



A MONTHLY PUBLICATION OF THE CONWAY FAMILY BUSINESS CENTER OF CENTRAL OHIO  
OHIO DOMINICAN UNIVERSITY • 1216 SUNBURY ROAD • COLUMBUS, OHIO 43219 • (614) 253-4820 • WWW.FAMILYBUSINESSCENTER.COM

## MONTHLY MESSAGE

Issue: May 2009

### May's Educational Program...

### **RE-THINK YOUR MARKETING EFFORTS: New Ideas to Promote Your Family Business**

Thursday, May 21, 2009

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

Alumni Hall at Ohio Dominican University

Lately, you can't go a day without hearing someone mention some type of social networking including Twitter, blogs, MySpace, Facebook, or LinkedIn. What do all these terms mean for family businesses that are facing marketing challenges in today's economy? They mean opportunities for you to connect with your customers and clients in more meaningful ways. They also translate into new ways to enhance your market presence without breaking your budget. We've lined up a panel of experts to answer your questions about how this new technology can allow you to market your company more efficiently and effectively and also to bring you high-value marketing strategies that will strengthen your family business. Rick Miller, owner of Rick Miller Communications, will moderate a lively discussion featuring five Central Ohio marketing and advertising experts including:

Kelly Borth of GREENCREST, Dave Keller of Triad, Jason Mlicki of Mlicki, Amy Marshall of Webbed Marketing, and Bryan Huber of huber+co. Come find out what all the buzz is about!

To register: call (614) 253-4820, visit [www.familybusinesscenter.com](http://www.familybusinesscenter.com) or e-mail [gordon@familybusinesscenter.com](mailto:gordon@familybusinesscenter.com).

### **FAMILY BUSINESS NIGHT AT THE COLUMBUS CLIPPERS**

Tuesday, June 16, 2009 is *Family Business Night* at the Columbus Clippers. Join members and staff of the Conway Family Business Center at the new Huntington Stadium as we cheer on the Clippers in their 7:05 p.m. game against the Rochester Red Wings. If you would like to spend the evening with other leaders of Central Ohio family businesses you can reserve your tickets by calling the Center at 614.253.4820 or e-mailing Becky Blatt at [blatt@familybusinesscenter.com](mailto:blatt@familybusinesscenter.com). Tickets are \$ 10 for adults and \$ 7 for students or seniors. We hope you and your family can join us.

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## DIRECTOR INSIGHT

**Dick Emens, Executive Director & Becky Blatt, Associate Director**

This month's edition of the *Monthly Message* contains many interesting articles and information relevant to family business leaders. We encourage you to read the articles and to share them with members of your company (and family) and pass them along to board members if you have them. If others associated with your business would like to receive the *Monthly Message*, please forward their e-mail address to Becky at [blatt@familybusinesscenter.com](mailto:blatt@familybusinesscenter.com).

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## NEW MEMBERS

### **Focus Business Solutions**

Tom Flynn & Brad Martyn

4200 Regent Street # 200 Columbus OH 43219 Phone: 614-944-5760 Web: [www.focuscfo.com](http://www.focuscfo.com)

Focus Business Solutions, a new Service Provider member, delivers Cash Flow Optimization™ to small and medium size businesses. They do this by delivering dedicated Chief Financial Officer (“CFO”) services with an emphasis on both revenue generation and profit enhancement. This customized approach enables business owners to maximize cash flow from operations allowing them to better service debt, fund capital expenditures, and improve shareholder value. Focus Business Solutions, based in Columbus, was launched in 2001 and presently has 15 CFOs in central Ohio. They are a leading provider of CFO services in the area and are widely recognized as Focus Business Solutions—The CFO Company™.

### **Liston Painting**

Mike Liston, Ryan Burns and Phil Martin

1982 Kenton Avenue, Columbus 43205 phone: 252.4286

Started in 1974 by Mike Liston, Liston Painting has grown to become one of Central Ohio premier commercial painting contractors. Liston Painting has 24 employees and performs work for contractors, builders, and commercial property owners. Phil Martin, Mike's son-in-law and Ryan Burns, Mike's grandson, joined the company in 2008. Using only top quality products and the talents and expertise of trained and knowledgeable staff, Liston Painting delivers on-time, high quality service to customers throughout our community.

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## MEMBER NEWS

**Artina Promotional Products** has taken on the client base and three employees from Align Interactive.

**Donatos** has offered Conway Family Business Center members a coupon for 25% off any order over \$ 75.00. The coupon can be used until May 31st. If you would like a coupon, e-mail [blatt@familybusinesscenter.com](mailto:blatt@familybusinesscenter.com) and it will be forwarded to you via e-mail.

**Hague Quality Water** received the 2009 Small Business Environmental Exporter of the Year Award from the Export-Import Bank of the United States.

Family business leaders **Mike and Randy Schoedinger of Schoedinger Funeral and Cremation Service** and **John Ness of OWD Logistics** will be participating in a panel discussion

entitled *Steering Business through the Storm* on May 20th at COSI.

**Dick Emens and Bea Wolper**, co-founders of the Center are the keynote speakers for the Ball State University Philanthropy Advisory Council's annual meeting.

Dr. Shah M. Hasan has been appointed as Dean of Business at **Ohio Dominican University** and will begin his official duties on June 1, 2009.

**Sequent** has formed a strategic partnership to provide outplacement services to companies facing downsizing. For more information, contact Jeff Kolda at [jkolda@sequent.biz](mailto:jkolda@sequent.biz).

The Ohio Psychological Association is accepting nominations for their **7th Annual Psychologically Healthy Workplace Awards** being held on October 21, 2009. This is open to companies that make a commitment to programs and policies that enhance the quality of work environment for its employees. For more information visit [www.ohpsych.org/workplace.aspx](http://www.ohpsych.org/workplace.aspx)

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## **NEW ONLINE FAMILY BUSINESS RESOURCE**

[www.familybusinesswiki.org](http://www.familybusinesswiki.org)

Family Business Wiki fulfills its vision of "sharing family business knowledge around the world" by modeling the best aspects of popular web sites such as Wikipedia and Linked-In -- customized for family business. Anyone is invited to contribute to Family Business Wiki by writing or editing articles, contributing to online groups and forums, or adding events to the global family business calendar. Family business leaders will find interesting articles on family business on Family Business Wiki. This site is guided by an Advisory Board of 13 prominent family business professionals from around the world. All content on Family Business Wiki is in the public domain under the Creative Commons Attribution 3.0 license. Check it out--> [www.familybusinesswiki.org](http://www.familybusinesswiki.org).

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## **A FAMILY ETHICS POLICY CAN HELP CLARIFY GRAY AREAS**

Source: **Family Business Magazine E-News April 2009**

Some family business owners cross ethical lines knowingly, notes adviser Mike Cohn in *The Family Business Policies & Procedures Handbook*. "But more often they're just confused by the gray areas that inevitably develop when issues of money, family and business overlap." Cohn notes that mission statements describing business practices may not go far enough; businesses may also need a family ethics policy that includes the following elements:

- Admonitions against self-dealing that apply to all officers of the company.
- Expectations that full-time family employees work full-time on business affairs.
- Full disclosure of business and financial information to all shareholders.
- Standards of fiduciary behavior for company officers.
- Guidelines regarding family access to corporate perks.
- A process for presenting and discussing questionable practices.

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## **PREPARING SUCCESSORS FOR ENTREPRENEURSHIP**

Source: **Family Business Magazine E-News May 2009**

Successors can't be prepared for leadership if they are not adequately informed about the business -- "the best and the worst of it," write family business researchers Frank Hoy and Pramodita Sharma in *The Family Business Shareholder's Handbook*. "We often hear of a patriarch's desire to retain authority and control the business and the family," they write. "This may be caused by inadequate level of comfort with the successor, or insecurity regarding life beyond the venture. These issues must be resolved, as the successor must have the authority to make decisions regarding resource allocation. This does not mean putting the entire firm at risk, but it does mean tolerating failure. If the successor does not make a poor decision from time to time, she is taking too conservative a path and not reaching her potential. Experiential learning can come only from experience!"

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## 'IF I HAD ONLY KNOWN THEN WHAT I KNOW NOW'

By: James Lea, Professor at the University of North Carolina, Chapel Hill

Usually, the clearest, best-informed and most rational understanding of what decisions should be made and what actions should be taken comes in the form of hindsight. And because family owned companies can be tied up by emotional influences on business decision-making, they may be more subject to this principle than are most other organizations.

The metrics of the matter are the number of times I've heard senior family business owners say, "If I had known then what I know now, I'd have done things a lot differently." Here are a few specific examples.

- "If I had known then what I know now, I wouldn't have let Dad write his will to divide ownership of the company equally among us three kids."

One son had worked in the company for 12 years when his father died. Another son is an orthodontist and a compulsive golfer. The third is a bush pilot based in Ketchikan. The pilot and the dentist vote together each year to pay dividends regardless of the company's performance.

- "If I had known then what I know now, I would have started a systematic training and mentoring program for my daughter before she succeeded me as president."

Dad thought she was learning what she would need to know just by working in the office next to his and attending meetings. When a heart attack forced him to retire, he realized his daughter was nearly clueless about the fine points of running a business.

- "If I had known then what I know now, I wouldn't have promised my son he could have any job he wanted in the company if only he'd finish college."

This was one of those impulse decisions that get pushed by emotions instead of business judgment. Guess what job the 26 year-old graduate wanted.

- "If I had known then what I know now, I would have put my brother's personal mistakes behind us and concentrated on developing our business partnership." Even the brother admits he was a royal pain in the clavicle until he was past 30. But his siblings couldn't seem to forget his youthful flaws and failings and spent time punishing him instead of running the family's profitable business. In a few years, the business slowed, eroded and finally collapsed.

- "If I had known then what I know now, I wouldn't have kept telling my best non-family manager that he might get an equity interest in the business someday." Fearing that his senior man would move on if he heard the truth, the senior owner didn't have the courage to tell his employee that ownership was reserved for family members only. He could have offered shadow stock or other

incentives. But he didn't, and the manager finally moved on anyway.

- “If I had known then what I know now, I would have taken my advisory board's advice and bought out my sister's share of the business before our relationship totally imploded.” The best advice is just a whistle in a windstorm unless it's acted on. An advisory board's value to a family owned company lies in the advisors' expertise, experience and commitment to the company's best interests. Their job is to speak the truth. The family's job is to listen.
- “If I had known then what I know now, I wouldn't have told my father that if he didn't give me a big salary increase, I'd walk out of the company and the family.” This kind of blackmail mentality lies somewhere on the spectrum between cold cunning and sheer stupidity. Whatever the case, it seldom produces a long-term payoff for anyone. Either Dad rolls over and other family members and employees sink into a pool of resentment, or the kid realizes he's made a terrible tactical error when Dad hands him cab fare.
- “If I had known then what I know now, I would have understood my parents' great efforts and intentions and expressed my appreciation for their accomplishments.” It can sometimes be very hard for young people who have been raised in comfort supported by their parents' work and sacrifice to see the connection between effort in and reward out. Parents who deprive their kids of opportunities for hands-on experience with the work-to-wealth linkage do the kids a great disservice and often create unnecessary heartaches for themselves. In the best cases, children eventually achieve a maturity of vision, insight and understanding and gratefully acknowledge the life possibilities that their parents have created for them. In other cases, they don't, and the outcome is very sad.

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## **EMPLOYEE ENGAGEMENT--NEEDED NOW MORE THAN EVER**

**By: Seth Sterns, Superior Management Consulting**

### **FFI – Goodman Study on Longevity in Family Firms**

Since the mid-1980's the family business field has operated under the same assumptions regarding firm survival, leading to the oft used axiom “from shirt sleeves to shirt sleeves in three generations.” The unchallenged statistical standard of 30% of firms survive through the 1<sup>st</sup> generation, 13% through the 2<sup>nd</sup> and only 3% through the 3<sup>rd</sup> has shaped the way that families operate and plan for their future. However, still relatively little is known about the wide-scale accuracy of these figures or, more importantly, how to understand them. It is time for us to revisit our long-held assumptions on family firm longevity and uncover the driving forces behind them.

Inspired by John Ward's original study on longevity, from which the above figures are derived, and made possible by the collaborative effort of Joe Goodman, the Family Firm Institute (FFI) and the Babson STEP Project, this study seeks to go beyond statistical measures of how many firms survive by exploring critical drivers in family firm longevity. We view the family, not the firm as the primary vehicle for long-term value creation. As a result, we focus on how families not only pass on the business from one generation to the next, but how they transfer the entrepreneurial mindset and resources to create new streams of value over time.

In partnership with FFI and STEP, [insert name here] would like to offer you the opportunity to participate in this exciting survey which will impact the way that family

businesses are understood for years to come. Not only will you be advancing the field of family business, but also engaging in a larger conversation of what longevity in family firms looks like.

(Optional – ideas to use / manipulate as you feel comfortable)

By participating in this survey [insert name here] can offer you the following services:

A review / assessment of your entrepreneurial family legacy

A facilitated conversation around your answers to the survey

A conversation around critical factors on longevity in family firms

A workshop on family firm longevity: misconceptions and drivers

The results of the study once it is complete

In order to participate in this survey, simply visit: [www.LongevityStudy.org](http://www.LongevityStudy.org) and fill out the survey. We ask that this is completed by the highest ranking family member within your family firm. Please feel free to pass this website along to other families that you believe would benefit from participating.

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## BUY-SELL AGREEMENTS EASE OWNERSHIP TRANSITIONS

A carefully crafted buy-sell is essential for smooth transition of ownership upon the occurrence of several key events, notes Anita Grossman of Sagemark Consulting, a division of Lincoln Financial Advisors, in the current issue of *Family Business Magazine*. These events include:

1. **Death of a shareholder.** The business can suffer a financial setback (key person loss). This problem can be compounded if the surviving shareholders must take on the deceased owner's spouse as a partner. Harmonious transition of the business can be accomplished with a buy-sell agreement that is fully funded with life insurance.
2. **Disability of a shareholder.** While most buy-sells take an owner's death into account, many ignore disability, which could be a more serious financial drain. Of course, the disability agreement should be fully funded.
3. **Departure of a shareholder.** When a shareholder leaves, owing to a retirement or for other reasons, his or her interest in the business should be purchased.
4. **Divorce of a shareholder.** There should be a provision in the buy-sell that requires the former spouse to sell stock back to the corporation, the original shareholder or the other shareholders.
5. **Deadlock.** If equal owners have a major disagreement, the business may be unable to move forward or operate normally. A thorough buy-sell agreement would take this hypothetical circumstance into account.
6. **Disagreement among minority and majority owners.** If there is a major disagreement among unequal owners, a minority shareholder could be forced out of active employment. In that case, it would also probably make sense to purchase his or her interest.
7. **Default.** In most closely held corporations, the individual shareholders must personally guarantee corporate loans from banks or contribute payments to the bank or the business. There should be a provision stipulating that if a shareholder defaults, a buyout would be triggered for his or her interest.

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## SAVE MONEY ON WORKERS COMP WITH NEW PROGRAM

Source: Ohio Bureau of Workers' Compensation

The Ohio Department of Workers' Compensation is offering a new Deductible Program to Ohio employers which can result in a discount of up to 25% on your workers' compensation premium.

You'll find details about how the program works, eligibility requirements and an application at [Deductible Program Web page](#). The deadline to apply is May 31st.

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## Upcoming Events for Your Calendar

**Thursday, May 21, 2009 – 7:30 a.m. – 9:00 a.m.**

In Alumni Hall at Ohio Dominican University  
Educational Program—Re-Think Your Marketing Efforts

**Thursday, June 11, 2009 -- noon - 1:30 p.m.**

In Ohio Dominican University Classroom Space at Easton  
Next-Generation Peer Group II

**Tuesday, June 16, 2009 -- 7:30 a.m. - 9:00 a.m.**

At Las Casas House at Ohio Dominican University (1348 Sunbury Road)  
Women in Family Business Peer Group

**Tuesday, June 16, 2009 -- 7:05 p.m.**

At Huntington Stadium  
*Family Business Night* at the Columbus Clippers

**Thursday, July 9, 2009 -- noon - 1:30 p.m.**

In Ohio Dominican University Classroom Space at Easton  
Next-Generation Peer Group II

**Thursday, August 13, 2009 -- noon - 1:30 p.m.**

In Ohio Dominican University Classroom Space at Easton  
Next-Generation Peer Group II

**Thursday, August 20, 2009 -- 4:00 - 6:30 p.m.**

at Charles Penzone -- Polaris Grand Salon  
Family Business Tour & Networking Event

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### Conway Family Business Center of Central Ohio

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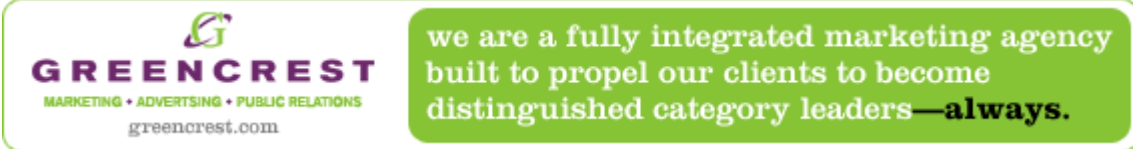
**Membership** in the Conway Family Business Center of Central Ohio is open to all family businesses in Franklin, Delaware, Knox, Licking, Pickaway, Madison, Marion and Union counties. **For more**


information about the benefits of membership visit [www.familybusinesscenter.com](http://www.familybusinesscenter.com).

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