



Groundbreaking Study of Woman-Owned Businesses Reveals “Changing Face” of Family Businesses in America

Woman-owned family businesses are not only a growing segment of the US economy – they’re also on average more productive than those run by men, are a decade younger, and are more likely to be a “good corporate citizen.” Female owners also tend to pay greater attention to leadership succession.

Those are among the results issued today in a newly published report – *Women in Family-Owned Businesses*. The groundbreaking study, which examines the role and influence of women as owners and leaders of family businesses, is based on findings in the MassMutual Financial Group/Raymond Institute American Family Business Survey, conducted in 2002. That survey, released earlier this year, was directed and supported by the Loyola University Chicago Family Business Center, [the Cox Family Enterprise Center at Kennesaw State University](#), and Babson College.

“Family-owned businesses are the lifeblood of the American economy and, increasingly, women are playing leadership roles,” said Susan Sweetser, second vice president of the Massachusetts Mutual Life Insurance Company (MassMutual). “Clearly, women are making great strides in the business world and they are building on their successes at a tremendous pace.”

According to the study, woman-owned family businesses have become substantial enterprises in the US, with average annual revenues of \$26.9 million in 2002 and with some reporting annual sales as high as \$1 billion. Most woman-owned family firms are in the second generation of operation. They are primarily active in the same industries as male-owned firms: manufacturing, wholesale, retail, service, and construction.

“Much has been said about the differences in leadership styles among men and women,” said Babson Professor Nan Langowitz. “Our research on the differences among male- and female-owned family firms points to the manifestations of those differences. The firms we looked at operated in the same top five industries and have relatively the same average revenue size, yet differences were exhibited in a number of areas critical to performance and organizational and family cohesion.” Langowitz is faculty director of the Center for Women’s Leadership at Babson College.

Highlights of the study show that woman-owned family businesses:

- Have increased by 37% in the last five years, to 15.6% across the US .
- Place greater proportionate emphasis on social responsibility, directing their philanthropic focus toward educational and community organizations.
- Do more with less. Although female-owned family businesses are smaller in size – over \$26 million in annual revenues compared to approximately \$30 million for male-owned counterparts – they generate sales with fewer median employees: 26 individuals compared to 50 at male-owned firms. This means that female-owned family businesses are 1.7 times more productive than male-owned family firms.
- Are more than six times as likely to have a woman CEO (roughly half are led by females). While woman-owned family businesses are typically 10 years younger than those owned by men, the average age of their owners is nearly identical. Nonetheless, female owners assumed leadership at an age five years older than their male counterparts.

- Focus more carefully on CEO succession planning and are more likely to have chosen a follow-on chief executive.
- Experience greater family loyalty, agreement with goals, and pride in the business. They have a 40% lower rate of family member attrition.
- Are twice as likely to employ women family members full-time and are three times as likely to employ more than one female family member full-time.
- Anticipate a positive future for their companies (by a two-to-one ratio among respondents), despite a continued poor economy.
- Tend to be more fiscally conservative. More female-owned family businesses carry less or no debt – other than trade payables – than male-owned firms. This careful eye on debt may also in part reflect an increased difficulty – versus men – gaining access to capital. Either way, the relatively low debt load gives female business owners strong ability to weather adversity but may limit their opportunity to fuel potentially higher growth through increased financing.

Survey Methodology

The MassMutual Financial Group and the George and Robin Raymond Family Business Institute sponsored the 2002 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. The 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 over 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 who have at least two officers or directors with the same last name. The full report for the 2002 American Family Business Survey can be found by contacting the Raymond Family Institute (www.RaymondInstitute.org).

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 non-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.

MassMutual Financial Group

MassMutual Financial Group – comprised of member companies with over \$240 billion in assets under management as of year-end 2002 – is a global diversified financial services organization providing life insurance, annuities, disability income insurance, long-term care insurance, retirement planning products, structured settlement annuities, trust services, money management, and other financial products and services. The MassMutual Financial Group is a marketing name for Massachusetts Mutual Life Insurance Company (MassMutual) and its affiliates. It is dedicated to helping women meet their financial goals. To that end, the company has created a Women's Markets Unit to enhance the company's recruitment and retention of female financial professionals.

Raymond Family Institute

The George and Robin Raymond Family Business Institute is a not-for-profit foundation that strives to be the global authority on fostering ideal conditions for effective family-

business management. It provides and enhances networking opportunities and supports interdisciplinary research and teaching initiatives.