What’s a Life Plan and Why Do You Need One?

WHY DOES a senior executive need a life plan? And why does a young family member just entering the family business? Greg McCann can answer those questions. As a professor, consultant, attorney, author, and CPA – and former director of Stetson University’s Family Business Center, where he created the country’s first Family Business major, he is perhaps uniquely placed to look at a client’s life from many perspectives.

And the life plan, a self-assessment/assessment by others of goals, interests, passions, personality types, and values (among other things), can help frame any decision so it’s easy to see whether it’s in alignment or in conflict with those goals, values, and so forth. It’s also useful in figuring out where you fit in terms of relationships and expectations involving other members of your family.

Creating a life plan has four parts: self assessment, values-based definition of success, key challenges to address, and applying these three criteria to any major life or career decision; and consists of a series of eight challenges:

- Credibility
- Determining your future
- Taking ownership of your life and career
- Professional development
- Managing wealth and power
- Applying social intelligence (which is related both to others’ perception of you and your own character – and which, he feels, colleges often fails to cultivate)
- Your marketability in your career

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Greg McCann
From the Director’s Desk

By Ira Bryck

The Power to Uncloud Minds

HAVING BEEN raised on a steady diet of superheroes with powers both standard (leaping tall buildings) and exotic (attracting metal objects to one’s eyes – why is that desirable?) I have often wondered which one power I’d choose? Super strength or invulnerability? Heat vision or super speed? No single ability seems ample – so frustrating!

And if I had to choose, on behalf of my business, between the super power of Tradition (We Did It Before, And We’ll Do It Again!) and Innovation (Blazing New Trails Every Day!), I’d be equally annoyed – the mix of the two are required, it seems.

Tradition gives you a single-mindedness, which is great, as you don’t want to be distracted when you’re making the sale. When 2 brothers bought bananas for $1.79 per pound, and sold them for $1.79, and pondered the lack of profit, they decided to innovate: “Tomorrow, we use a bigger truck.”

Dumb, but we could all find stuff we do, just as dumb. Yet we think that we are already “out of the box” and challenging our assumptions. We are more likely loyal soldiers to our worn out conclusions, making, at best, errors in slightly different flavors and sizes than we did yesterday.

Over the last few years of moderating roundtables for members of the UMass Family Business Center, we’ve slowly improved at not giving advice in response to someone’s telling of a challenge they’re facing. Instead, we ask Strategic Questions, to help our hard-pressed colleague think more deeply about what new perspectives they might consider, and what else the evidence might suggest. It is our opinion that good questions are more useful than so-so answers. As you sow (garbage in) you shall reap (garbage out), so all I’m suggesting is to take a minute to improve the quality of your seed.

And if the usual way we might give advice (“Let me explain something that you don’t understand”) makes us defensive and uncreative, the support of others helping us to think different makes us see potential where there were once limitations. Even if we decide, as result, to do exactly as originally planned, it might just be for better reasons, and have more traction. It may improve the way we explain ourselves to our banker, or even our sister.

I don’t know if strategic questioning is more art or science, but I do think the best way to learn or improve at asking them is to hear some good ones. What they have in common is their positive feeling (“How will you?” instead of “Why did you?”), their stress on learning (“How have you succeeded before?”), and their ability to reveal options and opportunities (“What would it look like to start over?”). In our roundtables, even if the person with the issue, considering many strategic questions offered by the group, decides to NOT do what they first considered, it doesn’t feel like they got talked out of something – it’s more that they reconsidered, that their first “obvious” answer may now look like a knee-jerk reaction, maybe more based on ineffective traditional thinking than innovative thinking. But blind innovation can also be a knee jerk, maybe not in keeping with your company’s traditionally inspired problem solving capabilities.

I’ve collected (and genericized) some of my favorite strategic questions formulated through the years by the FBC roundtable known as CEO Circle. They are no panacea, but I do think about them as somewhat like Zen Koans, to force myself to think more deliberately about, for instance, the UMass Family Business Center. I invite you to apply them to your own situation:

1. How might we learn from our mistakes?
2. What’s the risky, innovative next generation of our industry?
3. How will we measure progress and satisfaction?
4. What might be our competitor’s biggest fear about us?
5. How do we get paid for that?
6. How has change happened here before?
7. If our business doubled, how would we handle it?
8. What type of risk tolerance do we have?
9. What past event makes you think the way you do?
10. What would it look like to start over?
11. What would we do if our biggest problem got solved?
12. What would it take to do this perfectly & repeatedly?

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PHIL STECKLER has some advice before you sell your business: “It’s not what you sell it for, it’s what you get to keep.” In other words, both price and tax consequences can be crucial factors in maximizing the proceeds of a sale of the business to the owner or shareholders.

Steckler, a Certified Business Intermediary who has helped to sell hundreds of businesses in his 30 years in the field, says every business, whether or not the owners plan a sale in the near future, can benefit from a professional business valuation. It’s a way of framing your goals for the business, and of assessing what it’s worth on the market – and also whether the business can even exist without you. A quick survey of those attending the Family Business Center’s April gathering indicated that for most owners, the value of their business is either their first or second most valuable asset. The sale of a business should enable an owner to pursue his or her own interests. Knowing the value of a business helps the owner determine if the sale of the business will enable him or her to afford these pursuits.

Steckler identified another reason to begin early: it’s not a fast process. “It takes time to sell.” From 1986-2004, the average time to sell a business was over 8 months. “We tell our clients that a typical sales cycle of 6-18 months is realistic. We’re closing a transaction this month that we’ve been working on for three years.”

Of course, sellers can take steps to enhance the marketability of their business. “Remember when we used to go out on dates? We generally showered, put on cologne, and dressed ourselves up – we wanted to make a good impression. When you’re ready to sell your business, dress it up – put your best foot forward.” Steckler indicated that there were a number of steps owners should take:

1. **Enhance profitability.** Profitability, however defined, is the single most important factor determining value. Owners naturally want to minimize taxes when operating a business. However, as the time to sell approaches, enhancing profits will enable an owner to attract more buyers and command a higher sales price.

2. **Reduce unnecessary assets.** Most businesses have nonproductive assets, such as machinery and equipment, fixtures and old inventory. Selling or liquidating these prior to a sale can provide a lean, clean business to prospective buyers, and enable the seller to realize higher total proceeds.

3. **Address environmental issues.** Deal with any environmental issues ahead of time; “you never want to let them get in the way of a sale once you have momentum.”

4. **Allocate responsibility to qualified personnel.** Having others assume key roles reduces the dependence on the owner – and makes the business more attractive to a wider base of buyers.

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**Right Way to Sell a Business**

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Michael Camerota

Phil Steckler


Right Way to Sell:  
cont. from page 3

5. Understand tax implications and strategies. As mentioned above, properly structuring a transaction can be as important to the net proceeds as the actual sales price. Sellers should be working closely with a qualified accountant experienced in the sale of businesses.

But selling a business is not all about money. You need to know your preferred exit strategy: how much if any role will you continue to have in the business after the sale, and for how long?

Mike Camerota, the other presenter, stressed the importance of determining the type of acquirer who might pay the most because of strategic interests – and the answer may not be obvious. It may even go against common sense. As Camerota put it, “If you don’t know what is the kind of company that has the most opportunity for you, you’re going to show your business to an awful lot of people. As careful as we are in exposing the business, if 10 people know it’s for sale, someone’s going to come up and say, ‘I heard’ – and nobody wants that.”

Camerota provided two scenarios where identifying the “best” buyer made a huge difference in the sale price. A small home heating oil company with narrow margins and mostly “will-call” customers (customers that call for oil delivery as opposed to those on automatic delivery) will be of little value to a competitor in the same market because he has little or no need for the location, equipment, customer service person, service manager and institutional experience. An individual simply looking for a good business to own and operate requires and will pay for all of those “assets.” So doesn’t it make sense that an individual would probably be a better buyer and offer more for the same business? In fact, the top three offers in that situation were all from individuals, not competitors.

Yet for a Connecticut manufacturing company operating in a 150-year-old, three-story building, the opposite logic held. In that case the best buyer would probably be another company in the same industry – in part because of the expertise necessary to operate such a business. Also, the company had suppliers and customers located throughout the U.S. and even overseas. An acquiring company did not have to be located in Connecticut (with its high labor, energy and insurance costs). Rather the acquirer could be located anywhere in the U.S., and operate in a

Death is More Certain than Taxes

• If you are thinking of making energy saving improvements to your home, consider doing so before year end in order to qualify for a tax credit that may not be available after 2007.

• If you are thinking of buying a hybrid vehicle eligible for a tax credit, purchase it before year-end for the credit.

• Business clients also should consider acquiring assets that qualify for the $125,000 expensing option.

• You may be able to save taxes this year and next year by applying a bunching strategy to “miscellaneous” itemized deductions and medical expenses. Consider extending your subscriptions to professional journals, paying union or professional dues.

• Those facing a penalty for underpayment of estimated tax may be able to eliminate or reduce it by increasing their withholding.

• Self-employed individuals should consider setting up a self-employed retirement plan.

• This year, the kiddie tax rules apply to kids under age 18; next year they will also ensnare most children age 18 and most full time students age 19 through 23. Consider accelerating capital gains for these children into 2007 if applicable.

• If you are thinking of making a charitable gift before year-end, arrange for the gift to be made directly by the IRA trustee. Such a transfer can achieve important tax savings but it won’t be available after 2007 under current law.

These are just some of the year-end steps that can be taken to save taxes. You will need to discuss these with your tax adviser to tailor a particular plan that will work for you. RM

A DARWINIAN determinist like U.C. Berkeley’s Frank J. Sulloway, the roots of much family conflict can be traced waaaaay back – to the fetus swimming around inside Mom, before birth.

Sulloway told the Family Business Center’s May 2007 gathering that both sibling and parent-child issues have a powerful basis in biology – starting in utero.

A biological tug of war plays out in the womb. “The interests of a fetus and mother are not the same; it is expected to be a highly conflicted relationship owing to biological conflicts.”

How was this discovered? “The giveaway was the huge amounts of a hormone circulating in mothers, 100 or more times the normal level. The fetus is secreting massive amounts of this hormone to cancel out the effects of the mother’s insulin, so it can obtain more nutrients and come out of the womb nice and big and strong. So the mom secretes more and more insulin in response.” Most of the time, these forces balance each other out, and a healthy baby is born to a healthy mother. But if the mother’s biochemistry overpowers the fetus, the mother may develop gestational diabetes – and if the fetus is stronger, the mother may develop high blood pressure.

Sulloway claims that the biology not just of humans, not just of animals, but of pretty much all living things is based on a sophisticated early detection system to determine who is most like you.

He bases his theories not only on Darwin but also on 20th-century biologist William Hamilton, who claimed that “we are twice as related to ourselves as we are to a sibling” (other than an identical twin), or to a parent. And we behave accordingly. “In practical terms, a smart Darwinian sibling would divide the pie in three, keep two pieces, and give one to the sibling.

“All sorts of animals behave in close proportion to Hamilton’s Rule. Prior to Hamilton, nobody dreamed that a ground squirrel could tell the difference between a half-sibling and a full sibling by scent.” Yet a ground squirrel will give a vigorous warning to full siblings if a hawk is nearby, but only a half-hearted call to half-siblings, and it will not even bother to put itself at risk to warn a non-relative. Hamilton’s rule led British biologist J.B.S. Haldane to joke, “I would lay down my life...
Right Way to Sell: cont. from page 4

much more efficient physical plant.
If the acquiring company had excess capacity, it could fold the manufacturing operations of the purchased company into its own operations and eliminate most of the plant, equipment, and management costs. And since the company being sold imported rather than manufactured many of its products, the acquiring company would not even require excess manufacturing capacity to distribute the imported products.

The company being sold had relatively small net profits, but revenues in the millions. What if most of the gross profits were to drop directly to the bottom line? Wouldn’t the right acquiring company be willing to pay quite a lot?

The key to finding the right buyer, says Camerota, is locating “the person who looks at your business and sees that the right things are wrong... None of us are a round ball. In every business, ownership and management are good at some things and not good at others. And they like and dislike some things. They may have great products, great employees, no marketing. Or they don’t know how to price, or how to control their costs. So the right buyer is the one who can come in and fix the weaknesses” and increase profit. Therefore, it’s just as important to identify the weaknesses as the strengths.

As Steckler pointed out, “People don’t generally buy businesses because of what your assets are worth. They buy businesses to generate money. Will the suggested price allow a new buyer to pay the debt, pay a reasonable salary, replace aging equipment, get a return on investment? Business owners need to consider this when thinking about pricing their business – any serious buyers will. “One buyer is no buyer” is a popular saying in the merger and acquisition industry. When it’s time to sell, owners benefit by increasing exposure to a number of qualified buyers. Having several “suitors” at one time enables the seller and his advisors to control the process and realize the best possible price and terms.

Steckler outlined 13 steps in the selling process:

• Valuation: Get an idea what your business is worth
• Personal Goals – will the sale enable you to realize them?
• Analysis: of the business and of the industry
• Preparing the Marketing Documents

– Exit Planning: How will you be in the transition? Will you continue with the business?
• Buyer Marketing Strategy – who should be looking at your business?
• Prospecting
• Negotiating – and you shouldn’t need to do very much, if you’ve done the other things right
• Letter of Intent
• Financing
• Due Diligence
• Purchase & Sale Agreement
• Closing

Keep in mind that any suitor has alternatives. While prospective buyers may be looking to acquire, they’re not necessarily looking to acquire you. If you make the deal unappetizing, they’ll walk. But if you advance the buyer’s strategic goals, demonstrate strong and accurate financials, and are reasonable in negotiation, the deal will close.

By Shel Horowitz

Sulloway: cont. from page 5

for two brothers, four nephews, or eight cousins.”

Fascinatingly, the evolutionary responses of other species adjust for ecological conditions; those that destroy their siblings at birth are more likely to attack if their body weight is low, and to be more tolerant if there’s a food surplus. And those species that engage in “siblicide” have developed compensations – such as being born with a full set of protective teeth.

So what does all this have to do with family businesses? “Pregnancy conflicts are typical of all family interactions,” says Sulloway. Family members are often in conflict, despite their overlapping agendas. “A gene from the father promotes growth of the fetus, and the same gene from the mother cancels out that growth. The genes actually know which parent they come from and act in the interests of that parent. These types of conflicts are typical of family dynamics as a whole.”

Hamilton’s Rule also helps explain why siblings go out of their way to express differences – something that has a lot to do with birth order. Oldest children will typically seek to win parental attention by being conscientious, overachieving, filling the role of surrogate parent – accommodating themselves to the existing social order in the family, school, and career. Many superstars in academia, performing arts, and athletics are firstborns.

And yes, firstborns gravitate toward power careers and make up a full 44 percent of CEOs (versus 18 percent middleborns and 20 percent lastborns). Steve Jobs, Al Dunlap, and Ted Turner are among the firstborns, but laterborns also have their share of power hitters, including Warren Buffett, Bill Gates, and Donald Trump.

Laterborns will often play the role of mediators; they are agreeable, frequently playing the humor card – and because the status quo doesn’t favor them, are often quick to embrace (or even lead) change. A high percentage of Nobel Peace Prize winners tend to come from this cohort, while Nobel laureates in other disciplines are much more likely to be firstborns.

These, of course, are sweeping generalizations, and many other factors – gender, spacing of children, disability or death, how much time a child has the undivided attention of parents (before the second child is born or after the older ones have left the house) – all come into play.

Sulloway points out too that while all siblings strive for goodies from their parents, such as affection, food, and attention, no matter how hard they try, the parents can never distribute these goodies equally. The firstborn always has a head start of one to several years.

However, it’s critical that the parents set up a structure that can...

• Raise children who know how to cooperate as well as compete
• Enable children to successfully enter the family business
• Harness sibling diversity to achieve family and/or business goals
• Create a viable structure for family business succession

In all biological systems, there’s a constant give and take. “Biology has created powerful mechanisms of control to deal with these conflicts. We have cancers all the time, and our immune system looks for them and gobbles them up before you ever know they are there. The cancer cell is 100% related to itself,” just as siblings might look out for themselves at the expense of others. “Once you depersonalize such conflicts, you realize that your sibling is doing what you’d do if you were in that sibling’s place. Expect and respect conflict. It can be harnessed as a creative aspect within
HOW DOES Steven Little test a hotel’s commitment to its customers? He orders a vanilla milkshake, which is not generally on the room service menu. “I’ve run that experiment about 50 times a year. 80 percent of the time, major hotel chains will get it wrong.” The order taker “is standing at a point-of-sale screen. If it doesn’t say milkshake, there’s nothing he can do to make it exist. Is there a blender in the kitchen? No – it’s in the bar. The bar staff hates the kitchen staff. I want food and beverage, and they’ve built two warring factions, fighting for turf. That’s a stupid system.

“They will bring me the ice cream, milk, spoon [if he orders them as individual items] – and what I want is a milkshake. As soon as your technology starts leading you around by the nose, your systems make you stupid. Think about where you’re saying no, where it would be easier and better to say yes.”

Properly harnessing the power of technology is number five in Little’s list of seven areas of concentration. He covered all seven in his June presentation to the Family Business Center, as well as in his book, *Seven Irrefutable Rules of Small Business Growth*, published by John Wiley in 2005:

1. Sense of Purpose

“Sense of purpose starts with you, the growth leader, and it permeates throughout the organization. “It is never money. Money is a tremendous way to keep score – but it will not get you out of bed long-term. It is the byproduct of a greater calling.”

One way to get in touch with your sense of purpose is to make contact with our heroes. Little noted that Henry Ford sought out (and became close friends with) Thomas Edison, and Bob Dylan traveled across the country to visit Woody Guthrie in his last months.

Little himself got to meet one of his own heroes recently: 95-year-old former UCLA basketball coach John Wooden, whose students included Kareem Abdul-Jabar and Bill Walton. “He was, to me the greatest sports coach in US history. He held an audience for an hour and a half and all he talked about was sense of purpose. When he took questions, a woman in the back asked, ‘Coach, you have accomplished so many things in your life. What is it you want to be remembered for?’

“He took 30 full seconds before he said one word. ‘I wanted to get it right. I have two competing ideas; can I share both of them with you? First, I never got out of bed to win a championship. They were a byproduct of my sense of purpose: to help young people achieve beyond their own expectations of themselves.’ Out of 400 students, he’s only lost track of 15. He knows their spouses, their kids. He still talks weekly
little: cont. from page 7

with Jabar and Walton. But it was the second answer that let me know that he was a hero.” But Little kept the audience in suspense until the end of his presentation to find out the second thing that John Wooden wanted to be remembered for.

2. Outstanding Market Intelligence
  
  Absolutely essential if you’re going to keep up with change. Smart executives need to “recognize and adapt to fundamental change. To see the changes happening.”

3. Effective Growth Planning
  
  “Only 12% of privately held companies in the US have this in place. When we study the Inc 500, it’s always over 80%. I’m suggesting there’s a correlation. I didn’t always do it. When I did it, I grew profitably. When I didn’t do it, I grew, but not necessarily profitably. It’s the process by which you plan that gets everyone on board. Planning starts at the bottom and percolates to the top.”

4. Customer-Driven Processes
  
  Remember Little’s frustration when he can’t get his milkshake? You don’t want to put your customers through that – at least, not if you want to keep them as customers! As a company grows, it’s tempting to develop and implement processes that appear to only benefit the company, not the customer. In reality, what these company-centric processes gain in efficiency is lost through customer displeasure, so it’s a short-sighted bargain. “To understand that balance is an area where we concentrate time, money and effort.”

5. Power of Technology
  
  The milkshake example shows technology running amok: controlling the employees instead of serving them. Learning to properly harness technology is crucial. Little defines technology as “the use of tools in our time. Anthropologists define the human condition by the use of tools: Stone Age, Bronze Age, Iron Age, Information Age. They have always mattered. How do you communicate with the tools of our time? You live in a time where tools matter. If you’re in business, you’re in the technology business, by definition. Become an expert as it relates to your business. This is not something you want to outsource! You don’t have to do the coding of your websites, but

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Sometimes simpler is better. That seems to be one of the main reasons why a simple concept called “NetWeaving” has taken off, not only around the country but is now beginning to spread around the world.

NetWeaving is a Golden Rule and Pay it Forward form of relationship-building which helps people recognize that it is truly through enlightened self-interest that we can serve others while helping ourselves.

I developed the concept of NetWeaving by observing the way that some of the most successful professionals in the financial services industry built their practices—attorneys, CPAs, bankers, insurance brokers and agents, financial planners and investment advisors.

It seemed to boil down to three skill sets: 1) being a connector of others without concern for how they might benefit; 2) learning how to position themselves as a no-strings-attached information and resource provider for others; 3) building a Trusted Resource Network made up of persons across a broad range of industries and specialties who were exceptional at whatever it is that they did.

All of these skill sets helped them build a reputation as the “go-to” person even when it had nothing to do with their own area of expertise.

But, then a funny thing happened. As I began to go out and speak on the concept, I noticed something which I previously missed. People who had known me for years seemed to be relating to me differently.

Finally it hit me that I had become a vocal advocate for a concept which is spiritually universal—helping others simply with the confidence to genuinely believe that, “what goes around...does come back around.”

The how-to of NetWeaving involves hosting meetings—either in-person or virtually, over the phone or internet, to introduce two persons (can be more) to each other with their needs, problems, and opportunities in mind rather than just your own. And at the end of a hosting meeting, in about 9 out of 10 cases, one or both of the persons who have been connected and who have found ways to each other and discovered persons they know in common, will ask his or her NetWeaver host/moderator, “How can we help you?”

And instead of suggesting something self-serving, watch what happens when you simply ask them both to just “Pay It Forward” and agree to host a meeting for two others.

Although NetWeaving began as a tool for sales and marketing persons to build stronger relationships with existing customers and clients, as well as a business development tool, it has now morphed in many different directions including Human...

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NetWeaving – a New/Old Tool for Relationship Building

Bob self-published his second book on the topic, The Heart and Art of NetWeaving and it is printed by Xerox Global Services so that 100% of the $20 goes to any charity wishing to use the book for fund-raising. Bob co-chairs the steering committee of Pay It Forward Foundation in California created by Catherine Ryan Hyde, the author of the book on which the popular movie was based. Bob can be reached at bob@netweaving.com or through www.netweaving.com
Life Plan: cont. from page 1

* How to get objective feedback and support (not always the same thing)
* Help you decide if the career you're heading into (perhaps under pressure from older family members) is the right one for you – or if you'd be better served by following your passion, even if it leads in a completely different direction
* Provide the research and ammunition you need to let parents agree to support you in pursuing your dreams

Here's a concrete example: "A few years ago, a student came into my office – they have to do these life plans – I asked him what he wanted to do. 'I'm a management major, so I guess I have to be a manager.'

'What are you passionate about?

'Golf.'

"Mark came up with a flow chart, a budget, and a training schedule to become a professional golfer. His dad said I'll back you financially if you stick to the schedule.' He came back to me two years later (a card carrying member of the PGA) and said, 'I've hit a home run! I'm not going to wait until I'm 50 to find out if this is something I should have done.'

But it's not just those at the beginning of their career who find a life plan beneficial. McCann himself had to evaluate a lucrative job offer, and he turned to a life plan he'd done 16 years earlier.

"And that helped me not to take the job. I like money, but I did not want salary to determine my career path." His life plan from 1990 helped him see that he would have been less happy in the lucrative position in a large advisory firm, less connected with teaching and consulting (i.e. personal contact).

McCann is the first to acknowledge that in our harried lives, it's not easy to find time to do this reflective and analytical work. But, he insists, it's well worth the effort: "Reflecting on your self is difficult. Especially when you're busy – but that's where the value comes from.

"Invest 20-40 hours [to create your life plan].

Most people have an estate plan, 37% have a plan for their business, and just 3% have any written life goals. If you take a napkin and write three goals and put it in a drawer, it increases the odds of meeting those goals. You have to know what you want and how to beat the odds.

"Writing it out, you see the gaps, the inconsistencies, you go deeper. Even if you throw it away, there's still magic to writing it down. If I had not done this work, I'd not have had the fortitude to do what I wanted and would have probably been unhappy with the position the advisory firm offered me."

Written goals, he says, offer "clarity on what you want to achieve, a template for success, rudder for navigating change."

"Yet he is very much against self-indulgence. Credibility is key for him, and credibility is comprised not only of self-esteem, but also outside validation. If you're faking your way through life – or pampering your children and letting them avoid all responsibility – it's like "you're playing for the Yankees and you don't deserve to play pro ball; that's a tragedy!"

And his message to those indulgent parents?

"Why would you deny your children what defined your character: hard work? If your family has great wealth or a family business, how do you test your mettle?"

A few more of McCann's hints on values and related matters cont. from page 8

Little: cont. from page 8

you should understand them. You've got to be the expert, to be in the growth business.

"Human beings have been on this planet using tools for about 1.5 million years. And somehow, in the last 100 years, everything has changed – and tools have been a big part of that. The next 10 will make the last 10 seem like slow motion."

6. Best and Brightest

"Ted Turner built the biggest news brand in the world, in just ten years, and he spent half his time sailing boats. He found and kept better people. That's how he did the Braves, everything."

So entrepreneurs can learn from Turner and not work so hard. Just find really good people to whom you can reliably delegate.

"This is your job! The single biggest barrier to growth is that business owners do what they want to do instead of what needs to be done. They do the thing, baking cakes, building homes, selling insurance. This whole thing of hiring, training, and retaining of people gets in the way of doing what you like to do. The way to grow is find people who do the thing better than you do. It's self-fulfilling. Once you decide no one else can do this, no one can do it." So retain your employees; they'll let you retain your customers, and grow your company.

7. Seeing the Future

Little's seventh and final point could have been an entire presentation. He identified several trends that are shaping the current reality of business, and extrapolated them into the future. A few examples:

• Urbanization worldwide: In 1900, only 12 percent of the world’s population lived in cities of a million or more inhabitants; today, it’s 50 percent.

• “Grayification”: longer active lifespans. In 1900, life expectancy was 47, and 55 was old. "Social security worked because you were supposed to be dead before you turned 62. Family business succession planning doesn't work. Now it's succession planning, because who's going to wait till they're 60 to take over from the 85 year olds? Seventy percent of discretionary spending is from people over 50. Sean Connery is 76. It's impossible to imagine when I was growing up that we'd have [active, current] movie stars this old."

• Decentralization. Rogers, Arkansas will be the next Orlando – to name one of many examples.

• Green business: an easy one to be part of – or be left behind.

• Growing influences of diversity – especially China worldwide, and the various Hispanic populations in the United States. Little notes that even the conservative British magazine The Economist called China "the greatest wealth creation in the history of mankind."

Remember that Little only gave one of Coach Wooden's answers? Here's the other one: "During the Watts race riots, Los Angeles was on fire with racial tension. Coach had the #1 team in the country. Newscasters asked him if they could interview his players about racial tension on the UCLA basketball team. The young African-American man in the middle stands up and says, 'you don't know Coach Wooden, our coach doesn't see color, and that's the end of the interview.' Coach told 1000 people that's what he wanted to be remembered for."


By Shel Horowitz
**NetWeaving: cont. from page 9**

Resources inside large companies to help tear down territorial walls and silos; with non-profits to help high profile board members learn a comfortable way to approach close friends about the cause they are supporting, super-charging the launch of young person’s careers just entering the work force, and teaching early elementary school-age children how to introduce their friends to other friends and asking them to do the same with their friends, and even to kids neither of them know.

Arthur Blank, co-founder of Home Depot and owner of the Atlanta Falcons, probably said what many who are reading this are also thinking: “I’ve been doing that my whole life. I just never had a word for it.” **RM**

*By Bob Littell, Chief NetWeaver, who is passionate about spreading the word about this win-win form of networking.*

**Sulloway: cont. from page 6**

family businesses.

“No computer program has ever been devised that can improve on the tit-for-tat relationship” that lets siblings as well as unrelated people reduce conflicts by rewarding cooperation and failing to reward conflict.

“We as humans are uniquely suited to cooperation, because we have the largest brains. Cooperative species always have larger brains than uncooperative similar species. It takes a big brain to remember all the cooperative interactions you need to get along successfully in real life.

“Get your kids to undertake joint tasks. Let them mow the lawn together, or plan a vacation; and if they can’t cooperate, you can just go without them.” As for succession issues, the key to a harmonious outcome is to foster a family culture of mutual cooperation while also creating specific mechanisms that depersonalize the potential conflicts inherent in this process. **RM**

*By Shel Horowitz*

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**“He that won’t be counseled can’t be helped.”**

–Benjamin Franklin

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**The Credit Crunch**

*What caused it and how will it affect you and your business? The main cause was investors reaching for higher yields, which allowed lenders to generate and sell mortgage paper at rates higher than the market rate for borrowers with problem credit or inadequate income levels to support their loans. Everyone seemed to be betting that the growth in housing, one of the brightest spots in the economy over the last 5 years, would never end. However, as adjustable rate mortgages (ARMs) began to adjust and the inventory of new and existing homes began to increase, problems began to show and delinquencies and foreclosures began to rise. There is plenty of finger-pointing going around with borrowers indicating that lenders suggested they lie on applications. Lenders argue that all terms and conditions of mortgages are spelled out in documents signed by the borrower and that they should have been aware that their monthly payments could rise. We may never get to the bottom of who is right and who is wrong. However, as a local banker, I must point out that a review of foreclosure listings in the local paper will show a vast majority of the filings coming from large nationwide banks and mortgage companies. The result of this activity is a return to higher credit standards especially in the residential mortgage market. Subsequently, there is much concern over whether the credit tightening will cause the economy to slow and possibly lead to a recession. So the question is should you put off your expansion plans? You need to consider how the economy impacts your particular business and whether a recession will result in your inability to generate the income necessary to support any existing and/or new borrowings. However, you should not be concerned that you will be unable to obtain the financing you need if you have a good track record of paying your bills and in creating positive financial results. Many of the banks in the Springfield market have done partial or full conversions from mutual banks to stock banks in the last few years in an effort to raise capital. These offerings were successful in the banks increasing their capital in excess of several hundred million dollars. Ultimately, the goal of all of these institutions is to leverage this capital by investing it profitably in new assets. So if you have a dream, a business plan, and a need for financing, I recommend that you contact your local banker today. **RM**

*By Glenn S. Welch, Executive Vice President of Hampden Bank, a Corporate Partner of the UMass Family Business Center. He can be reached at 413.452.5144 or gswelch@hampdenbank.com*
Life Plan: cont. from page 10

social intelligence: instead of buying your kid a fancy sports car every year, use that money to fund the child to volunteer abroad, say with the Peace Corps. If you’re wearing your best suit and trying to close a deal, don’t lick your fingers in a fancy restaurant. And if you have to apologize for something, do it without making excuses. Excuses are about you; you want the apology to be about the other person, and how you’re sorry you caused that person inconvenience.

This attitude is just as true on the other side of the street. If you have feedback to give, precede each bit of criticism with “four pieces of positive. It reinforces the good stuff.”

Positive or negative, feedback can be heard best when it has specificity about the time and place of the incident, the behavior you’re criticizing, and the impact or consequence of that behavior. “Spell out the rewards and consequences. It’s a great way to coach people; they can usually hear it.” And learn the difference between support (nonjudgmental) and advice (where you’ve staked out a position). As McCann’s father once put it, “Since families are so long-lasting (and important) – if you have the opportunity to be right or to be kind – consider being kind.”

By Shel Horowitz

Ira’s Column: cont. from page 2

I also think it’s useful to apply such questions to the family business aspects of your company. Especially if family members have their noses where they shouldn’t be: always on the grindstone, or up each other’s derrières, it helps to approach issues with some philosophical detachment. Some discipline is required to keep the discussion from disintegrating from “Some of us are more willing to sign personally than others – what should we do about that?” to “All wimps get the heck out of the company,” so as I’ve suggested repeatedly, a neutral facilitator could come in handy.

When groups negotiate, it’s always good to get people agreeing on as much as they can, making it more tolerable when they disagree on some issues. If a business family can agree, at least theoretically, on what your biggest problem is letting you avoid (ie: your second biggest problem, whatever that may be) you can progress to the possible solutions for that second problem, and agree on forming a task force to study that issue. If you can agree on what would be the theoretical game plan to handle a doubling of business, you might progress to agreeing on taking some baby steps towards implementing that game plan (and it helps to see it as a game plan, rather than a work plan).

The goal here is NOT to create a Ten Commandments for your family. Start with observations, progress to alternatives, consider options and Betas Testing, and before long, you might have strategies and results. Wouldn’t it be great if the answer to the question (above) “What might be our competitor’s biggest fear about us?” was “they strategize together like a gosh darned Legion of Super Heroes!” Now, THAT would be a power to be reckoned with.

“I Read It So It Must Be True?”

DON’T BELIEVE everything you read,” says Charlie Epstein of Family Business Center sponsor Epstein Financial Group. In a lighthearted presentation, he showed customer sales letters as junior and senior partners might present them.

The junior partner presents a well-reasoned six-point memo of do’s and don’ts, aiming at a diverse but not overdiversified portfolio, able to respond quickly to the market while keeping turnover low. But the senior partner rewrites it as a five-point checklist aimed at creating high-turnover business based on rumors and guesses – because lots of transactions mean lots of commissions to the firm.

While not all written advice should be taken seriously, Epstein actually based most of his June presentation on a book: The Number, by Lee Eisenberg, a book that can guide sensible retirement and investment planning.

Epstein summarized Eisenberg’s key points as “The 10 Modern Commandments for 21st Century Investing,” in “thou shalt/thou shalt not” format. Two examples:

• Thou shalt know that past performance is no guarantee of future results, nor shalt thou become so exuberant as to forget that eggs drop, cookies crumble, bubbles burst, and that which goes up will eventually come down.

• Thou shalt take on risk commensurate with thy ability to sleep well at night.

The Number was one of eleven books on Epstein’s recommended reading list. Among the others – for estate planning, Die Broke, by Stephen Pollen and Mark Levin, and Don’t Die Broke, by Margaret Malaspina – and to understand investing, The Essay of Warren Buffett: Lessons for Corporate America, and The Making of an American Capitalist, both by Warren Buffett.

These books are important, he says, because the life of an older person is so different now. Forty years ago, people in their sixties seemed really old; the expectation was that they’d die within a few years of retiring. But when 62-year-old Mick Jagger can still put on a tremendous show night after night in front of a stadium full of screaming fans, the expectation of life quality in your 60s, 70s, or even 80s has shifted.

Meanwhile, investment tracking technology has matured, opening up new possibilities. Says Epstein, “We actually build a website that aggregates and accumulates all their money (information) in one place, and [are] able to view those accounts. That’s an opportunity to organize your finances in a way that’s manageable. And you can tie it back to those things that are really important to you” so that whether you’re a rock star like Jagger or a business owner who wants to make an impact on your world, you can shape your investments to meet those desires in retirement.

By Shel Horowitz
WHY DID Cindy Johnson (Fran Johnson’s Golf & Tennis) inch away slowly from Jeff Glaze (Decorated Products), wrinkling her nose? Why did Joanne Goding (Moss Nutrition) insist that her name was “Bob?” (she actually needed to read her nametag to correct herself). And why did Jeff’s son Justin forget the number 7, saying that five plus two is eight?

All three were among the eight volunteers hypnotized for over an hour by Anthony Galie, the Family Business Center’s featured presenter at the October 23 meeting at the Log Cabin.

But it wasn’t all fun and games. For about the first hour, Galie presented a serious message about motivation and business success. Among his key points:

• The subconscious is stronger than the conscious brain; hypnotism is one of many doors into the subconscious and its power.
• The subconscious cannot be forced; if you try not to think of elephants, elephants will dominate your thinking.
• Getting motivated is easy; staying motivated is tough – just ask anyone who’s ever made a New Year’s resolution to lose ten pounds. “At a speech, most people lose their motivation on the way to the airport.”
• Highly motivated top producers “work at it every single day. They’ll tell you exactly what they do [to keep motivated] and how they do it – and when they stop doing it, their motivation wanes and goes back to normal.”
• While these high achievers have all sorts of different techniques, one common thread is that they not only set written goals, they also review them and write them down two to three times a week! “If you’re not currently doing this, and you start, your production numbers will be bumped by 20%. And it takes only half an hour – is that worth it?

continued on page 15
DECEMBER 11, 2007
Tuesday 5:00–8:30 p.m.
The Delaney House,
Holyoke, Mass.

The Starbucks Experience: Lessons in Leadership to Spark Your Business to Unimaginable Success

What once was a service economy has transformed into an “experiential revolution.” Learn strategies for achieving the Ultimate Customer Experience by combining employee empowerment with a strategic view of operational precision. Dr. Joseph Michelli, author of The Starbucks Experience, will help you generate employee retention, empowerment and enviable customer loyalty. When a focus on transactions and customer satisfaction just won’t do – explore a world where “everything matters” and companies are “beloved.” Just as Starbucks went from one small shop in Seattle’s Pike Place Market, to approximately 11,000 stores internationally, so too can we all maximize our “ordinariness” for positive impact, organizationally and in our communities.

MARCH 11, 2008
Tuesday 5:00–8:30 p.m.
Log Cabin Banquet & Meeting House,
Holyoke, Mass.

V + S + P + E + L + C = C: An Equation of Continuity for Your Family Business Governance

Many families latch on to independent boards, family councils, and governance policies when they go through ownership and management transitions. While these structures are certainly necessary, they are often not sufficient to ensure continuity. Noted family business thought-leader Ivan Lansberg will discuss the importance of good communication in helping families learn how to work effectively within these structures. Families must know how to manage their differences and to manage the process of governance. In this presentation, Ivan will discuss how communication occurs within business families. He will make practical suggestions for how families can enhance their capacity to govern themselves. Presented by IVAN LANSBERG, organizational psychologist and author of Succeeding Generations: Realizing the Dream of Families in Business.

APRIL 16, 2008
Wednesday 5:00–8:30 p.m.
The Delaney House,
Holyoke, Mass.

Don’t Run Your Business with Your Heart, or Make Family Decisions with Your Head

advises tonight’s speaker, Howdy Holmes, President of Chelsea Milling Company, in Chelsea, Michigan, the manufacturer of JIFFY baking mix. His grandmother founded the company, but the family has milled flour for eight generations, causing Howdy’s father to comment, “It just goes to show you what idiots we are. We’re too dumb to get out of the business.” But Howdy didn’t start in the business, preferring a 20-year career competing in motor sports, including the Indianapolis 500, where he finished in the top ten 26 times, and was named Indianapolis 500 Rookie of the Year in
Conscious: cont. from page 13

- If you’re not a writer, or even if you are, there’s an alternate path that might work better: “Tonight, script out some goals for yourself. And then get a hand-held tape recorder and read those goals over and over again or burn yourself a CD that’s five minutes long. Your goals, your voice. If you don’t know how, ask any teenager. Play it at least once a day. You want to grow your business, get it down and drill it into your subconscious mind. It takes about half an hour to write the goals and make the CD. You don’t even have to listen to it. Just have it droning in the background. But the more you focus on your goals, the more you’ll start seeing ways to make that a reality. If you actually did that, at the end of a couple of weeks, you’ll know your goals inside out, upside down, and backwards.” Just as we remember commercials of our childhoods, decades after they stopped running — “wonder where the yellow went” hasn’t run in 42 years — so, through this self-hypnosis process, these goals will become just as deeply ingrained.

- Reset your personal image so it’s in harmony with these goals. Otherwise, you’ll lose all the progress you make; when Oprah loses the same 40 pounds over and over again but gains it back in a year or two, it’s because she images herself at the higher body weight.

- When you’re irritated with a client, or nervous before a big presentation, you can use self-hypnosis techniques to calm your mind and perform better.

To choose his eight subjects, Galie asked the crowd to do a couple of exercises: one, using the power of the brain to move two fingers on opposite hands together, and the other, to let one arm sink under a heavy weight while the other floated up, attached to a fleet of imaginary helium balloons — and quietly moved through the closed-eye crowd, noticing who responded well.

Galie led his subjects on a series of group exercises: going to a hot, humid beach in Florida with 101 degree temperatures and a serious bug infestation (sweat visible on some foreheads), and then immediately afterward, a frigid mountain top with no winter coat. He noted that these exercises can produce measurable body temperature swings of several degrees. He also gave individual instructions to each person, which is how Cindy couldn’t tolerate proximity to Jeff, Joanne forgot her name, and Justin couldn’t say the number 7.

For more information, see http://www.anthonygalie.com.
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