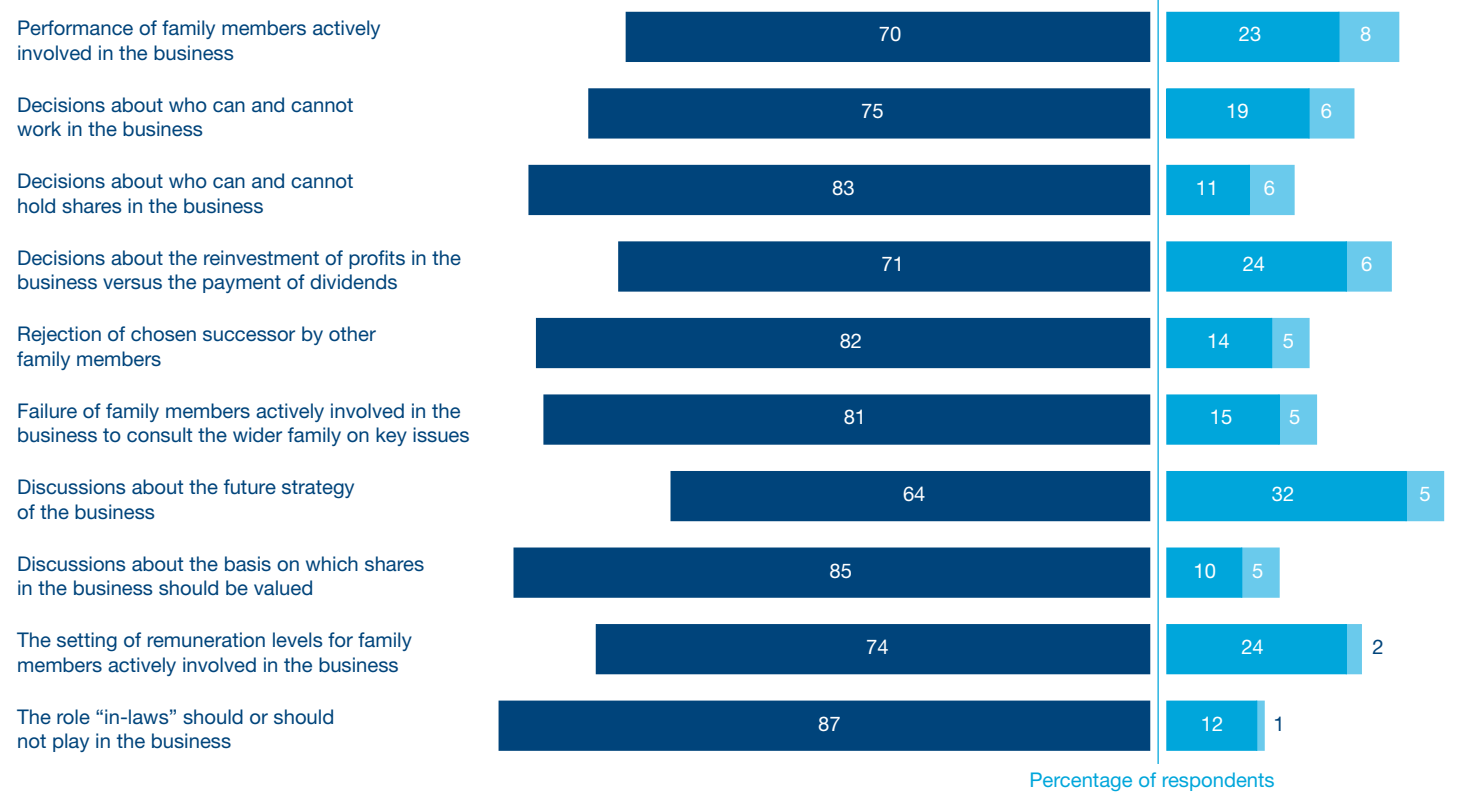
task for any organization, but it is far more difficult when family members are being scrutinized, as the ramifications of performance reviews extend far beyond the walls of the business. In addition to disagreements about performance, one-quarter of companies experience tension over who can and cannot work in the business, and what compensation level should be set for family members actively involved in the business. Whether to reinvest profits or pay dividends is another leading source of tension among family members, cited by 29% of respondents.

Given the small percentage of respondents reporting tension

“I hope to pass on the business to my kids without in-fighting and leave behind a strong, stable, sound financial institution.”

Survey participant

Figure 9: Although most family businesses reported relatively few conflicts, they recognized a few core issues that cause tension



Source: PricewaterhouseCoopers Family Business Survey, 2007/08

Percentage of respondents
 ■ No tension ■ Some tension ■ A lot of tension

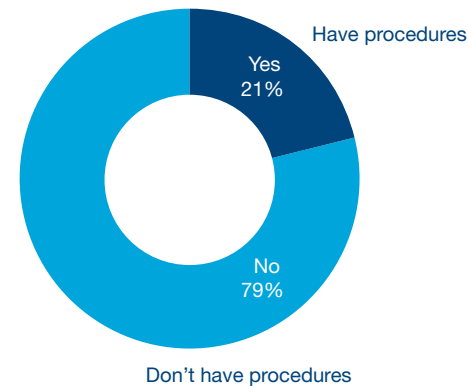
Conflict resolution

among family members involved in the business, it's not surprising that almost four out of five (79%) have no conflict resolution procedures in place (see *Figure 10*). Instead, objective third parties or advisory boards who do not necessarily have a stake in the company beyond receiving a stipend are often called upon to help family businesses prevent or resolve conflicts. One of the key roles that external advisors can play is to help stakeholders address conflict constructively, to provide an objective view that considers the interests

of all parties involved. Simply having a neutral facilitator in the room can help to defuse tension. Facilitators often are viewed as helpful during the transition of a family business from one generation to the next.

Based on our experience, meetings with third parties should be held quarterly, ideally, or semi-annually, at a minimum, to prevent contentious issues from escalating and disrupting the business. For such an approach to be productive, however, family members must be willing to listen and

Figure 10: More than three-quarters of responding companies have not adopted any procedures for resolving conflicts between family members



Source: PricewaterhouseCoopers Family Business Survey, 2007/08

to compromise, and must check their emotions at the door. The participation of all key stakeholders must be mandatory. The facilitator should set the tone of the meeting at the start by noting that all parties are to be heard and to listen, and that the facilitator has no vested interest in a particular person or issue but is there for the benefit of all parties and the company as a whole.

Once the ground rules have been laid, the facilitator can lead a discussion of key issues that will impact the future direction of the business, and which may be a source of conflict among stakeholders, such as compensating family members and deciding whether to reinvest earnings or pay dividends. Following up on the decisions made or discussions raised in such meetings is as essential as the meetings themselves, to ensure accountability and prevent conflicts from re-emerging.

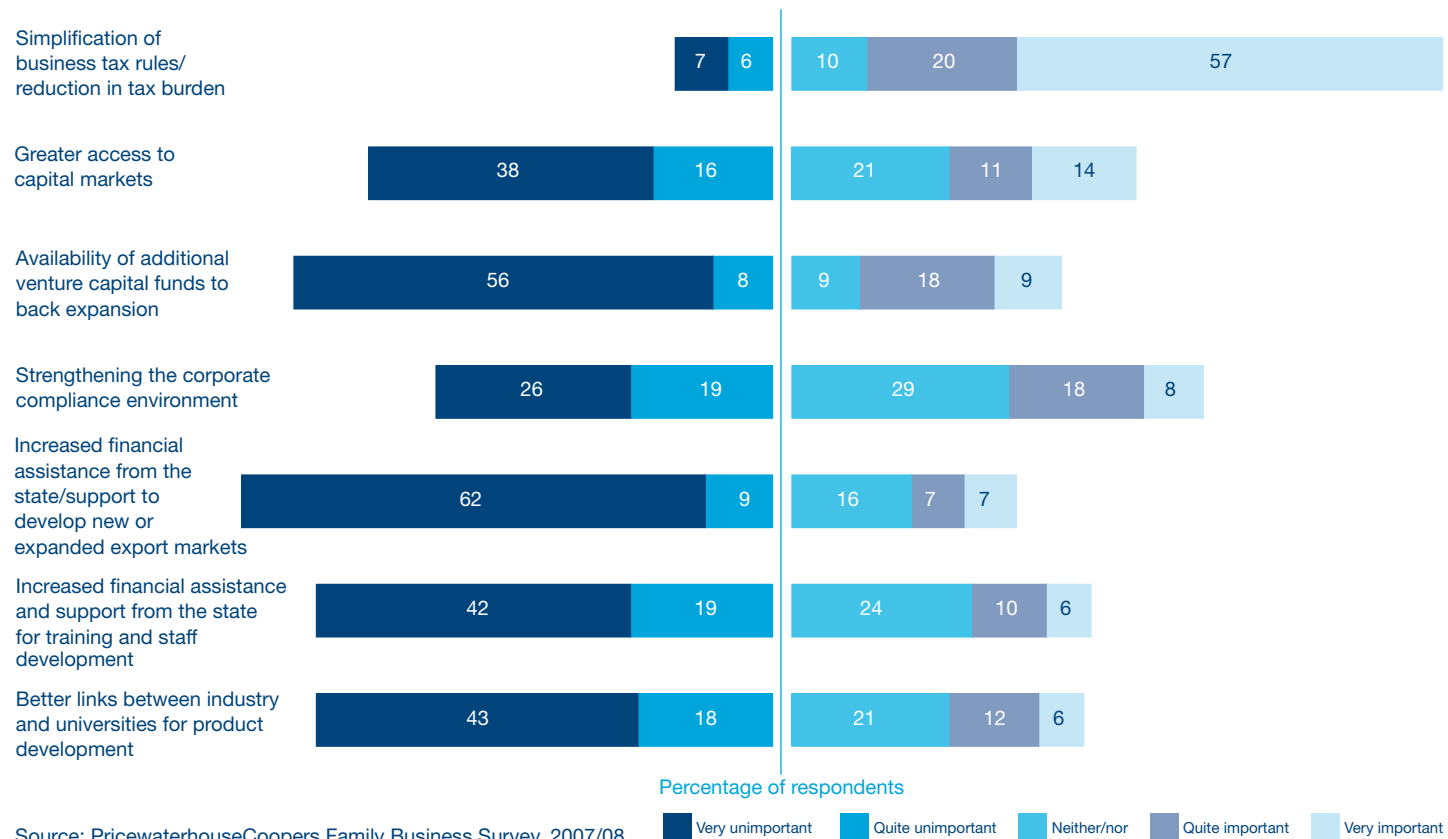
More than one-third of family businesses experience tension when considering their future business strategy

Economic and regulatory changes family businesses would like to see

- Four out of five family business owners in our survey cited simplification of business tax rules and/or a reduction in the tax burden as high priorities. Almost two-thirds also believe that those tax issues should be a top priority for government over the next three to five years.
- The motivation for running a family business and the achievements for which entrepreneurs would like to be remembered vary widely. However, almost half of respondents want to ensure the sustainability of their companies. Others focused on growth and profitability as the legacy they want to leave.
- A number of family business owners cited the importance of maintaining good relationships with clients and family, and of winning respect in the marketplace and maintaining a strong reputation.

We have focused thus far on the key issues and challenges that family businesses face. We also asked our respondents what external reforms they would most like to see. At the top of their list of priorities, by a wide margin, is a simplified tax regime. Seventy-eight percent said that the simplification of the rules governing corporate taxes and/or the lessening of the tax burden is “very” or “quite” important to them (see Figure 11).

Figure 11: The simplification of the tax regime and/or a reduction in the tax burden tops the list of changes family businesses would most like to see



Source: PricewaterhouseCoopers Family Business Survey, 2007/08

Economic and regulatory changes family businesses would like to see

This concern could intensify. In particular, if income taxes increase and the tax rates on capital gains and qualified dividends are raised, families that want to sell their businesses will realize lower effective profits, so achieving higher valuations will become an important objective.

If the estate tax is not repealed, some larger family businesses will have to explore new strategies to minimize their tax burdens, such as establishing partnerships, LLCs and life insurance trusts. Tax planning would become a priority for family businesses in such an environment.

More than three-quarters of respondents believe the tax regime should be simplified

Conclusion

The feedback from the companies we surveyed makes it clear that the leaders of family businesses are focused on the future. When asked what single lasting achievement they would like to leave as their legacy, respondents provided a variety of answers, but almost half of respondents spoke about wanting to ensure the sustainability of their companies. Several wish to see the business continue in the family. One respondent stated the desire to “continue what our grandfather started.” Another hoped for a “successful transition to the next generation,” a sentiment shared by several others, including one respondent whose objective is to “beat the odds and pass the company to the fourth generation of ownership.” Two respondents cited the desire to see their companies continue to thrive for “100 years.”

Other respondents focused on growth and profitability as the legacy they want to achieve. Some spoke generally of expanding distribution channels, increasing profits, or growing via mergers. Others had more specific objectives in mind, such as expanding to become “one of the top five companies in the industry nationally,” “boosting revenue to the half a billion range,” or “creating a saleable enterprise.”

Another theme that emerged was the desire to maintain good relationships with family members, customers and employees. One executive spoke of a legacy of “compassion, understanding and fairness” to everyone connected to the business, and another wants to be “remembered as a family-oriented business that takes care

of my employees.” One executive expressed the desire to “leave a great place for people to work.”

Several of the entrepreneurs in our sample focused on winning the respect of others, and wanted to leave behind a company with a strong positive reputation. A desire many respondents expressed in one form or another, was to leave the world a better place than they found it. One was the executive who spoke of the importance of being a “good corporate citizen.” Another wanted to be remembered for running a “fair and honest company.” One entrepreneur captured the sentiment of many others, in voicing the desire to have a positive impact on society, to retire “knowing that our company’s involvement made a substantial difference to the quality of life in the communities in which we operate.”

“I want to leave knowing that our company’s involvement made a substantial difference to the quality of life in the communities in which we operate.”

Survey participant

Appendix

Our US survey covers 89 family companies. It is one component of PricewaterhouseCoopers' global survey of 1,454 companies in 28 countries. Interviews were conducted between February 5 and June 15, 2007. All respondents were interviewed via a 20-minute telephone discussion.

Global data include findings from family companies in these 28 countries: Australia, Belgium, Brazil, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Ireland, Italy,

Luxembourg, Mexico, the Netherlands, Norway, Oman, Portugal, Qatar, Saudi Arabia, South Africa, Spain, Sweden, Switzerland, Turkey, the United Arab Emirates, the United Kingdom and the United States.

The research was coordinated by the PricewaterhouseCoopers International Survey Unit, Belfast, our global center of excellence in market research, which designed the questionnaire in conjunction with family business experts from PricewaterhouseCoopers.

Contacts

For further information, please
contact:

[Alfred Peguero](#)
US Family Office Services Leader
alfred.peguero@us.pwc.com

[Marty Janowiecki](#)
US Private Company Services Partner
marty.janowiecki@us.pwc.com

[Rich Calzaretta](#)
US Private Company Services Leader
richard.calzaretta@us.pwc.com

[Amy O'Brien](#)
US Private Company Services
Marketing Director
amy.w.obrien@us.pwc.com

[Tom Holly](#)
US Private Company Services Partner
thomas.j.holly@us.pwc.com

Business is personal.

PricewaterhouseCoopers' Private Company Services practice is an integrated team of audit, tax and advisory professionals who focus on the unique needs of private companies and their owners. Within the practice, our professionals concentrate on the needs of manufacturing, retail, wholesale and distribution, construction, and food and beverage companies, as well as on the needs of law firms and other professional service organizations. They are committed to delivering cost-effective, practical solutions and proactive services with the quality clients expect from PricewaterhouseCoopers.

For more information about PricewaterhouseCoopers' Private Company Services practice, visit www.pwc.com/pcs.

pwc.com/pcs

This document is provided by PricewaterhouseCoopers LLP for general guidance only, and does not constitute the provision of legal advice, accounting services, investment advice, written tax advice under Circular 230 or professional advice of any kind.

The information provided herein should not be used as a substitute for consultation with professional tax, accounting, legal, or other competent advisers. Before making any decision or taking any action, you should consult with a professional adviser who has been provided with all pertinent facts relevant to your particular situation. The information is provided as is, with no assurance or guarantee of completeness, accuracy, or timeliness of the information and without warranty of any kind, express or implied, including but not limited to warranties of performance, merchantability, and fitness for a particular purpose.

MC-NY-08-0396 © 2007 PricewaterhouseCoopers LLP. All rights reserved. "PricewaterhouseCoopers" refers to PricewaterhouseCoopers LLP or, as the context requires, the PricewaterhouseCoopers global network or other member firms of the network, each of which is a separate and independent legal entity. *connectedthinking is a trademark of PricewaterhouseCoopers LLP.