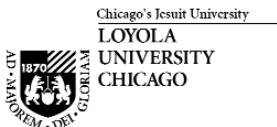




AMERICAN FAMILY BUSINESS SURVEY



January, 2003

Dear Colleague,

Family enterprise is the lifeblood of American business. Since the days of our nation's founders, Americans have excelled at identifying needs in the marketplace, and developing skills and building businesses to meet those needs. Every generation has passed along its skills and businesses to its children, reaffirming the work ethic and entrepreneurial spirit that have made this country great. Today, the tradition thrives, underpinning the U.S. economy with the stability, the ingenuity and the commitment to community that distinguish family firms.

Ensuring the continued vitality of family firms benefits all Americans. By supporting rigorous research, we discover essential information about the dynamics and challenges of family business.

Toward those ends, we are proud to present the *MassMutual Financial Group/Raymond Institute American Family Business Survey*, a comprehensive and statistically valid survey that analyzes planning, growth and succession issues in detail. This survey, which expands upon similar research¹ co-sponsored by Massachusetts Mutual Life Insurance Company (MassMutual) in 1997, delivers insights on the critical issues facing family businesses. Despite popular misconceptions, family firms constitute a major force in American business. Those surveyed report mean annual revenues of \$36.5 million, and the majority express strong optimism for their companies' prospects.

The survey was designed and conducted by the MassMutual Financial Group and the George and Robin Raymond Family Business Institute, directed and supported by the Loyola University Chicago Family Business Center, the Cox Family Enterprise Center at Kennesaw State University, and Babson College.

We owe a vast debt of gratitude to the principal researchers: Joseph H. Astrachan, Ph.D., director of the Cox Center and Distinguished Research Chair of Family Business at Loyola; I. Elaine Allen, Ph.D., Kevern R. Joyce Term Chair and associate professor of math and statistics at Babson; Stephen Spinelli Jr., Ph.D., director of the Arthur M. Blank Center for Entrepreneurship at Babson; and Carol B. Wittmeyer, Ed.D., president of the Raymond Institute. A special note of thanks goes to the family businesses that responded to the survey questionnaires and so generously shared their company information with our research team.

The results are clear: Since the birth of America, family-owned businesses have shared a fierce desire to survive. In the early years of the new millennium, family enterprises face unprecedented transitional challenges, as nearly 40 percent will see a leadership change in the next five years. Thriving in this environment will require family businesses to constructively address the many issues they face in the interest of both business success and family harmony.

We trust that the insights contained in this research will assist them to meet those challenges.



Robert J. O'Connell
Chairman, President and CEO
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George G. Raymond Jr. and Robin Raymond
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EXECUTIVE SUMMARY

The 1,143 companies responding to the MassMutual Financial Group/Raymond Institute American Family Business Survey lend a number of insights into the critical challenges facing family businesses. Almost nine out of 10 family-owned business leaders, for example, believe the same family or families will control their businesses in five years. But lack of effective succession, estate and investment planning may prevent the senior generation from successfully passing the reins to the next generation.

Many of the family businesses represented in this survey were formed shortly after World War II. Entrepreneurs are highly represented in family businesses: More than four out of five businesses are still controlled by the founders. Many respondents are the businesses' founders (26.9%) or second-generation leaders (42.5%).

Respondents report mean annual revenues of \$36.5 million, illustrating the powerful economic presence of American family enterprises. The majority of respondents express strong optimism for their companies' prospects. As the senior generation prepares to retire, however, keeping the business in the family and preparing for growth will present complex challenges.

Following are some key findings based on survey results: (For Detailed Survey Findings, turn to page 6.)

- **Family-business leaders share a positive outlook.** More than 60% of respondents say they are “very” optimistic about their company’s prospects. Nearly 48% of respondents expect sales-revenue growth in the next year of at least 6%. Slightly more than half expect staffing increases of up to 5% in the next year. Median employment by respondents has held steady at 50 employees, indicating that family firms have largely avoided the waves of downsizing that have impacted many U.S. companies.
- **The desire to remain family-owned predominates.** Nearly 88% of respondents say the family will continue to control the firm in five years. In nearly 80% of responses, the current CEO is related to the controlling family by blood or adoption, and another 14% are connected by marriage. Of those who have identified a successor to the CEO, 85% say the successor will be a family member, typically a 40-year-old college graduate.

EXECUTIVE SUMMARY

(CONTINUED)

- **An unprecedented power shift is anticipated.** Results show 39% of family-owned businesses will change leadership within the next five years, as CEOs retire or semi-retire. This expected turnover is dramatic because the average CEO tenure at a family-owned business can be six times longer than at a typical non-family public company.

Overall, of the CEOs expected to retire or semi-retire within five years, 42% have not chosen a successor. Of the CEOs aged 61 or older who are expected to retire within five years, however, a greater percentage – 55% — have not chosen a successor. Such lack of planning sets the stage for stressful transitions that may divert precious resources needed to run the business effectively.

- **Women gain ground in family-owned businesses.** While fewer than 10% of respondents say a female CEO currently leads their firms, 34% say the next CEO may be a woman. Of the respondents expecting their companies to be run by two or more co-CEOs, nearly half indicate one of the CEOs may be a woman. Currently, 52% of the respondents employ at least one female family member full-time, and 10% report two female family members among their full-time ranks. Women-owned firms tend to have better gender balance on their boards.
- **Family-business boards represent a lost opportunity.** Almost half of the boards meet only once or twice a year, while 13% never meet. Only 29% say their boards meet three or more times annually. Further, only 30% of respondents who have board subcommittees say their boards include the recommended audit subcommittee. Members of family-business boards tend to be compensated modestly or not at all. For the publicly held family firms surveyed, however, boards tend to be larger and meet more frequently, and directors receive higher compensation than at privately held firms.
- **Inadequate estate planning could put the next generation at risk.** Nearly one-fifth (19%) of respondents say they have not completed estate planning, other than to prepare a will. Only 62% of significant shareholders report knowing of the senior generation's share-transfer intentions. Such gaps in understanding are likely to impede the business' capital-needs plans for estate taxes and stock redemptions, as well as generate friction among family members. Further, respondents' plans to rely heavily on life insurance to cover most of the death-tax tab may be unrealistic, since 55% of respondents fail to conduct regular formal valuations of company share value and therefore cannot accurately forecast estate taxes.

SURVEY HIGHLIGHTS AND ANALYSIS

- **Domestic competition and concerns about management strength top the list of challenges.** Fourteen percent of respondents cite domestic competition as their key challenge, followed by management strength (13%), recessionary environment (12%), lack of qualified workers (9%) and management succession (8%).
- **Most family businesses lack written strategic plans.** Only 37% of respondents report having a written strategic plan. Respondents with written strategic plans tend to engage in other types of planning as well – practices that are commonly viewed as essential to family-business survival.

Family-owned businesses share a fierce desire to survive. To do so will require constructively addressing the many issues they face in the interest of both business success and family harmony.

SURVEY HIGHLIGHTS AND ANALYSIS

Following are some of the key survey findings and analyses that relate to current leadership and intended successors, the advancement of women in the business, the degree of formal planning in family businesses, and the challenges of balancing family objectives with business concerns. (For Detailed Survey Findings, turn to page 6.)

LARGE NUMBER OF RETIREMENTS WILL PRODUCE POWER SHIFT.

The number of companies expecting management succession is unparalleled. Based on the survey results, the leadership of 39.4% of family-owned businesses will change hands within the next five years. More than one-fourth (27.4%) of respondents expect the current CEO to retire within five years, and an additional 12% expect the CEO to semi-retire within the same period. More than half (55.7%) of respondents expect the CEO to retire within 10 years. This level of change is dramatic because average CEO tenure at a family-owned business is as much as six times longer than at a typical non-family public company.

Overall, of the CEOs expected to retire or semi-retire within five years, 58% have chosen a successor and 42% have not. Of the CEOs aged 61 or older who are expected to retire within five years, however, 55% have not chosen a successor, illustrating that older CEOs eyeing retirement are not more likely to have chosen a successor. The lack of a named successor is likely a risk factor for future problems.

SURVEY HIGHLIGHTS AND ANALYSIS (CONTINUED)

The possibility of the CEO retiring is out of the question for 13.4% of respondents, who say the CEO will “never” retire – another sign of the die-hard commitment of many family-business leaders, not to mention the difficulty of transitioning the business to the next generation.

MORE FAMILY-OWNED BUSINESSES ARE LED BY CO-CEOS.

A number of family businesses, unlike their public counterparts, have more than one person holding the CEO title. This finding challenges the popular notion that only a single powerful leader can lead family businesses. Indeed, 9% of respondents report having two co-CEOs at the helm, and another 3.5% cite having more than two CEOs.

Interesting is the high number of respondents who indicate that co-CEOs may lead their businesses in the future. Almost two-fifths (35.1%) believe more than one family member may serve as co-CEO in the succeeding generation. To counter the difficulty of joint decision-making, these firms would be well-advised to have procedures in place to break any logjam.

WOMEN GAIN GROUND IN FAMILY-OWNED BUSINESSES.

Women are expected to play a larger role in the family-owned business in the years ahead. More than one-third (34%) of respondents say the next CEO may be a woman – more than three times the 9.5% of survey respondents whose businesses are currently headed by a female CEO. In addition, of the 35.1% of respondents who envision their businesses being led by co-CEOs in the next generation, 45.7% indicate that one of the chiefs may be a woman.

Currently, more than one-half of the respondents (52.4%) employ at least one female family member full-time, and 10.3% report having two female family members full-time among their employee ranks. More than one-quarter (26.6%) of family members employed full-time by the business is female, but female family members working part-time outnumber their male counterparts three to two.

INADEQUATE ESTATE PLANNING COULD PUT NEXT GENERATION AT RISK.

How well do members of the senior generation understand the amount of estate tax due upon their deaths? More than two-thirds (67.5%) report a “good” understanding. Other than preparing a will,

nearly one in five respondents (19%) has not completed estate planning. Respondents who have attended a family-business seminar in the past year indicate a greater understanding of their estate-tax liability.

A shrinking percentage of almost two-thirds (62.3%) of significant shareholders in the business know of the senior generation's share-transfer intentions; more than one in three respondents reports no knowledge of such plans. A similar question in 1997 American Family Business Survey¹ indicated that almost 76% of significant shareholders were aware of share-transfer intentions. This dearth of understanding can make it difficult for these businesses to plan capital needs for estate taxes and stock redemptions. Uncertainties over the senior generation's stock-distribution plans also can create significant confusion and friction among family members.

Family-business owners expect to rely heavily on life insurance to help cover their estate taxes. For 47.7% of respondents, life insurance represents the primary source of funds to cover such taxes. More than one-third (34%) of respondents depend on life insurance to cover more than 75% of the death-tax tab.

This expectation may be unrealistic, however. Because more than half (55.3%) of the respondents do not conduct regular formal valuations of company share value, they cannot accurately calculate their estate-tax bill. Furthermore, should their optimism about future business growth be borne out, their estimate of future tax liabilities relative to their life insurance coverage is likely to be low.

Half of respondents (50%) routinely take advantage of the annual \$10,000 gift exclusion for their children – a simple but important estate-planning opportunity. Of those who use the annual exclusion, 51.5% do so by giving family-business stock. Nearly three-quarters of respondents (70.2%) are forgoing a major estate-planning opportunity by failing to use most or all of their \$1 million exemption.²

TWO IN THREE BUSINESSES LACK WRITTEN STRATEGIC PLANS.

In addition to estate plans, family businesses are well-advised to develop strategic plans to guide their companies through changing business cycles. While only slightly more than one-third (36.7%) of respondents report having a written strategic plan, this is an increase of more than 20% from the 30.6% of respondents to 1997 American Family Business Survey¹ who said they had a strategic plan, written or not.

SURVEY HIGHLIGHTS AND ANALYSIS (CONTINUED)

Respondents with written strategic plans tend to engage in other types of planning as well. For example, they are more likely to have buy/sell agreements, a formal redemption plan and formal valuations of company share value. They hold board of directors meetings more frequently and rate the contribution of their boards more positively. They also have more employees, tend to have qualification policies for employing family members and are more likely to have selected a successor. In addition, they post higher sales revenues and greater international sales. These findings support the relationship between the existence of a written strategic plan and taking actions that are correlated with family-business success and survival.

BUSINESSES FACE TASK OF BALANCING FAMILY INTERESTS WITH COMPANY ISSUES.

Asked to name their greatest business challenges, 14.3% of respondents cite domestic competition. Concerns about management strength is the greatest challenge for 12.8% of respondents, followed by recessionary environment at 12.3%, lack of qualified workers at 8.5% and management succession at 7.9%. Labor costs are viewed as the greatest challenge by 5.6% of respondents, while 5.6% see regulatory burdens as the largest issue.

In addition to the usual pressures of running a business, family businesses face the task of balancing these business issues with family members' interests. Many families are facing up to the often-significant differences among individual shareholders and their differing objectives.

DETAILED SURVEY FINDINGS

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 report adds to the base of knowledge collected in previous surveys. In 1997, a similarly extensive survey was conducted by the Arthur Andersen Center for Family Business, MassMutual, the Loyola Family Business Center and the Family Enterprise Center at Kennesaw State. In 1995, the Andersen Center, the Loyola Center and the Family Enterprise Center at Kennesaw sponsored

detailed research. From 1993 to 1995, MassMutual, guided by a panel of academic experts, conducted annual Gallup Organization surveys of family businesses.

SURVEY METHODOLOGY.

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 response rate was 3%, with 1,143 surveys being returned within a six-month period. The survey was designed to over-sample women owners. But because the response rate of women-owned businesses was lower than that of men-owned businesses, no over-representation in the sample occurred and thus no weighting of the final data was deemed necessary.

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.

Of the respondents who provided their locations, the following regions were named: Great Lakes (277 businesses); Mid-Atlantic (251); Southeast (178); Far West (138, including 92 from California alone); Plains (91); New England (79); Southwest (78); and Rocky Mountains (33).

COMPANY CHARACTERISTICS

TOP EXECUTIVES RESPOND.

The MassMutual Financial Group/Raymond Institute American Family Business Survey attracted the attention of top executives of 1,143 family-owned businesses based in the United States. Five out of six of the respondents hold a top position in the company: 87.9% identified themselves as chief executive officer, company president or board chair.

MANY FAMILY BUSINESSES ARE BIG BUSINESSES.

The 1,143 businesses responding to this survey report mean annual revenues of \$36.5 million and combined revenues of \$54.4 billion, which clearly indicates that family businesses are a significant sector of the U.S. economy. The range in revenues was very wide, with one company reporting annual sales of \$3 billion while 1% of respondents reported \$100,000. Overall, 10% of the

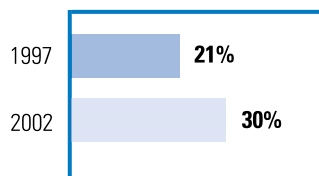
businesses reported sales last year of \$1 million or less, while an equal 10% reported more than \$50 million in revenues last year.

Sales revenues rose in the last three years for nearly two-thirds (65%) of the respondents. Almost one-third (30.2%) of respondents increased revenues by more than 11%, while a smaller percentage (19.8%) posted revenue hikes from 1% to 5%.

One in seven respondents, however, reported a decrease of more than 5%.

More family businesses experience strong revenue growth.

Sales revenues increased over the last three years by greater than 11%.



RESPONDENTS FOCUS ON DOMESTIC SALES.

Going global is frequently discussed in the business press, but nearly two-thirds of the respondents (64%) say they do not generate any international sales. While 9.1% collect from 11% to 50% of their revenues from business overseas, only 1.6% amass more than half of their revenues from sources abroad. Due to the strong U.S. focus, it is not surprising that respondents view domestic competition as their most significant challenge to the growth and survival of their businesses.

FAMILY BUSINESSES TEND TO AVOID DEBT.

More than a quarter of respondents (26.1%) report no debt other than trade payables, and another 30.3% note debt levels between 1% and 25% of equity. This shows great ability to weather adversity as well as tremendous growth capacity, which could be activated if the companies planned to develop new products or enter new markets.

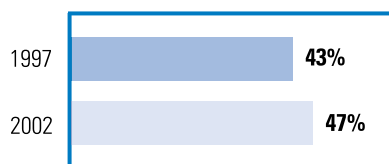
The data also suggest that family businesses may be under leveraged and failing to optimize their growth opportunities. If taken as a whole, the findings show tremendous untapped economic opportunities awaiting appropriate stimulus. Family businesses often avoid debt out of misguided fear or because they resist unwanted accountability.

MAJORITY OF RESPONDENTS ARE S CORPORATIONS.

Almost half of the survey respondents (47.2%) conduct business as S corporations, while 42.3% are C corporations. Beyond this, limited liability companies (2.5%), proprietorships (1.7%) and general partnerships (1.6%) are the remaining forms of business cited.

An increasing number of family firms choose S corporation status.

The business operates as an S corporation.



BUSINESSES EMPLOY A MEDIAN OF 50 FULL-TIME PERSONNEL.

The typical business in the survey employs 50 full-time people. Sixty-five respondents (5.7%) have more than 500 employees, and 30 companies (2.6%) employ more than 1,000 people. For more than 95% of survey respondents, the median number of full-time employees has remained at 50 over the last three years, indicating that family firms as a whole have resisted trends toward downsizing. The typical family business employs three family members full-time: two males and one female.

RESPONDENTS REPRESENT DIVERSE INDUSTRIES.

Nearly a quarter of respondents (24.5%) are in the manufacturing industry. More than a sixth (16.6%) specialize in wholesale/distribution, 12.2% are in construction, and 11.1% are in retail.

The rest of the industries combined – agriculture/forestry, financial services, high technology/biotechnology, mining/oil and gas, real estate, telecommunications and transportation – together account for 35.6% of family businesses represented in the survey.

1959 IS THE MEDIAN YEAR FOR BUSINESS FOUNDING.

Many family-owned businesses were formed in the years following World War II, as GIs returned home and launched their own firms. In our survey, 1946 and 1980 were the years most often cited for starting the family business, and 1959 is the median for business formations. Almost 20% of the

businesses were founded in 1980 or later. Businesses founded after 1980 are more likely to be women-owned (21.1%) than those founded before 1980 (14.1%).

The longest-running business in the survey was founded before 1820, but only one in 15 (6.6%) survey respondents works at a business that is more than a century old.

WOMEN-OWNED BUSINESSES ARE FOUNDED LATER.

Respondents in women-owned, women-operated businesses report 1970 as the median year for founding the business with 1967 cited most frequently. This contrasts sharply with their male counterparts who cite 1958 as the median year for starting the business and 1962 cited as the most frequent year.

FAMILY BUSINESSES CONTINUE ENTREPRENEURSHIP.

Nearly four out of five respondents are either founders of the business (26.9%) or second-generation leaders (42.5%). Only 22.8% represent third-generation CEOs, a mere 4.8% fourth-generation, 1.2% fifth-generation, and 0.7% sixth-generation and beyond.

LEADERSHIP PROFILE

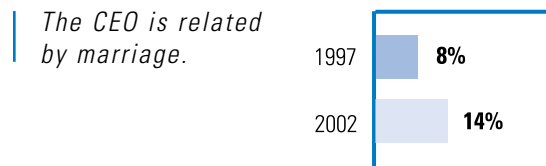
LEADERS NEAR RETIREMENT AGE.

Almost a third (29.3%) of companies have a chief executive officer who is older than 60, and the median age of the CEO is 54. Fewer than 11.2% are younger than 41, and 10.9% are 71 or older.

Among respondents, most chief executive officers (87%) have at least some college education. Of the top executives, 47.8% are college graduates, and another 18.4% have had “some college.” Many (20.8%) hold a post-graduate degree. All but 1.8% have completed high school.

Overwhelmingly, family members head family-owned businesses. In nearly eight out of 10 cases (79.8%), the current CEO is related to the controlling family by blood or adoption. Another 13.9% are connected by marriage. Only 6.3% are not related to the controlling family, and 7.8% of these unrelated individuals are over age 65.

More family-business CEOs not blood relatives but connected via marriage.



SUCCESSION PLANS

FOUR IN TEN CEOS EXPECTED TO STEP ASIDE.

The survey data indicate that 39.4% of family-owned businesses will experience leadership change within the next five years. More than one-quarter of respondents (27.4%) expect the current CEO to retire within the next five years, and an additional 12% expect the current CEO to semi-retire in the same period.

FAMILY MEMBER MOST LIKELY TO BE NAMED AS SUCCESSOR.

Who will lead these family businesses into the next century? Of the CEOs expected to retire or semi-retire within five years, 42% have not chosen a successor. The findings also show that older CEOs close to retirement are not better at planning the transition: Of the CEOs aged 61 or older who are expected to retire within five years, a surprisingly high 55% have not chosen a successor. Among CEOs aged 56 to 60 who are expected to retire within five years, more than one-quarter (28%) have not named a successor. Almost half (45.3%) in the same age group who are expected to retire within six to 10 years have not selected a successor.

Clearly these companies have potential for great disruption as transitions are not prepared for and actively managed. With a significant segment of the U.S. private economy at risk, policymakers may want to consider creating incentives that ensure well-planned transitions.

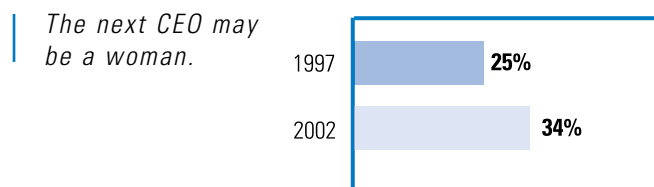
Family businesses continue entrepreneurship into successive generations. Of those respondents who have chosen a successor, 84.5% have selected a family member to carry on the business. The successor is typically 40 years old. More than half (55.3%) of the intended CEO successors are college graduates. The education level of the succeeding generation is not significantly different from that of the current CEOs.

Respondents report that just a quarter (25.1%) of the chosen successors have had no full-time work experience outside of the family business. In fact, most family businesses (71.7%) have no policy regarding qualifications that family members must meet to be full-time employees of the business. Of companies with family member employment eligibility policies, more than one-third (38%) require at least three years of outside work experience.

RESPONDENTS SEE GROWING LEADERSHIP ROLE FOR WOMEN.

Women are likely to play a larger role in family-owned businesses in the coming years. More than 34% of respondents say the next CEO may be a woman, representing a threefold increase from current levels. Since companies represented in the survey predominantly have sales volume exceeding \$1 million and are at least 10 years old, the growing number of new, relatively smaller family-owned businesses headed by women is not reflected in our data. As these companies grow, we expect to see an increase in female leadership of family businesses in the coming years.

Increasingly, women are seen as candidates for top leadership.

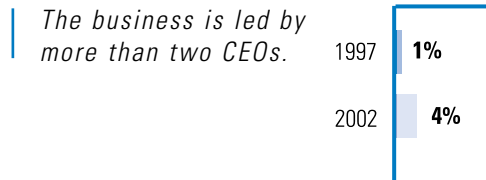


MORE BUSINESSES ARE LED BY CO-CEOS.

Contrary to the American stereotype of the lone hero, roughly one in nine respondents (12.5%) reports having more than one CEO leading the family business. Almost one-tenth (9%) report having two co-CEOs, and another 3.5% cite having more than two chief executive officers. These findings indicate that family businesses led by a powerful single leader may not always be the best option.

Looking ahead, 35.1% say co-CEOs are possible in the next generation, compared with 12.5% currently led by co-CEOs. The high level of anticipated co-CEOs is interesting given that, in many cases, the senior generation has not yet decided who the successor CEO(s) will be. Of those respondents saying that co-CEOs are possible in the next generation, two out of five (45.7%) say that one of the co-CEOs may be a woman. The success of the co-CEO structure will depend on complementary abilities and the use of effective mechanisms to resolve conflicts.

Naming more than two co-CEOs remains a rare practice but gains ground.



USE OF NON-FAMILY CEOS RATED SUCCESSFUL.

Not surprisingly, relatively few family-owned businesses (13.6%) have hired persons outside the family for the CEO position. Of those who have had non-family CEOs, 31% rate the experience as “extremely successful,” and 40% rate it as “very successful.” Taken together, 29% rate the experience as “somewhat,” “slightly” or “not successful.”

The experience of those who have worked with non-family CEOs should provide some comfort to families grappling with the problem of family members who are under qualified or disinterested in the top management position. Non-family CEOs also can serve as a bridge between current and next-generation family members when the next generation needs mentoring and experience before being ready to take the family-business reins.

SENIOR GENERATION SEES ITSELF MORE COMMITTED TO BUSINESS.

While 55% of respondents say the senior generation “very much” wants the business to stay in the family, somewhat fewer (42.3%) perceive the next generation to have the same level of commitment to long-term business ownership. Another 20.6% of the senior generation and 23.6% of the next generation express the commitment level as being “for the most part.”

Survey results reveal a number of correlations between the degree of the owner’s desire to keep the business within the family and other factors. For example, the more strongly the senior generation wants the business to remain in the family, the more the business is thought to contribute to the family’s identity in the community. For the survey group as a whole, 46.4% say the business contributes “very much so” to the family’s identity in the community and elsewhere. Another 18.7% answer “for the most part.” Analysis of the data also shows that the more optimistic the company’s prospects, the stronger the perception that the next generation is committed to long-term business ownership. So for those who want to create a family legacy, it is important to improve company prospects and take a more aggressive stance toward the market.

Correlations also exist between the senior generation's level of commitment and the number of family members in top management, as well as the importance placed on growth in sales volume as an indication of financial performance. The number of formal family meetings held annually increases with senior-generation commitment, as does the perception of the contribution of the legal board, all of which are indications that the senior generation is encouraging mechanisms associated with family-business continuity and longevity.

ESTATE PLANNING

SENIOR GENERATION CLAIMS "GOOD" UNDERSTANDING OF ESTATE TAXES.

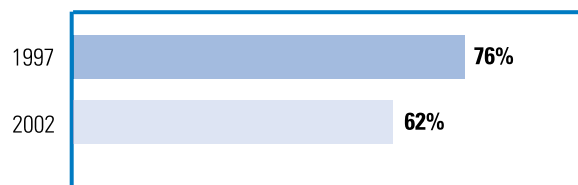
More than two-thirds (67.2%) of respondents say that members of the senior generation have a "good" understanding of the amount of estate tax expected to come due. However, since fewer than half of respondents conduct regular formal valuations of company share value, it is doubtful whether they are accurately forecasting estate taxes.

More than one in four respondents (25.8%) report some understanding of estate taxes, and 3.5% have little knowledge of the amount.

Almost two-thirds (62.3%) of significant shareholders in the business know of the senior generation's estate plans and share-transfer intentions.

The senior generation is less forthcoming about its plans for transferring ownership.

Other generations know the senior generation's share-transfer intentions.



More than two-thirds (69.8%) respond that the senior generation has completed estate plans. Nearly one in five respondents (19%) have not completed estate planning other than a will.

LIFE INSURANCE RANKS AS TOP SOURCE FOR ESTATE-TAX TAB.

If the senior generation will owe estate tax, what sources will be tapped to pay for it? Half (47.7%) of respondents cite life insurance as their top source of funds to pay death taxes. Only 11.6% of respondents mention existing funds as the primary source, while 3.7% (2.9%) expect to tap operating profits to cover estate-tax liability.

More than a third of the respondents (34%) expect life insurance will cover more than 75% of their estate-tax bill. Because fewer than half of respondents, however, conduct regular formal valuations of company share value, these expectations may be unrealistic due to rising values resulting from business growth. Policymakers are encouraged to note this tendency when considering possible changes in the death tax. They also should consider the economic benefit of eliminating estate taxes; at the very least, large amounts of capital now tied up in life insurance would be available for productive purposes.

A significant percentage of respondents are missing out on estate-planning and tax-reduction opportunities. Fewer than a quarter (22.1%) say they have used most or all of their \$1 million gift exemption.² Five in 10 (50%) respondents routinely use the \$10,000 annual gift exclusions for their children. Of those who do use the annual exclusion, only about half (51.5%) typically give family-business stock. Almost two-thirds of respondents (64%) say they have never paid gift taxes.

RESPONDENTS FAVOR LIVING TRUSTS AND LIFE INSURANCE TRUSTS.

Survey results indicate that living trusts, life insurance trusts and generation-skipping trusts are the most frequently used estate-planning techniques. Only 5.2% have used grantor retained annuity trusts. Significantly higher percentages have used family partnerships (18.3%), perhaps reflecting business owners' affinity for these more businesslike transactions. The use of generation-skipping trusts by 22.1% might reflect the long-term perspective of those business-owning families. (Respondents were able to select more than one technique.)

PHILANTHROPY

FAMILY-BUSINESS OWNERS DONATE LARGE AMOUNTS TO CHARITY.

Only 21.9% of respondents provided specific information about their charitable giving. In this group, the median donation was \$50,000 with a wide range from \$250 to \$3 million. Even

excluding the nine companies donating more than \$1 million, the median donation remains \$50,000, showing consistency among respondents.

These findings run counter to a popular notion that government intervention is required for charitable giving to occur. Indeed, these results show that charity is a part of family, business and community life where responsible people pull together in times of need and crisis.

COMMUNITY AND EDUCATION BENEFIT MOST FROM PHILANTHROPIC GIFTS.

An almost equal percentage of respondents cited community (35.4%) or educational (35.3%) as their highest targeted charity, followed by religious organizations (29.4%) and international relief (7.9%).

OWNERSHIP ISSUES

FAMILIES INTEND TO RETAIN CONTROL.

The vast majority (87.8%) of respondents say they believe the same family or families will control the business in five years. But family businesses are hardly immune to change, and many sources of stress can hinder successful ownership transition. Almost two-fifths (38.7%), for example, have had a family member cease employment with the business in the past five years. Twenty-one percent of respondents report that at least one family member has been divorced during the past five years.

In the past 10 years, more than one-third (35.7%) of the surveyed companies have bought out a family member. While a family-member buyout may be amicable and desirable, experiencing the separation of a family member from the business still can be emotionally difficult.

More than one-third of the businesses (37.8%) allow ownership beyond the controlling families. This is a much-debated activity, as it can threaten family-ownership continuity on the one hand and can build employee loyalty and motivation on the other.

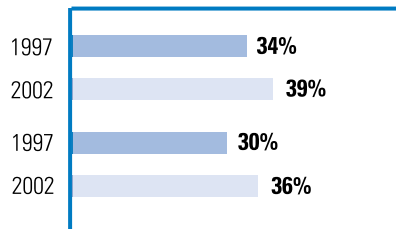
With respect to marriage and the family, fewer than one in 10 (9.7%) of married family members have prenuptial agreements although more than one in five (21%) report at least one divorce among family-business owners in the last five years. A strong relationship exists between the number of

males or females bought out over the last five years and an increase in the number of divorces over the same period. This indicates that family businesses would be advised to more seriously consider mechanisms – liquidity policies, mandatory prenuptial agreements and buy/sell agreements – that protect the business and the family.

Family members are more likely to leave the business for divorce or other reasons, creating additional challenges to the family’s desire to retain control.

A family member has left the business within the last five years.

A family member has been bought out in the last 10 years.



MORE THAN HALF OF RESPONDENTS HAVE SHAREHOLDER AGREEMENTS.

More than half (54.4%) of family businesses have buy/sell agreements among shareholders. Slightly more than a third (37.7%) have a formal redemption/liquidity plan and, over the past 10 years, 24.6% of the companies have redeemed at least some of their shares. The majority (81%) do not set aside funds in profitable years to purchase shares.

Formal valuations are conducted by only 26.6% of the respondents every year and by only 32.5% every other year, suggesting that many family businesses lack solid information on what the business is worth for estate-tax or buy/sell purposes.

Fortunately, given their low debt-to-equity ratios, many family businesses have healthy balance sheets to see them through the inevitable estate-tax payouts and shareholder redemptions.

PLANS FOR FUTURE OWNERSHIP ARE MIXED.

Nearly 29% say they plan an equal division of ownership among members of the succeeding generation. Recognizing the differing interests of family members, nearly a quarter of respondents (22.3%) intend to give greater ownership to family members making a larger business contribution, 10.1% plan to give less ownership to inactive children, and 6% plan to give no ownership to

inactive children. Roughly one-quarter (24.9%) of respondents report being undecided about dividing ownership among members of the next generation.

Almost 8% of respondents say the division-of-ownership question does not apply, as they plan to sell the business outside the family.

These findings belie the stereotype of founding parents' equal "love" for their children mandating equal treatment regardless of the children's abilities or involvement in the business. Perhaps family businesses are moving toward a more businesslike recognition of family members' contributions and differing interests.

NON-FAMILY MANAGEMENT ISSUES

ATTRACTING MANAGERS, ADVANCEMENT AND MOTIVATION ARE TOP CHALLENGES.

In addition to maintaining harmony among family members, family-owned businesses must consider the career needs of non-family employees. Family businesses are widely viewed as being loyal to non-family key managers. In fact, survey respondents rank attracting new managers (45%) as their greatest challenge relating to non-family employees. Providing advancement opportunities (44.6%) and motivating employees (43.8%) are their next greatest concerns.

BOARDS OF DIRECTORS

MIXED REVIEWS ABOUT BOARD PERFORMANCE EMERGE.

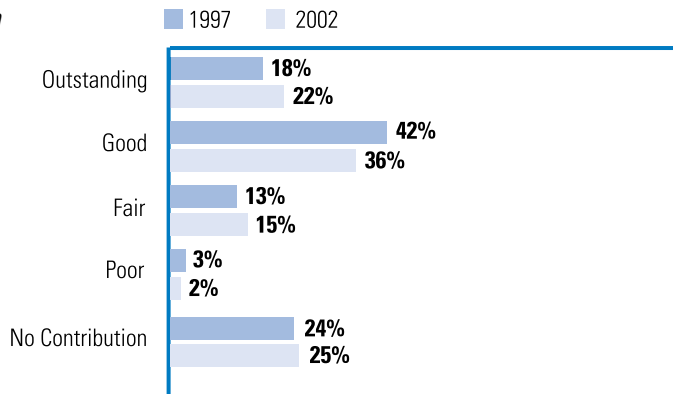
Under typical governance principles, top management reports to the board of directors, which approves major corporate decisions and strategies. Accordingly, the board can play a crucial role in business, including assisting in successor selection and top-officer compensation decisions.

Indeed, more than half of the respondents describe their boards as a strong and positive component of their company. More than one-third (36%) rate the contribution as "good," and 22% recognize board performance as "outstanding."

But a substantial percentage of respondents report weak board performance. Fifteen percent regard board contribution as "fair," and 2% rate the board's contribution as "poor." Twenty-five percent cite "no contribution."

The performance of boards of directors varies widely.

The board's contribution is rated:



An explanation as to why boards do not make a more positive contribution is likely found in the paucity of board activity: A board that does not meet cannot contribute. Almost half of the boards (49.3%) meet only one to two times a year, while nearly a sixth (13.4%) do not meet at all. Only 19.2% meet three or four times per year, while the remaining 10.1% meet five or more times annually.

Few of the respondents' companies have publicly traded stock (0.9%), but among these companies, boards meet at least three or four times per year.

DIRECTORS ARE OFTEN NOT PAID.

Almost two-thirds of family businesses (61%) do not compensate directors. Compensation tends to be modest, with 17.2% offering some pay, but less than \$4,000 annually per director. About 8% pay directors between \$4,001 and \$25,000 a year, and only 3.1% compensate their directors more than \$25,000 annually. Among those companies with publicly traded stock, the majority pay their directors between \$8,000 and \$12,000 annually.

BOARDS ARE SMALL, AND FAMILY MEMBERS CONSTITUTE THE MAJORITY.

More than three-quarters of family businesses have boards of three or four members (87.5%), and most (90.6%) have at least two family members. The survey indicates that the median number of males on the board is two to three, while the median number of female board members is one to two. Family businesses that are publicly traded have larger boards, with 63.6% consisting of five or more members.

WOMEN-OWNED BUSINESSES REPORT MORE GENDER-BALANCED BOARD REPRESENTATION.

Overall, males populate the majority of respondents' boards. But businesses owned and operated by women show more balanced gender representation, with a median of two males and two to three female board members. Businesses owned and operated by males have the lowest female representation, with at most one female member and three male members.

MINORITY OF FAMILY BUSINESSES HAVE BOARD SUBCOMMITTEES.

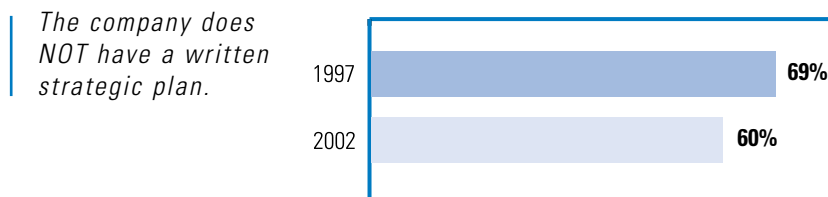
Slightly more than one-third of family businesses (34.1%) report having subcommittees of their board. Of the businesses surveyed reporting any subcommittees, 29.6% have an audit subcommittee, 22.7% have a compensation subcommittee, and 19.9% have an executive subcommittee. Beyond this, fewer than 10% of family businesses report having human resources (7.5%), finance/banking (6.6%) or strategic planning (5%) subcommittees.

STRATEGIES AND ORGANIZATION

FEW BUSINESSES HAVE A WRITTEN STRATEGIC PLAN.

The board of directors typically plays a role in developing business strategy. Given respondents' underuse of their boards, the quality of family businesses' strategic plans might suffer. In fact, most businesses (60.4%) responding to this survey lack a written strategic plan.

Fewer family businesses function without strategic plans, but the adoption of these important documents remains low.



The research shows significant correlations between the existence of a written strategic plan and a variety of other planning and actions necessary for family-business survival. For example, they are more likely to have buy/sell agreements, a formal redemption plan and formal valuations of company share value. They hold board of directors meetings more frequently and rate the

contribution of their boards more positively. They also have more employees, tend to have qualification policies for employing family members and are more likely to have selected a successor. In addition, they have higher sales revenues and greater international sales.

Of those companies that do have a strategic plan, a clear majority (70.1%) reports that company management is very familiar with it, and an additional 26.7% say management knows the plan somewhat. Companies without written plans and those that do not share their plans with management are not likely to benefit fully from such planning without complete management knowledge and buy-in.

NET PROFIT GROWTH IS MOST POPULAR PERFORMANCE INDICATOR.

The survey questionnaire asked respondents to rate the importance of common financial performance indicators. The vast majority cite net profit growth as either extremely important (52.4%) or very important (33.9%). The next most valued indicators are ability to fund growth from operating profits, and growth in sales volume.

Most respondents are satisfied with their performance as measured by their favored financial indicator. Of those stating that net profit growth is extremely important, 26% are extremely satisfied with its performance, while 34.5% are very satisfied and 21.1% are somewhat satisfied.

PERCEPTIONS OF OUTSIDE ADVISORS

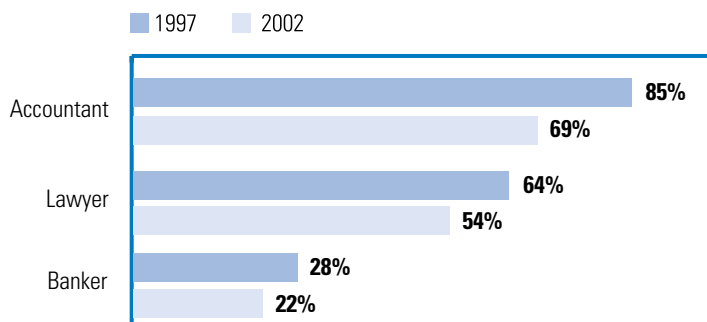
RESPONDENTS VIEW ACCOUNTANTS AS “MOST TRUSTED.”

Outside advisors can play crucial roles in succession, estate and business planning. When asked whom they regard as their “most trusted business advisor,” 34.6% of respondents indicate their accountant, and 17.1% indicate their lawyer. A majority of respondents (69%) rate their accountant as the number one, two or three most trusted business advisor. Behind accountants in the one-through-three rankings are lawyers (54.2%), bankers (21.6%) and business peers (19.7%).

When it comes to the advisor perceived as most instrumental in succession and estate planning, respondents prefer accountants and lawyers almost equally at 40.7% and 38%, respectively.

Despite dropping trust levels for all advisors, accountants remain “most trusted” of outside advisors.

The business’ top three “most trusted” advisors are:



BUSINESS ATTITUDES

FAMILY AND BUSINESS ATTITUDES AND GOALS ARE IN ALIGNMENT.

When asked to what extent the family has an influence on the business, 39.9% answer “to a large extent” and an additional 26.2% answer “to some extent.” Further, almost four out of five family businesses respond that the family and the business share similar values (77.3%). Overall, 40.4% agree strongly that the family and the business share the same goals, and 50.5% strongly agree and support family decisions regarding the business.

WOMEN SHOW STRONGER ALIGNMENT TO FAMILY ATTITUDES.

Women-owned and -operated businesses show a significantly stronger alignment to family-held values and goals. Similar to the overall results, 41.4% of these businesses strongly agree that the family has an influence on the business. However, compared with all survey respondents, 46.4% of women-owned businesses strongly agree that the business goals and the family goals were in agreement, and 55% strongly agree and support family decisions regarding the business.

BUSINESS CLIMATE

RESPONDENTS ARE OPTIMISTIC ABOUT THE FUTURE.

Family-business leaders generally maintain a positive outlook. Asked how optimistic they are about their company’s prospects, 60.5% say “very much so,” 16.7% say “somewhat,” and fewer than 1.5% say “not at all.”

Almost half of respondents (47.7%) expect growth in sales revenue of 6% or more in the next year. Only 17.5% predict no change or a decrease in revenues in the same period.

Respondents anticipate minimal employment growth in the next year. While 39.6% of respondents intend to keep staffing levels constant, 50.3% expect an increase of up to 5%. With revenues expected to rise faster than human resource levels, we infer that some sales growth is expected to occur as a result of higher productivity.

INTENSIFYING DOMESTIC COMPETITION IS GREATEST CHALLENGE.

Domestic competition is the key challenge executives cite most, at 14.3%. This finding is understandable since the focus of most businesses reflected in the survey lies within U.S. borders. Management strength (12.8%) and a recessionary environment (12.3%) are considered the next greatest business challenges. Following are lack of qualified workers at 8.5% and management succession at 7.9%. Labor costs are viewed as the greatest challenge by 5.6% of respondents, while 5.6% see regulatory burdens as the largest issue.

¹The Arthur Andersen/MassMutual American Family Business Survey '97 was conducted by the Arthur Andersen Center for Family Business and the Massachusetts Mutual Life Insurance Company with the assistance of Loyola University Chicago Family Business Center and the Family Enterprise Center at Kennesaw State University. Comparative data from the '97 survey is used with permission from Arthur Andersen.

²The Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) contains a "sunset" provision that repeals this Act as of December 31, 2010. Consequently, all tax code changes made under the Act will revert to their status prior to enactment once again on January 1, 2011. Unless there is a future legislation, the Act will only be in effect through year 2010.

SIGNIFICANT CHANGES IN FINDINGS, 1997¹ – 2002

(Significant changes indicated in **bold**. Percentages have been rounded.)

	1997	2002
COMPANY CHARACTERISTICS		
MANY FAMILY BUSINESSES ARE BIG BUSINESSES.		
Median annual revenues unchanged (\$ millions)	\$ 9.0	\$ 8.5
Mean annual revenues increased (\$ millions)	\$23.2	\$36.5
Combined revenues increased (\$ millions)	\$67.4	\$54.4
*More than 3,000 businesses were represented in this total in 1997 while more than 1,100 responded in 2002, indicating a large increase in combined revenues.		
Sales revenues have increased over the last three years	68%	65%
Increased by greater than 11%	21%	30%
Increased from 6% to 10%	20%	15%
Increased from 1% to 5%	26%	20%
No change	11%	9%
Decreased from 1% to 5%	12%	9%
Decreased by more than 5%	9%	15%
FAMILY BUSINESSES TEND TO AVOID DEBT.		
No debt other than trade payables	34%	26%
Debt level between 1% and 25% of equity	34%	30%
MAJORITY OF RESPONDENTS CONDUCT BUSINESS AS S, NOT C, CORPORATIONS.		
The business operates as an S corporation	43%	47%
The business operates as a C corporation	54%	42%
BUSINESSES EMPLOY A MEDIAN OF 50 FULL-TIME PERSONNEL.		
Median number of employees	50	50
Percent with more than 500 employees	4%	6%
More than 1,000 employees	1%	3%

1997 2002

MORE BUSINESSES FOUNDED AFTER 1980.

	1946	1946 & 1980
Most frequent year of business founding		
First generation/founders of the business?	37%	27%
Second generation?	41%	43%
Third generation?	18%	23%

LEADERSHIP PROFILE

LEADERS NEAR RETIREMENT AGE.

The CEO is older than 60	36%	29%
Median age	56	54
The CEO has attended college	86%	87%
The CEO is a family member	87%	80%
Is related by marriage	8%	14%

SUCCESSION PLANS

FOUR IN TEN CEOs STILL EXPECTED TO STEP ASIDE.

The business will change leadership within five years	43%	39%
The current CEO will retire within five years	28%	27%
Will retire within 10 years	53%	56%
Will never retire	16%	13%
The current CEO will semi-retire within five years	9%	12%
Among all respondents, a successor has been named	43%	40%

SIGNIFICANT CHANGES IN FINDINGS, 1997¹ – 2002 (CONTINUED)

(Significant changes indicated in **bold**. Percentages have been rounded.)

	1997	2002
A SIGNIFICANT PERCENTAGE TEND NOT TO NAME SUCCESSORS WELL IN ADVANCE OF CEO CHANGE.		
CEO planning to retire or semi-retire in five years, has NOT named a successor	37%	42%
Has named a successor	63%	58%
ADVANCING AGE OF CEO DOES NOT HASTEN THE NAMING OF A SUCCESSOR.		
CEO aged 61+ planning to retire within five years, has NOT selected a successor	33%	55%
CEO aged 56-60 planning to retire within five years, has NOT selected a successor	43%	28%
WOMEN CONTINUE TO GAIN GROUND IN FAMILY-OWNED BUSINESSES.		
Possibility of next CEO being a woman	25%	34%
Business currently has a female CEO	5%	10%
If co-CEOs in the future, one may be a woman	42%	46%
Women family members employed full-time	41%	52%
More than one woman family member employed full time	10%	10%
Of family members employed full time, percent women	19%	27%
MORE FAMILY-OWNED BUSINESSES EXPECT TO BE LED BY CO-CEOS.		
The business is led by co-CEOs	10%	9%
By more than two CEOs	1%	4%
Family members may serve as co-CEOs in the future	42%	35%

	1997	2002
USE OF NON-FAMILY CEOS RATED SUCCESSFUL.		
Business was led by a non-family member as CEO	12%	14%
If business has had a non-family member CEO, the experience was		
Extremely successful	17%	31%
Very successful	35%	40%
Somewhat successful	26%	16%
Slightly successful	9%	5%
Not successful	13%	8%
SENIOR GENERATION SEES ITSELF MORE COMMITTED TO BUSINESS.		
Same family will control business in five years	92%	88%
Next generation shows the same commitment	44%	42%
Business contributes to the family's identity in the community		
Very much so	43%	46%
For the most part	25%	19%
Somewhat	19%	18%
Slightly	8%	10%
Not at all	5%	7%

ESTATE PLANNING

INADEQUATE ESTATE PLANNING COULD PUT NEXT GENERATION AT RISK.

The senior generation understands the amount of estate tax due upon their deaths		
Good understanding	76%	68%
Some understanding	21%	26%
Not at all	2%	4%
Estate planning not completed (other than a will)	23%	19%
Other generations know share-transfer intentions	76%	62%
Life insurance will cover estate taxes	67%	48%

SIGNIFICANT CHANGES IN FINDINGS, 1997¹ – 2002 (CONTINUED)

(Significant changes indicated in **bold**. Percentages have been rounded.)

	1997	2002
Firm has buy-sell agreement defining ownership	57%	63%
Company has formal redemption/liquidity plans	36%	44%
Owners have used all or most of the \$1 million gift exemption	28%	22%
Owners regularly use \$10,000 annual gift exclusion	57%	50%
Do NOT regularly use \$10,000 exclusion	43%	43%
Owners have never paid gift taxes	81%	64%

OWNERSHIP ISSUES

FAMILIES INTEND TO RETAIN CONTROL.

The same family will control the businesses in five years	92%	88%
A family member has left business within the last five years	34%	39%
Family members have been bought out in the last 10 years	30%	36%
Family has had at least one divorce in the last five years	18%	21%
Ownership is NOT restricted to family members	51%	38%

PLANS FOR FUTURE OWNERSHIP ARE MIXED.

Ownership will be divided equally	24%	29%
Ownership will go to those contributing most to the business	30%	22%
Less ownership will be given to inactive members	8%	10%
No ownership for inactive members	10%	6%
Ownership for the next generation is undecided	26%	25%
Ownership division not applicable (business to be sold)	4%	8%

1997 2002

BOARDS OF DIRECTORS

DIRECTORS MEET INFREQUENTLY.

The board meets only one or two times per year	55%	49%
Meets not at all	18%	13%
Meets three or four times per year	17%	19%
Meets five or more times per year	9%	10%
The board's contribution is rated		
Outstanding	18%	22%
Good	42%	36%
Fair	13%	15%
Poor	3%	2%
No contribution	24%	25%

STRATEGIES AND ORGANIZATION

FEW BUSINESSES HAVE A WRITTEN STRATEGIC PLAN.

The company HAS a written strategic plan	31%	37%
Of those who have plans, company management is very familiar with the strategic plan	63%	70%
The company does NOT have a written strategic plan	69%	60%

SIGNIFICANT CHANGES IN FINDINGS, 1997¹ – 2002 (CONTINUED)

(Significant changes indicated in **bold**. Percentages have been rounded.)

1997 2002

PERCEPTIONS OF OUTSIDE ADVISORS

RESPONDENTS' VIEW OF ACCOUNTANTS AS "MOST TRUSTED" IS CHANGING.

Most trusted business advisor is

Accountant	44%	35%
Lawyer	19%	17%

Among top three advisors

Accountant	85%	69%
Lawyer	64%	54%
Banker	28%	22%
Business peer	25%	20%

Most trusted advisor for estate planning

Accountant	41%	41%
Lawyer	41%	38%

BUSINESS CLIMATE

RESPONDENTS ARE INCREASINGLY OPTIMISTIC ABOUT THE FUTURE.

Optimistic regarding the company's prospects

Very much so	44%	61%
For the most part	40%	13%
Somewhat	13%	17%
Slightly	3%	8%
Not at all	1%	2%

Revenue growth expected to be greater than 6% next year 52% 48%

No change or a decrease in revenue growth 15% 18%

Staffing expected to increase up to 5% next year 36% 50%

1997 2002

**INTENSIFYING DOMESTIC COMPETITION IS
DECREASING AS THE GREATEST CHALLENGE.**

Business' greatest challenge

Domestic competition	32%	14%
Management strength	8%	13%
Recessionary environment	5%	12%
Lack of qualified workers	13%	9%
Management succession	9%	8%
Regulatory burdens	8%	6%
Labor costs	7%	6%

¹The Arthur Andersen/MassMutual American Family Business Survey '97 was conducted by the Arthur Andersen Center for Family Business and the Massachusetts Mutual Life Insurance Company with the assistance of Loyola University Chicago Family Business Center and the Family Enterprise Center at Kennesaw State University. Comparative data from the '97 survey is used with permission from Arthur Andersen.

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ABOUT THE SURVEY TEAM



THE RAYMOND 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. 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-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.



BABSON COLLEGE

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

ABOUT THE SURVEY TEAM (CONTINUED)

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 FAMILY BUSINESS ENTERPRISE AT MASSMUTUAL.

MassMutual created the Family Business Enterprise to educate its representatives to better 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 e-mail familybusiness@massmutual.com. Visit our Web site at www.massmutual.com.



FOR MORE INFORMATION.

For more information about this survey, please contact Carol Wittmeyer, president of the George and Robin Raymond Family Business Institute (607-587-9695 or e-mail witt@alfred.edu), or Retail Distribution Marketing at Massachusetts Mutual Life Insurance Company (800-234-1007 or email 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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