



conway family business center
of central ohio



Central Ohio's Best Resource For Family Businesses

MONTHLY MESSAGE APRIL 2008

A monthly publication of the **Conway Family Business Center of Central Ohio**
located on the campus of Ohio Dominican University in Columbus, Ohio

www.familybusinesscenter.com

It's not too late to register for tomorrow's special event...

ACHIEVING LONG TERM FAMILY BUSINESS SUCCESS

Saturday, April 19, 2008

9:00 a.m. - noon & 1:00 - 2:30 at Ohio Dominican University

There is no charge for Conway Family Business Center Members to participate

Register online at www.familybusinesscenter.com

Dr. Sam Lane, a principal of the Aspen Family Business Consulting Group and nationally renowned expert on family business issues, will share keys to family business success in his Saturday morning address ***Family Owned Businesses: Ropes to Skip and Ropes to Jump***. Dr. Lane has more than 28 years of experience helping family businesses achieve their long-term goals. As a corporate psychologist specializing as a consultant to family business, he successfully creates and implements individualized approaches to the unique challenges faced by family business enterprises.

Following Dr. Lane's presentation family business leaders will have the option to attend two of four breakout sessions to explore the following topics:

- **Understanding the Four Important Structures in Family Business Governance**
- **Employment and Empowerment in the Family Business**
- **Wealth and Asset Planning for The Family Business Owner**
- **Estate and Business Planning for the Family Business**

After lunch, two working sessions will be offered

- **How to Build a Plan for Employment and Empowerment**
- **How to Build A Plan for Business Continuation through Buy-Sell Agreements and Close Corporation Agreements**

This Conway Family Business Center of Central Ohio event is sponsored in part by Business First,

GREENCREST, The Columbus Chamber of Commerce and The Hilliard Chamber of Commerce.

Reservations can be made online at www.familybusinesscenter.com

Coming Thursday, April 24, 2008

3rd Annual TAKE OUR DAUGHTERS AND SONS TO WORK DAY

On Thursday, April 24, 2008 at Ohio Dominican University, the Conway Family Business Center of Central Ohio will be holding the 3rd Annual Take Our Daughters and Sons to Work Day Program. This event, held in conjunction with the national Take Our Daughters and Sons to Work Day Program, is for adults and the school-aged children, grandchildren nieces and nephews of owners and family members of family owned businesses. School districts throughout central Ohio encourage students to explore future employment opportunities and our program offers a way for younger generation family members to gain a better understanding of “family business” by participating in a family business tour and through discussion with their peers whose families own their own businesses.

We'll meet in Alumni Hall at Ohio Dominican at 8:30 a.m. for “coffee”, introductions and an icebreaker before we board the bus and head to Buckeye Boxes for a tour of this central Ohio family business. At Buckeye Boxes we'll get an up close and personal look at how boxes are manufactured for products of every shape and size, an amazing process. At the conclusion of the tour, we'll be given the opportunity to practice the art of assembling one ourselves. When we return to Ohio Dominican around 11:00 a.m., Commerce National Bank will work with the students to discuss money—ways to make it, save it, and wisely spend it. Students will be cautioned about the hazards of credit card debt and will participate in an activity to help them understand the costs associated with using someone else's money. Following Commerce's presentation, the Columbus Foundation will showcase their new initiative called PowerPhilanthropy and share information with those in attendance about how individuals, families, groups and businesses can use the Columbus Foundation's new database to research non-profit organizations in order to make informed decisions about the sharing of their resources.

At noon, the students and adults will have the opportunity to eat lunch in the dining hall at Ohio Dominican for an “all you can eat” lunch buffet.

Bring the future leaders of your family business to the Conway Family Business Center on April 24th to learn about family business, to meet and spend time with other children of central Ohio's family businesses and to learn a little about business, money and philanthropy. We promise to make it a FUN morning for all ages. Reservations are required to participate. Reserve your seats on the bus and in the classroom by registering online at www.familybusinesscenter.com today. No cost for Conway Family Business Center members. \$ 35 per family for members of the public.

DIRECTOR INSIGHT

We are looking forward to Commerce National Bank's April 24th presentation at the Take Our Daughters and Sons to Work Day Program on ways to make money, save money and spend it wisely. An absolutely wonderful book on this subject is *Rich Dad, Poor Dad: What the Rich Teach Their Kids About Money That the Poor and Middle Class Do Not!* by Robert Kiyosaki. We recommend that you,

your children (and their children) read it. –Dick Emens, Executive Director and Becky Blatt, Associate Director

MEMBER NEWS

- Chris Bouzounis and **Artina Promotional Products** received recognition at the Champions of Success 2008 Small Business Awards Program on April 17, 2008. This awards program is sponsored by the U.S. Small Business Administration. Artina Promotional Products was named the outstanding family business for 2008. Congratulations Chris and Artina Promotional Products.
- **Charles Penzone Family of Salons**, please to announce it is a finalist in the 2008 Global Salons Business Awards. The Charles Penzone Family of Salons was selected from 3,000 nominated salon from around the world. This Conway Family Business Center member is one of 75 finalists, representing 22 countries. The awards banquet will be held in June at the Hollywood Renaissance Hotel in Los Angeles.
- Rapid prototyping, manufacturing and product development company, **Laser Reproductions**, was recently contracted by Pro-Tec Equipment to create models of its equipment at 1/12 the actual size to showcase at the upcoming AgriCon conference in Las Vegas.
- Conway Family Business Center Service Provider GBQ Partners is hosting Profitable Growth in an Uncertain Economy: *Driving Profitability Through Pricing. Three easy analytical tools to find hidden opportunities in your business* from 7:30 – 9:00 a.m. at the Capital Club on May 16th. Conway Family Business Center members are welcome to attend. Contact Christina Evans at GBQ at (614) 883-3845 to make your reservation.
- As employers search for new strategies to manage employee benefit plan costs, often overlooked is the eligibility of dependents enrolled in their plans. If this topic interests you, Willis, one of our Conway Family Business Center Service Providers would like to invite Center members to attend their educational program on this topic on Thursday, May 15th from 2:00 p.m. – 4:00 p.m. at 495 Metro Place South. For more information or to register for this event e-mail april.welch@willis.com.

FAMILY BUSINESS OWNERS BEWARE

Supreme Court Gives Individual 401(k) Participants the Green Light to Sue to Recover Losses

By: Earl Avakian, Avakian Financial Group

The Supreme Court ruled on February 20, 2008 that under the Pension Protection Act, individual participants in retirement plans have the “green light” to sue to recover losses.

The employee, James LaRue, who worked for a Dallas based consulting firm gave instructions to the administrator to shift his investments from one mutual fund to another. Mr. LaRue’s instructions were ignored, resulting in a loss of \$150,000.00.

The lower courts agreed with Mr. LaRue, that the administrator had breached his duty, but dismissed the lawsuit on the grounds that ERISA permitted suits only on behalf of the plan itself, not on behalf of individual account holders. The courts relying on *Massachusetts Mutual Life Insurance Company V Russell*, 473US134, the circuit court held that ERISA Section 502(A)(2) provides remedies for the entire plans not for individuals.

Justice John Paul Stevens writing the opinion of the court in a 9-0 decision stated that "Russell's emphasis on protecting "the entire plan from fiduciary misconduct reflects the formal landscape of employee benefit plans that landscape has changed." The court held that although 502(A) (2) the provisions does authorize recovery for fiduciary breaches that impair the value of plan assets in a participants individual account.

With 70 million people with about \$3 trillion dollars in 401(k) investments how can plan sponsors protect themselves from lawsuits since the "landscape has significantly changed?"

Create an Investment Policy Statement

The Department of Labor suggests creating an Investment Policy Statement. The purpose of the Investment Policy Statement (IPS) is to establish procedures relating to removal of investments, monitoring investments, and benchmarking the 401(k) returns.

Create an Investment Committee

Create an Investment Committee to review the above referenced items in the Investment Policy Statement.

Be in compliance with 404 (C)

When 404 (C) Compliance was introduced, most advisors were under the assumption that the plan offered 3 investments ranging from conservative, moderate to aggressive and that trustees were protected from lawsuits. Compliance with 404 (C) entails much more than just investments, it includes educating employees so that they can make informed decisions. The Pension Protection Act change allows a registered investor advisor to make recommendations on specific 401(k) plans investments.

"Benchmark" 401(k) every three to five years

Request 401(k) quotes from various vendors on a regular basis. Examine the fees, expense ratios, asset charges, and rates of return.

Expect to see more lawsuits over the years as plan participants and their attorneys explore options for recovery of assets made possible through this new ruling. Family business owners with 401K plans should act now to make sure they are protected.

TURNING IN-LAWS INTO TEAM PLAYERS

Source: *Family Business Magazine E-News* April 15, 2008

"In-laws who are team players can be a genuine asset. They can help your child achieve maturity, conviction and drive," writes family business adviser Loyd H. Rawls in the current issue of *Family Business Magazine*. "However, there is at least a 50:50 chance that you are going to be dealing with

an in-law terrorist." Rawls offers the following tips "to turn in-laws into team players and, where appropriate, help you deal with in-law terrorists":

1. Initiate a family business council to facilitate family communication on general business matters.
2. Princes and princesses should tell their betrothed about the family business council and let them know that they will be included after the wedding. Parents should do the same. This information will mean more coming from the prospective mother- and father-in-law because it expresses welcome, inclusion and respect.
3. Within the family business council, parents should forthrightly but respectfully address any perceived meddling or rumors by starting with, "We heard you had a question." Let it be known immediately that all issues will be discussed and there will be resolution in an open forum. Insist that the family communicate directly, and don't tolerate any emotional hand grenades.
4. Initiate a board of directors rather than concentrating total responsibility with the business owner.
5. Parents must recognize the autonomy and independence of their children's new family. Give advice only when solicited.
6. Princes and princesses should hold both their parents and their spouse accountable for respect and giving one another the benefit of the doubt.

Women in Family Business Peer Group

Next meeting scheduled for Tuesday, May 6th

The next meeting of the Women in Family Business Peer Group will be held on Tuesday, May 6th, 2008 from 7:30 a.m. – 9:00 a.m. in the Conway Family Business Center Office at Ohio Dominican University. Bea Wolper, partner at Chester Willcox & Saxbe, will facilitate the discussion. Any female owner, employee or family member of a Conway Family Business Center member company is welcome to attend. RSVP to Becky Blatt at 614.253.4820 or via e-mail at blatt@familybusinesscenter.com

Next Generation Family Business Peer Group

Next meeting scheduled for Tuesday, May 13th

The next meeting of the Next Generation Peer Group will be held on Tuesday, May 13th, 2008 in Ohio Dominican University's Classroom Space at Easton. Thaddeus O'Brien of O'Brien and Associates and group moderator will continue to facilitate a discussion the group has begun about establishing and maintaining trust in a family business. For more information about Conway Family Business Center Peer Group opportunities, contact Becky Blatt, Associate Director at blatt@familybusinesscenter.com or call the office at 614.253.4820.

OUTSIDE DIRECTORS' ROLE IN CONFLICT RESOLUTION

Source: Family Business Magazine E-News April 2008

"Through their objectivity (or healthy detachment), non-family directors create a 'magnet' that pulls

family members toward greater maturity in dealing with each other -- and, correspondingly, toward greater effectiveness in running the business," writes Delaware Valley Family Business Center president Henry D. Landes in *The Family Business Conflict Resolution Handbook*. "Outside directors, on either an advisory or a statutory board, provide a much-needed reality check. They play a key role in determining what is best for the business, not necessarily the individual players," Landes writes. But he cautions that other measures should be taken, as well: "This stratagem must be used in tandem with other mediation resources, such as regular family meetings."

Food for thought...

WISCONSIN ENGINEER SUES COUSINS OVER SALE OF COMPANY

Source: Family Business Magazine E-News April 2008

Nicholas DeMarco, an engineer who founded a manufacturing company, Analogix Inc., in his basement in 1999 and sold it last year to Varian Inc. for \$11 million, "is suing two of his cousins in federal court, trying to block them from sharing in the profit," the *Business Journal of Milwaukee* reported. At the time that Racine, Wis.-based Analogix was sold, DeMarco sent his cousins Donald Chomas and Paul Crumley a total of \$44,000 to cover their start-up contributions plus interest, but Chomas and Crumley "returned the checks, through an attorney, with a letter demanding \$5.5 million," the article said. "The money they'd provided, according to their lawyer, was an investment, not a loan." In a suit he filed against the cousins, DeMarco says that the cousins were not listed as owners on tax returns, financial statements or corporate documents, the *Business Journal* article said. But in their response to the suit and counterclaim, Chomas and Crumley contend that in 2004, DeMarco invited Crumley to visit Analogix, "telling him at one point, 'Come and see your investment. Come and see what you own,'" the report noted. The cousins' counterclaim "asks a judge to declare the two men equity investors and award them '50 percent of all past and future proceeds from the sale of Analogix Inc.," the *Business Journal* article said. (Source: *Business Journal of Milwaukee*, March 7, 2008.)

Succession Planning: More than just forecasting a vision

By Jackie Bovinet, Sr. Consultant for Sequent's Talent Management Practice

Will your business retire when you do? Do you have the right leadership team in place so that you can successfully exit your organization? How about the key members of your leadership team – what will happen if they unexpectedly leave your organization? Will your family business go out of business when you're not around to run the ship? Click "Full Article" to learn more.

[Full Article](#)

FBC DATES FOR YOUR CALENDAR

Saturday, April 19, 2008 -- 9:00 a.m. - noon, 1:00 - 2:30 p.m.

Achieving Long Term Family Business Success

Featuring Dr. Sam Lane, Aspen Family Business Consulting Group

At Ohio Dominican University

Monday, April 21, 2008 – 8:00 a.m. – 9:00 a.m.

Meeting with Dr. Sam Lane for Center Service Provider Members
At Corporate Interior Concepts, 1404 Goodale Boulevard

Thursday, April 24, 2008 – 8:30 a.m. – 1:00 p.m.

In Alumni Hall at Ohio Dominican University
3rd Annual Take Our Daughters and Sons to Work Day Program
Includes educational program, bus trip to Buckeye Boxes and lunch

Tuesday, May 6, 2008 – 7:30 a.m. – 9:00 a.m.

LaCasas House at Ohio Dominican University
Women In Family Business Peer Group

Tuesday, May 13, 2008 – 7:30 a.m. – 9:00 a.m.

Ohio Dominican University Office at Easton
Next Generation Family Business Peer Group

Thursday, May 22, 2008 – 7:30 a.m. – 9:00 a.m.

In Alumni Hall at Ohio Dominican University
*Speaker: Jane Abell, President and Chief Operating Officer,
The Donatos Story ... The Past, Present and Future."*
Roundtable Discussion

Thursday, August 21, 2008 – 5:00 p.m. – 7:00 p.m.

At Schoedinger Funeral and Cremation Service
4th Annual Summer Family Business Tour and Networking Event

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