



A MONTHLY PUBLICATION OF THE CONWAY FAMILY BUSINESS CENTER OF CENTRAL OHIO
OHIO DOMINICAN UNIVERSITY • 1216 SUNBURY ROAD • COLUMBUS, OHIO 43219 • (614) 334-6129 • WWW.FAMILYBUSINESSCENTER.COM

~ Monthly Message, October 2008 ~

10th ANNUAL FAMILY BUSINESS AWARDS CELEBRATION

Friday, November 7, 2008 from 11:30 a.m. - 1:15 p.m. at Ohio Dominican University

For the past nine years, the Conway Family Business Center of Central Ohio has recognized and celebrated the accomplishments of more than 70 central Ohio family businesses at our annual awards luncheon. In keeping with that tradition, on November 7, 2008 from 11:30 a.m. - 1:15 p.m., in the Colonial Room at Ohio Dominican University, the Center is pleased to announce that we will be honoring the following family businesses at our 10th Annual Family Business Awards Program.

Americheer
Leo Alfred Jewelers
Ohio Power Tool
Capitol Tunneling
DeMary Truck
Gummer Wholesale
George J. Igel & Co., Inc.
Ricart Automotive
W.W. Williams

This Awards program is made possible by the generous support of our sponsors Chester Willcox & Saxbe, Commerce National Bank, Mass Mutual, GREENCREST & Business First.

Reservations for this year's event are begin accepted online at www.familybusinesscenter.com. The cost to attend is \$ 25.00 per person.

SCHOEDINGERS OFFER FAMILY BUSINESS ADVICE

We would like to thank David, Mike, Randy, and Kevin Schoedinger for their presentation, "Sustaining a Family Business for Six Generations: Advice from the Schoedinger Funeral and Cremation Service Family", at our October educational program. They shared the history of their more than 150 year old family business and strategies that have contributed to its success. Their candid comments about how Schoedinger Funeral and Cremation Service has thrived through six generations and changing business climates were both insightful and educational. Center members learned about the Schoedinger's succession planning strategies and their use of trusted

advisors to help guide them through the leadership transition process. In addition, the Center presented the Schoedinger family with a special award to recognize their designation by *Family Business* magazine as the 100th oldest family business in America. If you would like a copy of their PowerPoint presentation, e-mail Mike Schoedinger at mshed14@aol.com.

December's Educational Program

CAN FAMILY BRAND IDENTITY LEAD TO A SUSTAINABLE COMPETITIVE ADVANTAGE? YES!

Featuring Steve Germain of Germain Motor Company, Andre Dager of Velvet Ice Cream, Neil Rogers of the Bob Webb Group and facilitated by Kelly Borth of GREENCREST

Thursday, December 4, 2008

7:30 a.m. - 9:00 a.m.

Alumni Hall at Ohio Dominican University

Family business leaders often debate the value of promoting their business as being family-owned and/or operated. Is it advantageous? Does it give the appearance of being too small, too unsophisticated, too local? This summer, the Journal of Small Business Management released the findings of a research project done to determine if the promotion of family-based brand identity influences competitive orientation and firm performance in family businesses. The study found that family businesses do benefit if they are able to effectively communicate truly unique and relevant family-brand values to their customers. Steve Germain, Andre Dager, and Neil Rogers will participate as panel members for the Center's final educational program of 2008. Together we will examine the efforts of the three central Ohio family businesses they represent, Germain Motor Company, Velvet Ice Cream and Bob Webb Group, and learn how these family businesses are utilizing their family brand identity to give them a competitive advantage in today's marketplace. Facilitated by Conway Family Business Center Service Provider Kelly Borth, of GREENCREST, this presentation will be one not to miss. Invite your marketing manager or a representative of your PR firm to join us as our guest. Reservations are requested for this program. Send e-mail to blatt@familybusinesscenter.com or complete the online reservation from at http://www.familybusinesscenter.com/contact_eventreq_new.htm

CENTER SEEKING INPUT ON FAMILY BUSINESS TOPICS FOR 2009 PROGRAM SCHEDULE

The Center's Program Planning Committee co-chaired by Conway Family Business Center members Darci Congrove and Mike Schoedinger met recently to discuss topics for our 2009 educational program series. Thank you to Mike Schoedinger, Thaddeus O'Brien, Darci Congrove and other family business leaders who helped us brainstorm the question. "What keeps you up at night?" Using this question as a basis for our discussion, it was easy to determine that the theme for the Center's 2009 Educational Program Series should be "Succeeding as a Family Business in Today's Economy." At last week's educational program we asked for member input to select the family business topics for inclusion on our 2009 schedule. If you weren't able to be at the meeting or left without completing our survey, we would appreciate your input. You can access the survey by going to www.familybusinesscenter.com. Be sure to tell us if you have a recommendation for a speaker for any of these family business topics. We appreciate your time and input in helping us to identify the family business issues most important to you in the coming year.

DIRECTOR INSIGHT

Dick Emens, Executive Director & Becky Blatt, Associate Director

We believe that central Ohio's economy will be adversely affected for at least the next eighteen months. We know that all of you will be looking closely at your expenses. We suggest that you also look at potential tax savings. Recently passed legislation provides higher exemptions for alternative minimum tax, simplifies per diem rates for lodging and meals, and allows for deducting rent for equipment leased from shareholders. These and other tax saving strategies can be found in the October 3, 2008 edition of The Kiplinger Tax Letter or by talking to your accountant. If you would like a copy of The Kiplinger Tax Letter we would be happy to send you a copy. Also, the Center is considering having a special program on "How your Family Business Can Survive and Prosper During a Recession". If you would be interested in attending this educational program please indicate your interest by sending e-mail to Becky at blatt@familybusinesscenter.com

NEW NEXT GENERATION PEER GROUP TO BEGIN MEETING IN JANUARY

Limited space available. Reserve your spot!

Based on numerous requests, we are forming another Next Generation Peer Group. Each Next Generation Peer Group includes several individuals, most often between the ages of 21-40, who work for their family's business and who have or may have the opportunity to assume a greater leadership role in the company. Next Generation Peer Group discussions are facilitated by organizational psychologist Dr. Thaddeus O'Brien who encourages self-evaluation of those who choose to participate and invites peer-to-peer input.

Participants get an opportunity to assess individual strengths and weaknesses in order to continue their own preparation for additional responsibilities in their family business. Topics include, but aren't limited to, leadership styles, motivations, family dynamics, communication strategies and effective family business governance. The Next Generation Peer Groups include individuals from varying industries and non-competing companies to encourage openness and sharing. Each group meets once a month for approximately 90 minutes. We are currently determining dates, times and a meeting location that will work for the majority of those who want to talk, learn and share about the successes and challenges of working in a family business.

If you would like to participate in the new group just e-mail Associate Director, Becky Blatt at blatt@familybusinesscenter.com to indicate your interest. She will send you an e-mail with options of possible meeting dates and times so you can offer your input as to what will work best for your schedule.

The cost to participate? No cost for members of the Conway Family Business Center. Not a member? Consider purchasing a \$385 annual membership that also includes monthly educational meetings, an annual networking event and tour held at one of central Ohio's family businesses and peer group opportunities for other family members. We welcome new members. You can go to www.familybusinesscenter.com to submit your membership application online now.

WHEN THE BUSINESS LACKS A SUCCESSION PLAN

Source: Family Business Magazine E-News September 2008

"The two most predictable consequences of the failure to focus on long-range succession planning are the faltering of a business left without a leader and unhealable injuries to the family

resulting from fights over control," write Henry C. Krasnow and Kay Vogt in the just-published Autumn 2008 issue of *Family Business Magazine*. "The goals of wise estate planning cannot be achieved through wishful thinking alone," they write. "But steps can be taken toward these goals, either with or without the help of the family business owner who is in denial about the problems that would be caused by his or her death." Here are their recommendations:

1. Convening meetings (with or without the business leader).
2. Creating a plan for building trust among the siblings and their surviving parent.
3. Investing in leadership assessment and training.
4. Devising a succession plan for the family business.

"Ultimately, if successful, this should result in the family being able to agree on governance structures that will help the business and the family to succeed," Krasnow and Vogt write.

HOW NOT TO RUIN THE HOLIDAY

Craig Aronoff and John Ward, Family Business Consulting Group®.

'Tis the season! As the year winds down we have visions of sugarplums and prepare to make New Year's resolutions...and business-owning families often consider such matters as family meetings, gifts of stock, and bonuses and dividends for family members.

Mixing sensitive compensation and estate planning decisions with the holiday season complicates matters. The discomfort can be so great that important decisions may be deferred for yet another year. We often rue the fact that most family businesses function on a calendar year basis.

As the mother in one business-owning family told us with a sigh: 'I understand the importance of family business planning and communication; I realize this is the best time to get everyone together; but I hate to complicate an already over-busy and over-stressful time with a family meeting. We never seem to get a break from the business!'

With respect for the holidays and the mix of emotions they bring and awareness of the inevitable fiscal year-end, we offer several important seasonal thoughts.

Family Meetings. Pure family time for pure family pleasure is essential for healthy family functioning. Too often the family despairs that whenever everyone gets together; all the talk is about the family business. Prove that idea wrong this year.

During this holiday season, be sure that family time is fun time. Refuse to let the family focus on the business even if the whole family has to get together at another time to discuss the business of the family. Protecting holidays for the family and getting the family together for business matters make for a better family and a better business.

We advocate the development of thoughtful guidelines on such matters as stock gifting, dividends and family bonuses. When guidelines exist, decisions can be made and communicated earlier in the year. In that spirit, we encourage two principles: 'build the nest egg' and 'gift aggressively.' Both are fundamental to long-term family business continuity.

Build the Nest Egg. We believe that providing financial security for the senior generation is perhaps the most important step in succession planning. Unless the parents feels secure, they are very reluctant to pass on ownership, power or control. The successor generation winds up frustrated and feeling entrusted. Emotions escalate.

To avoid this trap, parents must define their 'nest egg' for security and work with their successors to provide necessary funding.

In the ideal case, the seniors have nurtured their nest egg with years of savings. More often, rather than saving outside the business, they reinvest everything into the business' survival and growth. Consequently, the nest egg has to be funded late in life. As a result, the senior generation needs to take larger year-end bonuses. While taking large amounts may seem to weaken the business balance sheet, in reality a stronger business can result because its leaders feel more secure, confident and energetic.

Another way to provide funds for the senior generation is to have the junior generation buy some of their stock. For the younger generation to afford their elders' stock, they must receive larger bonuses. Another approach is to have the business redeem the elders' shares, which usually requires additional bank borrowing. These decisions are too weighty and difficult to be left to year-end.

The starting point of estate planning and the key to family bonuses and dividends is providing the means and schedule for 'building the nest egg.' The next step involves our second year-end financial planning principle.

Gift Aggressively. As one family business owner reported sadly but succinctly, 'The majority owner of my business is Uncle Sam!' It's true. For businesses of moderate value, death taxes still can consume upwards of half of a business's worth!

Despite changes in estate tax law, the death tax still puts the bite on family business continuity. While there are several ways to deal with this problem, we continue to recommend aggressively gifting stock in the family business. We urge you to establish a gifting guideline appropriate to your business and family circumstances and stick with it every year. Remember, each spouse can gift \$11,000 of value to as many people as he or she wishes each year. When you develop a specific gifting policy, the event becomes automatic and makes year-end wondering and discussions unnecessary.

If you are among the fortunate ones whose business is increasing in value faster than you give stock away, our advice is even more emphatic. To keep stock appreciation out of your estate, make early use of your unified lifetime exemption, the ability to gift \$1,000,000 in value either during life or from your estate without paying taxes. It can even make sense to pay gift taxes to transfer ownership that is appreciating quickly.

Please get the advice of your tax advisors, but we find that paying gift taxes can be one of the best investments a business-owning family can make. Gift taxes cost less than death taxes and early gifts permit more of the company to be passed on by taking advantage of lower valuations than will prevail in the future. Finally, while you can time gifts, you generally can't time your death. (Consequently, you should gift even more aggressively when values are lower.) The wealthiest families we know got that way and stay that way by very aggressive gifting to succeeding generations.

Aggressive gifting, of course, brings us full circle. Parents are reluctant to gift aggressively if they don't feel financially secure personally--hence, the need to build the 'nest egg.'

At year end, many business owners get tense as they consider the troubling decisions of bonuses, dividends and gifts of stock. They organize a lot. The more conscientious of them feel the need to call a family meeting to explain their ultimate determinations. The holidays--a special time for the joy of family--can become compromised by the business of the family's business.

We urge families to break free of year-end family business tension by establishing principles to

guide the decision making, communicating those principles, and implementing them at family meetings earlier in the year. Make a New Year's resolution to define the senior generation's nest egg and to plan for its funding. Also resolve to put the best estate planning tools available---including aggressive gifting---to work for you.

Please discuss these ideas with your professional advisors. Make and communicate your decisions earlier next year. Then enjoy the holiday season with your family. The toughest time to own a family business may be at year-end. Proper planning can help relieve that stress. Have the happiest of holidays and a healthy and prosperous New Year!

INAUGURAL ONLINE FAMILY BUSINESS DEGREE LAUNCHED

Source: Campden FB, September 2, 2008 Edition

An Australian university has launched the first ever online degree dedicated to family business. Deakin University, which is based in Melbourne, will offer a Graduate Certificate of Management (Family Business) from March 2009.

Designed for family members, employees of family businesses and advisors to family businesses, the programme will offer three units of study: governing and managing a family business, human resources policies for family businesses and understanding family dynamics. A fourth unit will then be chosen from a range of subjects offered as part of Deakin's MBA programme.

Dr Linda Glassop, coordinator of the new degree, said: "Family business operators are busy entrepreneurs and taking time out to travel to a study location is often difficult. It's about time we had a degree focused on helping these unique businesses by bringing the university to their doorstep."

As long as a student has internet access they can participate in the programme, whether they live in a major city or in a rural location. To ensure it runs smoothly, Deakin has a computer portal dedicated to teaching offline activities which includes study guides, reading material, a library and chat rooms.

NEW RATES FOR BUSINESS TRAVEL

By Mary Kanet, Senior Tax Advisor, GBQ Partners

Effective October 1, 2008, the IRS has updated the simplified per diem rates that employers can use to reimburse employees for lodging, meals and incidental expenses incurred during business travel away from home without the need to produce receipts. Per this procedure, Rev. Proc. 2008-59, the simplified per diem rates have increased to \$256 for "high-cost localities" and \$158 for "low-cost" localities. The procedure provides a listing of the "high-low" localities which have changed since the last procedure issued in 2007.

The Internal Revenue Code allows a deduction for all ordinary and necessary expenses paid or incurred during the taxable year in carrying on any trade or business. Under that provision, an employee or self-employed individual may deduct expenses paid or incurred while traveling away from home in relation to a trade or business. However, no portion of the travel expenses that is attributable to personal, living, or family expenses is deductible.

The methods described in this revenue procedure are not mandatory, and a taxpayer may use actual allowable expenses if the taxpayer maintains adequate records or other sufficient evidence for proper substantiation.

NEXT OF KIN REGISTRATION OFFERED BY OHIO BMV

The Ohio Bureau of Motor Vehicles has recently begun offering a "next of kin registration" to those who hold a valid State of Ohio drivers license, commercial license, state id or temporary permit. Ohio license holders have the option of registering "next of kin" contact information online that would be used by law enforcement officials to immediately notify individuals designated as contacts should the license holder ever be involved in an accident that leaves them unable to communicate. The online registration process takes only minutes. Have your driver's license available and go to www.bmv.ohio.gov to register.

EMPLOYEES NEED HONEST REVIEWS

Compliments of Sequent



Traditional employee evaluations are one-sided. The supervisor dumps on the staff member (that's how many employees feel about what's said). There's a much better way. For a four-step job review, click "Full Article."

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CENTER PROGRAM DATES FOR 2009 ANNOUNCED

We know you are already scheduling appointments and putting meetings on your calendar for 2009. We want to be sure that the Conway Family Business Center educational programs are there too. Below are the dates central Ohio family business leaders will be coming together in Alumni Hall at Ohio Dominican University to explore topics centered around our 2009 theme *Succeeding as a Family Business in Today's Economy*. We look forward to spending time with you in 2009 and to providing you with our program topics and speakers in December.

2009 Educational Program Dates: January 15, February 19, March 19, April 16, May 21, September 17, October 15, December 3.

Upcoming Events for Your Calendar

Tuesday, October 28, 2008 – 7:30 a.m. – 9:00 a.m.
Conway Family Business Center Office in LasCasas House
Women in Family Business Peer Group

Friday, November 7, 2008 – 11:30 a.m. – 1:30 p.m.
In Alumni Hall at Ohio Dominican University
10th Annual Family Business Awards Program

Tuesday, November 11, 2008 – 7:30 a.m. – 9:00 a.m.
Ohio Dominican Classroom Space at Easton
Next Generation Family Business Peer Group

Thursday, December 4, 2008 – 7:30 a.m. – 9:00 a.m.
In Alumni Hall at Ohio Dominican University
Educational Program—Can Family Brand Identity Lead to a Sustainable Competitive Advantage

Tuesday, November 11, 2008 – 7:30 a.m. – 9:00 a.m.

Ohio Dominican Classroom Space at Easton
Next Generation Family Business Peer Group

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Membership in the Conway Family Business Center of Central Ohio is open to all family businesses in Franklin, Delaware, Knox, Licking, Pickaway, Madison, Marion and Union counties. **For more information about the benefits of membership visit** www.familybusinesscenter.com.

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