

# Understanding your stakeholders: Conducting a market analysis for university-based family business centers

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Family business is a vital institution in the global economy. Universities and their family business centers must operate more effectively and efficiently to better serve their stakeholders by using marketing research to align their mission statements with the needs of their stakeholders. Primary needs, and perhaps those most neglected among stakeholders, that must be assessed are those of the students and their parents who own family businesses.

This paper provides an example of how to accurately assess these key stakeholders' needs in order for university-based family business centers to effectively plan and implement customer-focused programming. Specifically, separate surveys were administered to students and the students' parents who own a family business. The results are analyzed in terms of how to use this critical information to make key decisions about the programming needs of centers' internal and external market.

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## **Introduction**

Family business is a vital part of the U.S. and world economy. In the U.S. alone, over 90% of all businesses can be classified as family businesses, and over half of the workforce works in a family business (Jaffe 1991). Family businesses are the engines that have been driving the unprecedented U.S. economic boom. While many of the Fortune 500 companies have been downsizing in recent years, family businesses have been the source of most of the job growth in the US economy.

Given this tremendous scope, family business must become a priority on both the nation's business and academic agenda. This includes universities' efforts to establish family business as a legitimate academic discipline. A small but growing number of universities are supporting this goal. As Ramona Heck (1998) stated in her presentation on university-based family business centers in the 21<sup>st</sup> century, universities have now

moved beyond the question of if these centers are important, to how to effectively implement a center's programming within the university setting.

The goal of this paper is to address this important question by discussing an example of how to assess the programming needs of two key segments of the family business center market: students and their parents. Specifically, students' demand for family business offerings is examined and discussed as a way to effectively plan, implement and control the internal programming component of a family business center. In addition, the wants and needs of the students' parents who own a family business are also assessed as a way of planning and implementing the external programming component of a family business center. This also allows a center's external programming to compliment and support the internal programming. A brief discussion of the results of these two assessments is included in order to provide an example of a market analysis for university-based family business centers. The paper concludes with a discussion of the implications for family business centers.

## **Literature Search**

### Internal and External Programming for Family Business Centers

The terms, internal and external programming, flow from the development of the Holistic Model that has been put forth as the next step in the evolution of university-based family business centers (McCann & DeMoss 2000). The Holistic Model is based on the integration of the three functions of the university as a whole. These functions are

(1) teaching (internal programming), (2) outreach programs (external programming), and (3) scholarship.

Internal programming can be defined as all activities that relate to curricular and co-curricular activities for family business students (McCann 2000). Examples would include not only courses in family business but also encouraging students to attend continuing education conferences and family retreats, as well as participating in family business research. Internal programming needs to align with the mission statement and core values of the university. Therefore, at universities where teaching is primary among the three functions, it should also be primary among the family business center's focus. Even if it is not the primary function, as one of the three functions of the university, every family business center needs to address how its internal programming will be developed. To look at internal programming from this perspective challenges the traditional model of family business centers that conduct a limited number of seminars for families that may have little or no connection to the university.

If a family business center's internal programming is the primary focus, then its strategic plan needs to integrate the other two functions of a university. (This concept of strategic integration of the three functions is critical regardless of which one is considered primary.) If teaching is primary, for example, at a small private university (as compared to a land grant or research institution) and internal programming is the foundation, it makes sense to build the external programming primarily with the families of students in the curriculum. Examples of this linkage might include having the students and their families attend a two-day retreat at the end of each semester. Or students could be asked to role-play the client in continuing education programs with family business

professionals. Taking this a step further, the third function, research, could be linked with internal programming by conducting research to assess the effectiveness of undergraduate family business courses or publishing family case studies using student input for each project.

Thus, external programming becomes an extension of the link between the university's mission statement, its core values, and a center's internal program. Given the university's expertise in creating quality education, external programming for families and professionals can be developed and shaped by this expertise. The tradition model for external programming, which has been referred to as the "talking head" seminar, has been criticized pedagogically. Utilizing the university's expertise to develop external programming will increase the level of quality education and skill development.

### Market-Focused Family Business Centers

The concept of focusing on customer needs and wants is not new to the business world. In fact, it is a core concept in the field of marketing. Family business centers will benefit from following the same advice they give to their family business members. As this academic field moves beyond an entrepreneurial environment to an established "business" there is a need to increase the level of professionalism in all that they do. Thus, the need for institutionalizing both strategic planning and the assessment of customer needs becomes essential. Otherwise family business centers, or more specifically their directors, risk doing what entrepreneurs and (perhaps more so) academics are often prone to, which is losing touch with the people they serve and prescribing services that may not be aligned with stakeholder/customer needs.

Ramona Heck addressed customer-driven services as one of the three keys to the future effectiveness of family business programming (1998). She states that customer-driven family business programming means that centers focus on the most important needs, concerns and issues of family businesses and their communities including those who choose to support such programming. In general, Heck states that a center's success rests in part on its ability to effectively market to their various customer segments.

Similarly, Nancy Upton states that if a university is going to offer an internal programming component as part of its family business center offerings, then the university must first assess whether a need exists to educate the children of family businesses. She continues by stating, "How novel to actually ask the student customer what his or her needs are (2000, pg. 24.)" The results of such studies will aid universities in their decisions about whether to implement a family business curriculum as well as which issues to address should a curriculum be developed.

However, surprisingly little research has been conducted that assesses the customer service needs of any of the family business center's stakeholders (Heck 1998). When the focus is narrowed to looking specifically at the internal programming or student-driven family business services, the literature becomes virtually nonexistent. Yet in order for a university-based family business center to successfully implement an internal program and/or create synergy between its internal and external programs, this type of research must be conducted.

## **Methodology**

### Sample

A total of 252 business students at a small private liberal arts university participated in this study. Data collection was conducted at this university given that the newly formed Family Business Center was in the process of developing its internal programming component. In addition, 80 parents of students who indicated that they were from a family business and listed their name and address were asked to participate in the study. Thirty-two of the 80 parents agreed to participate by responding to a mail survey.

### Data Collection

Students enrolled in the various core requirements for any business major were asked to participate. These courses were selected so that different business majors from their freshmen to their senior year in college would be included in this study. Surveys were administered at the beginning of the class period to those students who agreed to participate and collected upon completion of the survey.

After the initial set of data was analyzed, students' parents who were involved in a family business were mailed a different survey. They were asked in a cover letter to fill out the survey and mail it back in the postage-paid envelope provided.

### Survey Instrument

The student survey included three major areas pertinent to this study: (1) identification of students' family business background, (2) the demand for a career in a family business, and (3) the demand for the Family Business Center's internal programming. In the identification of the family business background, students were asked whether one or both parents currently work in a business owned by a family member and whether one or both parents have significant ownership in a business.

The next area assessed students' likelihood of pursuing a career in their family's business, if relevant, or a career in a family business other than their own. Scores ranged from a low of one to a high of seven. A score of 1 meant a low likelihood of pursuing a family business career, and a score of 7 meant a high likelihood of pursuing a family business career. Students were also asked the likelihood that they would start their own business.

The last section assessed the students' demand for the University's Family Business Center on campus. They were asked how likely they would be to enroll in a family business course and a family business minor. A score of 1 meant a low likelihood of enrolling in a course or minor, and a score of 7 meant a high likelihood of enrolling in a course or minor. At the end of the survey, students who came from family businesses were asked to include their name and permanent address.

The parent's survey assessed two major areas: (1) background of the family business and (2) demand for various family business offerings. The questions addressing the family business's background included identification of the primary nature of the business, yearly revenues, number of generations in the family business, and the education, gender and job position of the respondent. The questions concerning the family business offerings included the likelihood that they would become a member of the Center, the importance ratings of various family business issues, the number of retreats they would attend in a year, the preference of retreat locations, and the membership fee and type of speakers they would like to see offered by the Center.

## **Results**

### Student Survey

*Analysis of the market:* The results of this survey indicate that 43 percent of the students' parents who were surveyed have a significant ownership in a business.

*Demand for a family business career:* In order to assess the market's interest level in a family business career, students were asked about their likelihood of pursuing a career that in some way was involved with this field. Out of the subset of those students from a family business, the average response for the likelihood of pursuing a career in a business that his/ her family owns was 3.2. Out of the entire sample, the average response for the likelihood of pursuing a career in a business owned by a family other than his/ her own family was 3.2. Last, out of the entire sample, the average response for the likelihood of starting a business of their own was 4.2.

*Demand for the family business center's Internal Programming:* In order to assess the market potential for the family business center's internal programming, students were asked how likely it would be that they would enroll in a class or minor offered by the Family Business Center. Also, out of the entire sample, the average response for the likelihood of enrolling in a family business course was 4.2. Out of the entire sample, the average response for the likelihood of enrolling in a minor in family business was 3.3.

### Parent's Survey

The results of the parent's survey will not be discussed in detail given the main purpose of this paper is to provide a template for analyzing the student/parent market for a university-based family business center. A brief description of the survey results are

given below to demonstrate the type of information that is useful in tailoring the family business programming to meet the needs of its external stakeholders.

*Background of the family business:* The most frequently reported businesses were categorized as construction/engineering, wholesale/distribution, and agriculture production/processing. Forty-three percent of the respondents stated that one generation was currently involved in the family business and the same percentage reported that two generations were currently involved. Sixty-eight percent of the respondents reported yearly gross revenues under five million dollars. Last, the majority of the respondents were male, college graduates and held the position of president in their family business.

*Demand for various family business offerings:* Parents reported that the average likelihood that they would become a member of the Center was 2.63 on a scale of 1 to 5 with 1 being very unlikely and 5 being very likely. The top three important family business issues were assurance of long-term financing, building management/employee teams, and strategic planning/estate planning (tied for third).

In terms of the Center's offerings, the most frequently reported number of retreats that parents would attend in a year was 1 or 2. The preference of retreat locations was an on-campus site. In addition, parents stated that they preferred a local expert to a national expert in terms of the type of speaker they would like to see offered by the Center. Last, not surprisingly, the majority of respondents said that they considered an annual fee of under \$2,000 to be a reasonable membership fee for the Center to charge.

## **Conclusions**

The results of this study have benefited the participating university-based family business center in a number of ways. Most importantly, the significant proportion of

students from a family business has provided evidence and support for the Center to be a part of the core activities of the University. In addition, students' expressed demand for a career in a family business setting and their intentions to enroll in a family business course and/or minor provides further support for the success of the internal programming component to the relevant constituents of the University. The study's results also provided the University with a more defined target population for its Family Business Center's programming for both the internal and external components.

This study also provided information to the participating University concerning the general career goal of the students who were interested in pursuing a family business career as well as students' most common issues surrounding the family and the business within their family business. This information should factor into decisions concerning the Center's mission statement, strategic plan, and thus, internal program offerings. By incorporating the needs, concerns, and issues of students and their parents who have expressed a significant interest in the Center, the Center becomes customer-driven and linked to the University's mission and core endeavors.

In conclusion, this study provides a prototype for university-based family business centers that are either in the process of developing or are now implementing an internal programming component and/or a synergistic external programming component. By conducting a market analysis of their student and parent family business populations, family business centers will possess critical information to make key decisions about the programming needs of their internal and external market. Specifically, this information will aid such centers in effective decision-making regarding internal and external

programming as well as how to develop a strategic plan for the long-term success of each component.

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