



NEWSLETTER

Aspen Family Business Group

spring 2001

The Aspen Family Business Group—David Bork, Leslie Dashew, Dennis T. Jaffe, Ph.D., Sam H. Lane, Ph.D., Joe Paul—serves as a resource to help families create an environment in which members are open and willing to learn and grow. It is in such a setting that families are able to envision and achieve the positive possibilities of their business as well as maximize enjoyment of their family life. Our goal is for the family to develop harmonious, healthy, constructive interpersonal relationships and to maximize the success of their family-owned enterprise.

Balancing the Emotional Ledger

by Joe Paul

Families in business have been coming to “The Gathering” that we host every year in Aspen for a long time. Their reasons for coming are many, but one thing that often happens is that the Emotional Ledger of their family begins to become balanced.

The Emotional Ledger accounts for the balance of “give-and-take” between individuals in the family and, in the end, it defines the boundaries of what is possible between them. While transactions reflected in the emotional ledger are affected by money, the issues are more about recognition, a sense of entitlement, trust, feelings of injustice, and attitudes about fairness in the family. Examples of the kind of issues accounted for in an Emotional Ledger are:

“How can I make up for all those years I wasn’t there for my kids because I was building this company?”

“How can I assure that all of my kids feel equally part of my life when some work with me and others don’t?”

“I took Dad’s crap for 15 years, but



I refuse to take it now from my siblings just because he gave them stock in the company.”

The Emotional Ledger accounts for the balance of “give-and-take” between individuals in the family and, in the end, it defines the boundaries of what is possible between them.

Balancing both the financial and emotional ledger can become very complicated as one founder/father found out a few years ago. As he neared his targeted retirement age, three of his five children were working in the business. His second born son with 20 years in the company was the COO and managed both manufacturing and sales. This son had taken the company from \$3 million in sales to \$9.6 million in the last five years. His next younger sister had become the Personnel Director 7 years ago. And his second sister was hired to be the Office Manager 4 years earlier.

Although Dad was very ambivalent about it, he and his wife had decided that all of his children in the company should be paid the same. This solution to compensation never felt fair to his second-born son, since it had been pri-

(continued on page 2)

looking ahead

March 22–25, 2001

AFBG Associates Forum
Zihuatanejo, Mexico

August 2–5, 2001

Aspen Family
Business Gathering
A seminar for
families in business
Snowmass Village, Colorado

October 10–12, 2001

Family Firm Institute
Annual Conference
London, England

visit us

For more information
about our products and services
visit our web site:

aspenfamilybusiness.com

or call 1.800.835.5883

100 Elk Run Drive, Suite 200
Basalt CO 81621

www.aspenfamilybusiness.com

marily the son's efforts that had made the business so successful in the past five years. Dad knew the issue of compensation was a growing problem but it now felt like a can of worms he did not want to open.

His thoughts about his other two children who did not work in the business were that they were doing well on their own. He felt that his youngest daughter had married well and should have no financial concerns. And his other son (first born) had his own business that the founder had helped create. This oldest son had been the first of the children to join the company and had worked there for 10 years. When the second son joined the business there was almost continuous conflict between the two brothers over business issues. Finally, the father offered to set one of them up in his own business since the two brothers clearly were not compatible business partners. Although the oldest son voluntarily left, he had always felt betrayed by his father who "would never take a side" in his sons conflicts.

The result of all this was that considerable tensions lurked beneath the surface and family gatherings were often tense. The two children who did not work in the business often didn't join in on holiday gatherings saying that they felt obligated to spend the time with their spouse's families.

The tension in the family erupted shortly after the Mom and Dad began to disclose their estate plans. One of the stipulations in the plan was that stock in the company would be equally divided only between the three children who worked in the company. The parents were shocked when the daugh-

ter who didn't work in the company said that if her parents actually adopted this plan they would never see her children again. She tearfully said that her mother had always favored the three siblings that worked in the company and that she and her brother who had left the company had always felt mistreated by their parents. She said that her parents' estate plan felt like the "last nail in the coffin" in her relationship with them. The founder was shocked at his daughter's profound sense of injustice and depressed over the jealousy among his children. As a result he has taken no further steps toward implementing his estate plans.

The Gathering will help you separate these issues in a way that will help your assets grow and forge new levels of family understanding and harmony.

This story shows how an imbalance of fairness (either perceived or real) in the Emotional Ledger of the family can easily insinuate itself into the thoughts and actions associated with business management or estate planning.

It is natural and very predictable for families in business to let the liabilities of the Emotional Ledger affect business and financial considerations. The Gathering will help you separate these issues in a way that will help your assets grow and forge new levels of family understanding and harmony. ♦

J. Joseph Paul
10490 SW Eastridge, Suite 120
Portland, OR 97225
(503) 297-0750
e-mail: familyfirm@aol.com

YouAchieve.com

What Is YouAchieve.com? YouAchieve.com is the largest resource for professional and personal development information on the web today—534 learning sessions strong, and still growing!

The Aspen Family Business Group's partnership with YouAchieve.com means YOU benefit with a discount on the most comprehensive resource for developing business-related skills on the Web today.

Take a FREE test drive of Dennis T. Jaffe's learning session: The Challenge of Family Business. www.YouAchieve.com/jaffe

resources

books

- A) **The Best of the Human Side**
A Collection of Articles
by Leslie Dashew \$15
- B) **Working With Family Business**
by David Bork, Dennis T. Jaffe,
Sam H. Lane, Leslie Dashew, and
Quentin G. Heisler \$37
- C) **Working With the Ones You Love**
by Dennis T. Jaffe \$13
- D) **Family Business, Risky Business**
by David Bork \$13

Set of 4 for \$60

monographs

It Ain't Easy to be Rich
by David Bork

**Let's Celebrate the Good News
for Family Business**
by David Bork

Consulting to the Family Business
by Dennis Jaffe

**Family Boards:
How to Make Them Work**
by Sam H. Lane

Joining the Family Business
by Leslie Dasher

**The Challenge of Families
Who Work Together**
by Leslie Dashew

**Transferring Authority
in Family Business**
by Joe Paul

**The Challenges of Downsizing
a Family Business**
by Sam H. Lane

Succession Planning
by Sam H. Lane

Exploring Differences in a Hierarchy
by Elizabeth McGrath and Nick Bizony

Getting Along With Family Members
by Sam H. Lane

The Family Business Employment Policy
by David Bork

Full set: \$20 Individual: \$2.50



To order, call 1.800.835.5883
or use order form on back





THE GATHERING

The Aspen Family Business Group *invites you to join us for*

THE ASPEN FAMILY BUSINESS GATHERING August 2-5, 2001

The Gathering is a highly interactive, informal conference for families in business. Limited registration provides small group interaction to enhance learning from other business owners as well as from the Associates of The Aspen Family Business Group. Each Associate is a nationally and internationally recognized professional whose life's work is helping family business grow and prosper.

Each day of **The Gathering** includes four hours of seminars and workshops, all designed to encourage participant involvement and maximum exchange of ideas. You will select the sessions you think will be most valuable for you. Rather than define a pre-set program, we provide a range of seminars and workshops. On the opening evening, participants will select from the available workshop topics. You help mold **The Gathering** to fit your needs.

The Gathering has a definite informal tone and is designed so that attendees can take full

advantage of the program, as well as enjoy the summertime beauty and wide range of attractions found in Aspen and the Roaring Fork Valley. The activities range from the Aspen Music Festival, hiking, biking, fly fishing, rafting, horseback riding and hot air ballooning, to all the other things that make Aspen a highly-desirable destination resort.

The event is designed to be accessible to everyone in family business. A registration fee of \$650 per person is charged to defray the cost of meeting rooms, materials and group social events. All meetings will be held at the Snowmass Conference Center. Special group rates are available at The Silvertree Hotel—800-598-2004.

Nothing is quite like **The Aspen Family Business Gathering**. We are proud to offer an interesting and fun learning environment, in which you and your family can learn and grow together. If you need more information prior to completing your registration, please feel free to call.

registration form

Yes, the following family members will attend:

Name..... (Preference for name badge)

Name..... (Preference for name badge)

Company.....

Address.....

City.....State.....Zip.....

Phone.....Fax.....

Registration fee of \$650.00 per person is enclosed

Please charge registration fee of \$650.00 per person to my MC/Visa:

To order by phone: (800) 835-5883 #.....

To register by fax: (970) 927-8588 Expiration Date

To register by mail: The Aspen Family Business Group Signature.....
100 Elk Run Drive #200, Basalt, CO 81621



Mission Statements

by Leslie Dashew

In our last issue, I wrote about Vision Statements. There is often confusion between the concept of a vision statement and a mission statement. A mission statement is a statement of purpose: it describes why an organization exists. A vision statement, on the other hand, describes a desired state for the organization at some time in the future.



Mission statements help to clarify and focus the attention of those who belong to the organization. Business mission statements help employees understand why the business exists and can help them to understand how their role helps to contribute to the company's purpose. For example, a company's mission statement might read: The Company provides premier precision manufacturing solutions for our customers in the diesel engine and affiliated markets. Through our collective efforts, we will achieve strategic corporate growth and attractive capital appreciation for all stakeholders. We accomplish this by operating our businesses with a foundation of ethics, customer focus, developing and respecting our employees, and operational excellence.

Mission statements help to clarify and focus the attention of those who belong to the organization.

Many of our clients are establishing family councils. It is particularly useful for families to discuss the council's purpose and come to consensus on why they want to have this new organization. One such mission statement is:

The family council will provide a forum to further define our pur-

pose, values and goals as a family, for continuous education, to foster harmony and resolve issues, to provide direction to the board of directors about the expectations of the family owners and to establish policies on matters relating to the family and its assets.

You'll notice that there are 5 elements of this mission statement:

1. Define our purpose, goals and values
2. Continuous education
3. Foster harmony and resolve issues
4. Provide direction about expectations of family owners
5. Establish policies and plans regarding family assets

Individuals, families and boards can have mission statements as well.

Here is another example:

The mission of the Family Forum is to provide the family with a vehicle for communication, education and mutual support so that the family can maintain and/or increase assets, wisdom and harmony into future generations. The Forum will offer a regular opportunity to meet to discuss family business issues, address concerns or worries about the future, articulate our values, guiding principles and policies, share education and information and enhance our communication and relationships. In addition, we will discuss philanthropic goals and make decisions about charitable gifting. The Forum will prepare the younger generation(s) for management of family assets and will actively involve all members of the family in the operation of the Forum.

Another mission statement incorporates the family's values:

Family Council Mission Statement

Out of our deep, abiding love and commitment to our Lord, Jesus Christ and our family, we the members of the _____ Family, establish this Family Council to insure that our family remain united and our businesses strong for each successive generation. To achieve this purpose, the _____ Family Council commits to:

Provide an open forum for all members to express concerns and ask questions relating to the family and its businesses in an environment of love, compassion and understanding, and allowing for differing views and opinions to be expressed freely and confidentially.

Educate and inform members concerning the family: its traditions, businesses and ministries, and their respective roles therein.

Model and teach Christian beliefs and values to all generations, encouraging them to carry on the Christian traditions of their forefathers.

Develop consistent and compatible objectives for all family endeavors: business, investment, and philanthropic.

Some guidelines in writing mission statements:

1. Be sure to focus on the purpose for which the organization exists
2. The mission statement should be clear and succinct so that it is easily understood and remembered
3. The statement should be able to be used as a test when setting priorities and objectives. In other words, one can ask "will the activity or goal help us achieve our purpose?" It serves as a compass for individuals

(continued on page 7)

The Business Side of the Business

by Sam H. Lane, Ph.D.

Most of the time, in these spaces, we address various topics based upon the family side of a family business. In this one, I thought it might be helpful to share some of my observations based on 22 years of experience regarding business practices some owner-managed and family-owned businesses find challenging. Space does not allow addressing them all now, so I will follow up with the rest in the next newsletter.



On the positive side, most owner-managed and family-owned businesses have tremendous staying power because they adhere to finding a market niche. They do a great job with customers and/or quality and maintain a strong position in their market. Also, few are “high fliers.” Most are very financially conservative. Also, by and large, most try to do a good job and their hearts are in the right place.

On the other side of the coin, however, many may be good butchers, bakers or candlestick makers, but they do not put in place sound business practices. Most business school curriculums don’t teach you how to run a small business. They may teach you the components of a business, such as accounting or marketing, but they don’t address how to put it all together. Also, because most small businesses are fairly isolated and insulated from outside input, “They don’t know what they don’t know.”

One common pitfall in this area is not being committed to an acceptable bottom line or a profit orientation. Over time, many business owners become comfortable with the money they make and would rather not risk alienating customers by raising prices in order to improve the bottom line.

Some even go so far as to not focus on the bottom line at all. In my experience, businesses that are not profit-oriented don’t seem to work very well and tend to drift rather aimlessly. Because these businesses are not focused, employees tend to be in more of a maintenance mode rather than being committed to a high performance organization.

On the positive side, most owner-managed and family-owned businesses have tremendous staying power because they adhere to finding a market niche.

Many times, another pitfall arises when a business owner will try to “get by” and not continue to make the capital improvements in plant and equipment that are needed to keep the business updated. This is because the flesh is weak and if he or she has a choice of buying that new machine or putting the money in their pocket, many times they choose the latter. In most professionally managed businesses, the equipment is up-to-date because the person making this decision does not have this choice. Over time, skimping on capital improvements will eventually come back to bite you.

I had this fantasy about teaching a course at some point for small businesses entitled “Cash is King.” This is a truism in 99.9% of small businesses. Unfortunately, most owners don’t have sufficient financial reporting systems necessary to manage cash. All too often a business will come to the end of its fiscal year with good earnings but no cash and everyone wonders what happened. Most of the time it is because people have not understood that one can spend cash without it showing up on the P&L. They have not tracked the cumulative effect of all the decisions about cash made during the year. I think an effective

receipts and disbursements schedule, in addition to a P&L, is probably more valuable than a cash flow statement which can be hard to decipher.

I had this fantasy about teaching a course at some point for small businesses entitled “Cash is King.”

Lastly, the point is most small business owners don’t spend enough time studying their competition. Most have vague ideas about what their competitors are doing, but very few have any kind of systematic information, or tend not to keep it up to date. Just as no professional football coach would conceive of competing without seeing their opponent’s game films, small business owners should spend more time analyzing their competition. In particular they should look at where their products and services fit in the marketplace, vis-à-vis price points and competitive advantages. Market surveys are difficult to do and these kinds of resources are not readily available. Therefore it doesn’t occur to most people to pursue them. How often do you go into a store and see your product on the shelf through the eye of the consumer and think, Would I buy mine or the competitor’s brand and why?

Some of these points do not lead to easy “do differentlies,” but owners should adopt an attitude of being diligent for glitches in their business processes and always strive to move towards the best business practices. Many times this involves bringing in someone from the outside like a consultant or a business practices accountant to provide input and help with ideas and perspective.◆

Sam H. Lane, Ph.D.

5608 Malvey Ave, Suite 211

Fort Worth, TX 76107

(817) 735-1898

e-mail: shlane@aol.com

Working for Yourself

by Dennis Jaffe

It is so easy to fall into the trap of working for your family's business. It is always there, available, and easy to start. And like a drug, it can lull you into danger and self-delusion.



After a while, you can begin to feel empty, unexpressed and less than alive; yet, because of the perks, and your own fear of life outside, you can begin to feel trapped.

It is not bad or wrong to choose to work for your family. It is dangerous. It is best to be aware of yourself while you work for your family. Here are several of the ways you can respect and develop yourself while working for your family.

Experiential, active learning teaches you about leadership, your own limits and helps you stretch.

Learn before you earn.

School can be fun, but you should also take the opportunity to learn to do something. Consider the range of things that might be useful to your family, to take its business in new directions, or to just be helpful. The world is changing fast, and whatever business your family has, it will need new ideas, new skills and directions that you might learn when you are at school.

Do real things.

Get as far from the executive suite, which is really a branch of your living room. Learn how the business works, and take on some real responsibility. Run something.

Develop a track record.

Face it. People won't be able to get past your name. You have to work hard to get them to see you. Find

something that you can put your stamp on, and do it well. And by the way, make it your own work, don't take credit for the work of others.

Get feedback.

The hardest thing to get from other people is the truth, especially about your work. If you cultivate people, especially the people who do the best work, and ask them to tell you how you are doing, off the record, you are at least likely to get unfiltered information that might be useful.

Find a mentor.

A mentor is not your boss, but someone who helps you grow and develop. He or she challenges you, tells the truth, and stimulates you. It can be a senior person in the business, though not usually a family member, and it can also be someone outside. Sometimes a board member or family friend can serve this role. This is a person whom you can bounce things off, and with whom you can talk candidly. A real resource.

Seek a variety of assignments.

You may be in the driver's seat someday, so the more people, and the more you know about the business, the better off you will be. Move around in job assignments, and informally. If you have done well in one area, move on to another.

Attend to your development.

Many important things are happening, and when you have been working, you need to seek regular opportunities to learn more. You should especially seek workshops and learning opportunities where you are an active participant, not sitting in a workshop, but doing something with others. Experiential, active learning teaches you about leadership, your own limits and helps you stretch.

Take time away.

You have the luxury of not losing your job if you take some time to work away from the business. You should take some time, either before you work for the family, or during, to work in another business, to see what you can do, and to see what life is in another world. You have to spend some time away from home in order to see your own place clearly. ♦

Dennis Jaffe

461 Second Street
Suite 232
San Francisco, CA 94107
(415) 989-9918 x338
e-mail: djaffe@memestreams.com

Mission Statements *continued*

in the organization.

4. The mission statement should distinguish the organization from others and indicate what makes it unique e.g. the purpose of the family council vs. a foundation or a business.

Individuals, families and boards can have mission statements as well. For example, my mission in life is to help people utilize, develop and appreciate their capabilities and those of the people whose lives they touch. Having a mission statement helps to focus our energies and feel a sense of accomplishment and integrity when our efforts are congruent with our mission. ♦

Leslie Dashew

21839 N. 98th Street
Scottsdale, AZ 85255
(480) 419-4243
e-mail: ldashew@aol.com

order form/registration form

Name.....
 Company.....
 Address.....
 City.....State.....Zip.....
 Phone.....Fax.....

To order by fax: (970) 927-8588
 To order by phone: (800) 835-5883

To order by mail: The Aspen Family Business Group
 100 Elk Run Drive #200, Basalt, CO 81621
email: afbgroup@rof.net
web site: www.aspenfamilybusiness.com

FORM OF PAYMENT

Enclosed Check, payable to Aspen Family Business Group
 Visa/MC#.....Exp.....
 Signature.....

BOOKS circle choice(s)

A) \$15.00 B) \$37.00 C) \$13.00 D) \$13.00 - **Or set of 4 for only \$60**
 Total \$..... FOR BOOKS

MONOGRAPHS circle choice(s)

1 2 3 4 5 6 7 8 9 10 11 12
 Cost for each **\$2.50** Complete set of 12 only **\$20.00**
 Total \$..... FOR MONOGRAPHS

ASPEN FAMILY BUSINESS INVENTORY

Professional Advisor Interpretation Kit **\$125.00**
 Full Family Assessment **\$750.00**
 Total \$..... FOR INVENTORIES

SHIPPING (*International shipments will incur additional charges.*)

Up to **\$50** add \$5.50; **\$50.01** to **\$75** add \$7.00; **\$75.01** to **\$100** add \$7.50

TOTAL ORDER \$.....
SHIPPING/HANDLING \$.....

GRAND TOTAL: \$.....

ASPEN FAMILY BUSINESS GATHERING REGISTRATION

..... Number of family members to attend

\$650.00 per person. Complete this form and indicate additional names and addresses on a separate sheet of paper.

Total \$..... FOR REGISTRATION FEES

RETURN SERVICE REQUESTED

www.aspenfamilybusiness.com
 Fax 970.927.8588
 Phone 1.800.835.5883
 Basalt, CO 81621
 100 Elk Run Drive, Suite 200



The Aspen Family Business Group

BULK RATE
 U.S. POSTAGE
PAID
 PERMIT #3735
 DENVER, CO