A Corporate Innovator Stresses Company Culture

By Shel Horowitz

WHY DO PEOPLE choose to work at small family businesses instead of huge mega-corporations?

Often, it’s because family companies are more successful at creating a culture that feels welcoming to its employees: one that builds a true team spirit where there are other goals along with a healthy bottom line.

Barbara Gannon, vice president of Corporate and Marketing Communications at Sargento Foods, Inc., has been with the Plymouth, Wisconsin cheese marketer for 14 years. It’s the kind of company where 26 men, including the company chairman shaved their heads in solidarity with an employee who was facing radiation treatment for cancer - and raised over $11,500 for the family’s medical expenses. Where a 640-pound block of cheese was carved into a sculpture of a football player in support of the nearby Green Bay Packers, and where the company gives paid time off to employees as they volunteer to build (so far) twelve houses for Habitat for Humanity.

And unlike some of those large corporations, Sargento not only discourages employees from working every waking hour, but fully expects “that you’ll put God and family before work.”

Gannon came to the Family Business Center for the March 4 gathering at the Log Cabin.

Leonard Gentine had had a checkered career: funeral director, mink farmer, operating a custard stand (complete with waitresses on roller skates).
DIDN’T GROW UP knowing much about trees. My childhood home was in a baby-boomer neighborhood where the developer was kind enough to leave one giant oak tree on each plot. Our neighbor’s fell on our house, smashing the eaves. Then ours (dubbed “Lonesome Louie”) got revenge, doing even more damage. I learned my first factoid about trees: that there’s just as much wood in the roots as above ground; and those roots reach out two to three times wider than the branches. You can’t just go around cutting up that tangle of support without wreaking some havoc.

I have another useless fact about trees, gleaned from watching both the tree-lined streets of Long Island go bald from Dutch Elm disease; and all the Bradford pear trees on my store’s South Main Street die from one simple infestation of whatever disease kills Bradford pear trees.

It was many years ago, so the first time I ever heard anyone explain the benefits of diversity. More kinds of things, the harder it is to kill them all. Whether it’s many kinds of trees, people, thinking; the more the merrier, and the heartier.

So it’s sort of ironic that there’s so much striving for “shared vision” and “getting everyone on the same page,” as if it will have some sort of preventative or even curative effect from all the evils and enemies that kill the un-unified.

Of course unity is essential. The car can’t go if the wheels are not pointed in the same general direction. The construction delays on the Tower of Babel are legendary.

In business and in life, you do want to be efficiently pointed; and have some grasp of what your colleagues are trying to say. But not so much unanimity that only the most vanilla ideas can pass through the super-efficient filter. Better your company have a certain level of chaos, if there’s a way to interpret it; a healthy dollop of nonsense, if it builds immunity against big portions of boredom and mediocrity.

But in tolerating a variety of perceptions, you don’t want to be like the six blind men examining an elephant. One felt the elephant’s side, and declared he was feeling a wall; another grabbed a tusk, and claimed an elephant is like a spear. The third man, holding the squirming trunk, insisted an elephant was a type of snake. And so on: hold the ear, the elephant is a fan; hold the tail, elephant equals rope.

You’d fire these guys in a minute, but what if you’re like them? At least they’re not all feeling the tail- you have to give them that. In that company, you’d have a team of people all wondering why their rope was losing market share.

But how to know what you know, and what you don’t know? If we could know what we don’t know, wouldn’t that be great!? We’d never get caught looking dumb, because we’d know when to keep our mouths shut. Instead of having to take a chance that our next utterance might be genius, might be moronic.

I think the best we can hope for is to create an appreciation for diversity of opinion, for taking a chance, for spending time reaching into the unknown: not knowing exactly when you’re grasping at straws, and when you’re going to get the gold ring.

This is one of my philosophical harangues that ends up in a sales pitch for the UMass Family Business Center. It begins with trees, segues into cars, towers, elephants, straws and gold rings. Then it ends up by saying that our community—our environment—is the perfect laboratory for reaching out. People come and become better at learning, better at thinking. Better at picking the brains of others, and Eureka!! You become better at picking your own!!

One of the great compliments I receive on a regular basis from members and prospects is that they feel smarter and more honest at UMass Family Business Center meetings than other meetings. How could this be? It’s the safe harbor feeling: no bragging, no selling, the recognition that we are all different types of trees, making a very powerful forest.

Once again, I invite you to take a look. Start by giving me a call. You have nothing to lose. Or maybe you do, and maybe this is the perfect place to lose it.

By Ira Bryck
Participation in the Full Series of Seven Dinner Forums through the year for all family members in the business. At the discretion of members, family not in the business is invited to the meeting. Other topics might be appropriate for a nonfamily, key employee. The maximum value of membership in the program is reached when all relevant parties participate in our interactive learning environment.

Roundtable Discussion Groups The UMass Family Business Center offers the opportunity for members to participate in peer roundtable discussions. Groups divided loosely alongoperational and generational lines meet regularly in an informal, facilitated “affinity group” with others in the same position in the family business. The groups, a member benefit at no extra charge, are confidential and intimate forums that you may view as your outside board of advisors on both family and business issues.

Opportunity to Network and Confer with intimacy and confidentiality with business owning family members, with speakers who are leaders in the field of family business consulting, and noncommercial contact with the center’s sponsors, representing the fields of law, insurance, banking, and accounting. This interaction will be invaluable in providing a sounding board, a second opinion, an empathic and experienced listener, and honest and direct feedback for the family business member.

A Subscription to our Educational Newsletter Related Matters: Treat Your Business Like a Business and Your Family Like a Family, featuring advice on the issues relevant to family business, such as succession planning, ownership and management, and family relationships, as well as coverage of the activities of the Family Business Center and profiles of its members.

Related Matters • Summer 2003 • Treat Your Business Like a Business and Your Family Like a Family

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Robinson: Take Your Company from Good to Great

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hy did Winston Churchill, at the peak of his power in World War II, set up the Statistical Research Office? To tell him the truth when no one else was willing!

The always-enlightening Alan Robinson, UMass professor of management, returned to the Family Business Center (along with Mike Guarerra, an MBA student, who presented the cases) for its December meeting to talk about how to turn a good company into a great company. And it’s not as easy as it sounds: the first sentence in the book, Good to Great, by Jim Collins—the basis for Robinson and Guarerra’s December 12 presentation—is “Good is the enemy of great.”

Good, Robinson says, can lead to mediocrity; the path to excellence may not start with “good.”

But there are some that make this exhilarating walk. To measure the transition to excellence, the Collins researchers looked for companies whose 15-year cumulative stock returns were no better than the market as a whole—but then, after some pivotal point, started outperforming the market by at least a factor of three, and sustained that performance for at least three years.

Among all publicly held companies, Collins and his team identified just 11 (including a few surprises). The research team paired each company with a competitor that hadn’t made the transition. The 11 are listed here alphabetically, with their comparison companies in parentheses: Abbott (Upjohn), Circuit City (Silo), Fannie Mae (Great Western), Gillette (Warner-Lambert), Kimberly-Clark (Scott Paper), Kroger (A&P), Nucor (Bethlehem Steel), Philip Morris (R.J. Reynolds), Pitney Bowes (Addressograph), Walgreens (Eckerd), and Wells Fargo (Bank of America).

And then the team looked for characteristics that these 11 top performers had in common, but that their competitors did not share:

• A “Level 5 Leader” who understands the human factors in leadership, is willing to keep looking until the right person can take the job, and who is more concerned about making the company succeed than about personal ego or CEO perks.
• Willingness to “confront the brutal facts” that could kill your business—leading with questions rather than answers, dialogue instead of coercion.

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From Good to Great

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autopsies without blame.

- An integrated understanding of where the company could be the best in the world at its core business, where its passion lies, and what drives the company’s economic engine - even if that analysis means shifting to a different core business (as Kimberly-Clark did when it divested its old coated paper mills). From these three interlocking circles, you can develop an articulation of the unique and powerful motivators for your company.

Collins calls this the “hedgehog concept. As an example, Walgreens developed this platform: Be the best, most convenient drugstores, with high profit per customer visit. To achieve this, they opened more convenient locations, pioneered the drive-through pharmacy concept, clustered stores in urban areas so no one would have to walk very far, and added new services such as 1-hour photo processing - and from 1975 through 2000, Walgreens outperformed the market by 15 times!

Why did Walgreens succeed so much more dramatically than Eckerd? Cork Walgreen focused on hiring and developing the right people, and in a corporate strategy based on insights from the whole team; Jack Eckerd bought the right stores, but failed to create an executive team or any real successor, and kept the corporate structure inside his own head.

And how can your company embody the principles of Good to Great, or Collins’ other book, Built to Last? ■

By Shel Horowitz

WILL YOU HAVE ENOUGH TO RETIRE?

ICHARD CHASE, of FBC sponsor Meyers Brothers Financial Advisors, Inc., told members of the Family Business Center to analyze all their assumptions about retirement income and expenses. The more accurate your planning, the more comfortable your retirement.

But too many people make the mistake of assuming that whatever numbers work today will continue to work. If your retirement is tied to the markets, your financial security can fluctuate wildly.

Average yields are fairly meaningless. Depending on how the investment worked, a $100,000 investment, withdrawing $15,000 per year, with an average yield of 11.6% per year, could leave the retiree with anywhere from a gain of $120,285 to a loss of $55,722. Yet, mapping the same time cycles with a flat $10,000 investment per year changes that loss to a gain of $256,038! In other words, the best strategy for saving $10,000 per year was the worst strategy for withdrawing $15,000 annually from a $100,000 initial nest egg.

Confused? You’re not alone! The reason the second investment strategy didn’t work out was that the market recovery wouldn’t matter; you’d already be out of money. With no assets to appreciate, the recovery doesn’t help this investor at all.

People who retired in 1999, projecting strong and steady growth from the long bull market, will be devastated at retirement. Assets that they’ve counted on will evaporate early, and it may be impossible to catch up. If they banked on enough money to live for another 30 years, they could be in for a deep shock when they run out of money in far less time.

For someone who retired earlier and rode that huge bull market, retirement will look pretty comfortable, even with the losses of the past few years—because so much capital was accumulated that things are still well ahead of projections over the life of the retirement payout.

For each investor, the timing of bull and bear markets has a significant impact on financial security.

If you are still in accumulation mode, a bear market is great, because you can acquire investment assets at a discount. But at withdrawal time, a bear market early in the cycle could be crippling. Chase presented a hypothetical couple who planned to withdraw 8.5% of their portfolio each year for 30 years, starting in 1968—but they run out of money in 1981. Even dropping withdrawals down to 6% was not enough to sustain the portfolio; they still run out of money in 1995.

Yet, if market performance had been reversed, and the early bear market had been bullish, their initial 1968 balance of $250,000 would have grown to a very comfortable $1,250,452 by the end of 1995.

“Ideally, you would get your high returns when you have a lot of money and your bad returns when you had very little,” Chase noted. ■

By Shel Horowitz

Richard Chase
Deciding Right and Wrong: The Ethicist Speaks

UNAFRAID TO BE either entertaining or controversial, Randy Cohen had much of the audience roaring with laughter - at least those who didn’t walk out to protest his barbs directed at the Bush White House.

Cohen, who writes the Ethicist column for the New York Times Magazine and is now syndicated in 48 papers, describes himself as an “accidental ethicist” - without any formal training. He has to convince his readers “not by authority, but by argument.” His appearance at the April 15 meeting at the Clarion was the first time he’d spoken to any family business gathering.

He used to be a writer for Dave Letterman, and he says that was excellent training. “Late Night was an essentially moral enterprise. The show had a coherent sense of right and wrong. You could only attack someone for what they did, not because they had a big nose. I had the impression that Letterman was very reluctant to do anything that would embarrass his mother.”

The questions Cohen receives fall primarily into a few categories. The most common are what he calls “duty to report”: you become aware of someone else’s unethical activity - do you tell? Society, he says, is profoundly ambivalent about these. “We love the whistleblower, but hate the squealer, the rat.” His guideline (from Resolving Ethical Dilemmas, A Guide For Clinicians by Bernard Lo): if “you can prevent future harm” to a specific person, if the threat is imminent and serious, there’s no less intrusive way to deal with it, and reporting only causes minimal harm, you should report the infraction. He noted, too, that some professions do require reporting, including health professionals dealing with contagious diseases or who suspect child abuse.

Next most common are the rationalizations. Cohen facetiously described these questions as “I’m thinking of stealing a car, filling the trunk with fireworks and shooting a guy. But I’m attractive and kind to animals–is it OK?” If more people would ask the OK of the New York Times before doing bad things, that whole Watergate thing never would have happened.

He criticized Deutches Bank for accepting $35 million from the City of New York, just to move downtown in the aftermath of 9/11—with no requirement to create a single job, and a time when city services were facing deep cuts.

For Cohen, questions of ethics and politics are closely intertwined. “A much more effective way of dealing with respiratory disease is not one patient at a

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Is Your Due Diligence Due?

By Charles Epstein, CLU, ChFC, FBS

YOU’VE FINALLY DONE IT! You’ve built the perfect retirement plan that meets your employee’s needs and shields you from all fiduciary liability. Then you wake up and discover that you are being sued by a disgruntled employee dissatisfied with the investment choices in your retirement plan.

Sound farfetched? Hardly. The legal landscape has changed significantly in the last few years, corporate officers who serve as 401(k) investment fiduciaries are legally responsible for participants’ investment decisions. Not just for investment options but also for the direction given by the participants. It used to be that the fiduciaries were only legally responsible for participants’ investment decisions. Now, the plaintiff’s bar has essentially found the pension system. They are aggressively pursuing any cause of action against plan sponsors that they believe will make themselves and their plaintiff’s, whoever they are, money!

What is a plan fiduciary to do? ERISA requires plan fiduciaries to diversify plan investments and to choose investments in a prudent manner. The Department of Labor (DoL.) has stated, “the only circumstances in which ERISA relieves the fiduciary responsibility for a participant-directed investment is when the plan qualifies as a 404(c) plan.”

Section 404(c) relieves plan fiduciaries of liability for investment losses when a plan participant or beneficiary exercises independent control over the investments of his individual account.

However, too many plan sponsors believe that all they must do to be a 404(c) plan is to:

a. Offer daily valuation
b. Offer at least 3 different investment options
c. Hand out prospectuses to plan participants

While complying with those criteria will put a plan well on it’s way to being a 404(c) plan, they would not, be sufficient. In fact, while many 401(k) programs meet the operational structural requirements to comply with 404(c), the area in which most inadvertently fall short is simply to acknowledge officially their intent to comply with 404(c) – and to tell participants of that intent and what it means.

The good news is; if the Plan complies with these regulations, the Plan fiduciaries receive a benefit – relief from liability for investment losses due to the participant direction of investments. If the Plan fails to comply, fiduciaries don’t get this benefit, but the failure doesn’t cause a “breech” of ERISA and there is no “penalty” for failing to comply. Put another way, because 404(c) provides a defense for plan fiduciaries against a possible claim by a plan participant - but doesn’t mandate compliance – the plan fiduciaries are not exposing themselves to additional liability if they try to comply with 404(c) but fail.

Amusingly, many studies today and surveys of company retirement plans show that few plans satisfy the roughly 25 requirements of this regulation. Most of the investment fiduciaries for 401(k) plans are probably unknowingly–and legally responsible for the prudence of participant investment decisions.

A recent class action lawsuit filed against the Enron 401(k) Plan focuses the significant value of complying with ERISA 404(c). The DoL. has filed an amended brief to the Secretary of Labor in opposition to motions by the defendants, including Enron’s committee members, in their attempt to dismiss the class action lawsuit filed against them. The brief lays out that the DoLs thinking on a host of important fiduciary issues and concludes, “the only circumstances in which ERISA relieves the fiduciary responsibility for a participant directed investment is when the plan qualifies as a 404(c) plan.”

The brief goes on to explain that a fiduciary “is not liable for losses to the plan resulting from the participant’s selection of investments in their own account, provided that the participant exercised control over the investments and the plan met the detailed regulations of a Department of Labor regulation.”

The brief goes on to point out that the 404(c) regulation sets out the detailed conditions for qualifying as a 404(c) plan.

If fiduciaries are legally responsible for participant investments, why aren’t fiduciaries taking the steps necessary to be protected by the 404(c) shield? Why would a fiduciary expose themselves to claims from the widow of a 65-year-old participant who invested entirely in a technology fund? What about the 25-year-old who is invested entirely in cash year after year? People would argue that those are imprudent decisions, and unless the plan complies with 404(c), they have the legal responsibility of the plan’s investment fiduciaries.

It is inconceivable that a responsible officer or committee member would accept that potential liability if they understood the risks and if they knew that section 404(c) was available. It appears that
attorneys, consultants, and investment advisors of retirement plans have not done an adequate job of explaining 404(c) and its value to plan sponsors.

So what does it take to comply? There are roughly 25 required items which you must be sure are covered. A complete list can not be provided in this column, however, some of the most important items to be considered are:

1. The plan must inform the participants that it intends to be a 404(c) plan.
2. They must identify the 404(c) fiduciaries.
3. They must explain that legal responsibility and liability for selecting among the investment options is being transferred to the participants.

If the plan fails to make these disclosures, then no matter what else is done, 404(c) protection is lost.

A plan must also provide specific information to the participants to the plans investment options including (among other things):

1. A description of the investment alternatives available.
2. A general description of investment objectives and risk and return characteristics of designated investment alternatives.
3. Information on fees and expenses that affect the participant’s return.
4. Copy of prospectuses, proxy statements, and reports on publicly traded securities to the extent these are available to the plan.

Many mutual funds and insurance companies provide most, if not all, of this information to the participants automatically. The biggest requirement that many plans fail to meet, is providing confirmations to participants of investment changes to the plan. Of course you don’t get a free ride by complying with just 404(c) or eliminate the potential exposure to liability. Plan fiduciaries still have the responsibility for selecting investment options offered to participants and for monitoring that the options continue to be appropriate. A 401(k) Plans investment program requires more than just the top investment choices of the month. If the plan fully complies with 404(c), fiduciaries still are accountable for the available options in the plan. DOL notes, “the scope of ERISA 404(c) relief is limited to losses or breeches which resulted from the participant’s exercise of control. Section 404(c) plan fiduciaries are still obligated by ERISAs fiduciary responsibility provisions to prudently select the investment options on the plan and to monitor their ongoing performance.”

We recommend strongly that every retirement plan fiduciary have a due diligence process in place that provides the following on a regular basis

1. An investment policy statement which spells out the criteria for creating and monitoring the investment program.
2. A carefully orchestrated and written selection of investment options.
3. A due diligence process that monitors the investment performance of the managers selected and a methodology for hiring and firing these managers on an ongoing basis.
4. Regular communication to participants on investment performance and manager changes.

For a detailed copy of the actual 404(c) regulations, please feel free to contact our offices or your professional advisor.

Charles D. Epstein, CLU, ChFC is a Registered Investment Advisor and can be reached at cdepstein@finsvcs.com or www.epsteinfinancial.com.

Footnotes: sources Enron, 404(c), and a personal liability of officers by Fred Reisch and Joe Faucher, Spring 2003, and Is 404(c) Protection Worth The Effort, by Fred Reisch and Bruce Ashton, 1999. * Plan Sponsor Magazine December 2002

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**Geo. Washington’s Rules of Civility**

110 Maxims Helped Shape and Guide America’s First President

As a young schoolboy in Virginia, George Washington took his first steps toward greatness by copying out by hand a list of 110 ‘Rules of Civility & Decent Behavior in Company and Conversation.’ Based on a sixteenth-century set of precepts compiled for young gentlemen by Jesuit instructors, the Rules of Civility were one of the earliest and most powerful forces to shape America’s first president, says historian Richard Brookhiser.

Most of the rules are concerned with details of etiquette, offering pointers on such issues as how to dress, walk, eat in public and address one’s superiors. But in the introduction to the newly published *Rules of Civility: The 110 Precepts That Guided Our First President in War and Peace*, Brookhiser warns against dismissing the maxims as “mere” etiquette. “The rules address moral issues, but they address them indirectly,” Brookhiser writes. “They seek to form the inner man (or boy) by shaping the outer.”

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Corporate Innovator

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He got into cheese when he was asked if he knew anyone who could put together cheese gift boxes. Even though Plymouth was the cheesemaking capital of the US, no one would do it. So he cleaned out a carriage house and set to work. That year, 1949, he sold 5000 cheese gift boxes. By 1953, as he noticed increased demand for traditional Italian cheeses in his gift boxes, he and his partner, Joseph Sartori, set up their own cheese packaging and marketing; he later bought Sartori out.

The company takes some pride in being innovative - starting with the company name, which was a composite of the two founding families’ names (the o at the end was tacked on to sound Italian) – and the idea that a U.S. cheese company in the Midwest could succeed with Italian-style cheeses. It was the first to use vacuum packing for cheese, and the first to sell cheese already shredded (at first using a converted pasta maker). Even innovators make mistakes, though. Leonard had turned down the idea of selling burgers to people in their cars. And the company went ahead with a few failed products, such as chocolate-covered cheesecake on a stick.

But it also takes pride in creating a culture of fun-loving people with a high moral code and a great deal of trust for each other.

Interestingly enough, the company’s strong ethical foundation has helped fuel substantial growth. Since Gannon has been with the firm, it has doubled the number of employees.

When Leonard Gentine died in 1996, his sons and Gannon created a process to involve all employees - as stakeholders - in identifying what makes the company special, continuing a long term commitment to “clear away the ka-ka.” Out of an original list of 40 items, the company narrowed it down to 20 - still somewhat unwieldy, she admits. The principles fall into three general headings: People: Ethics, trust, balance in life, employee equality, creativity, humor and fun, and accountability.

Pride: Excellence, effective communication, mutual support, sense of ownership, recognition, community outreach, and fair compensation.

Progress: Career and personal development, customer focus, innovation, risk-taking, profitability and growth, and enlightened leadership.

The company goes into quite a bit of detail regarding these 20 principles in a 50-page booklet entitled “Sargento: Our Corporate Culture.” Every attender received one. If you weren’t there, Ira can probably get you one.

By Shel Horowitz

The Ethicist Speaks

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time, but to eliminate smoking. You’re obliged to practice civic virtue, and doctors do. There are organizations of doctors opposing guns, drunk driving, war… Organized political action is seen as a moral duty of a physician. The AMA codifies the duty to change an unjust law. Ethics that avoided these political questions wouldn’t be ethics at all. It’s the slave dealer who gave the correct change. But an ethical person condemns slavery absolutely.” In other words, civic responsibility goes hand-in-hand with ethics.

The civic-minded patriot Ben Franklin is one of Cohen’s favorite role models. “Franklin saw the interconnectedness. He created Pennsylvania’s first public lending library, fire department, and hospital. Franklin’s most important invention was the Franklin Stove, wildly labor saving, more efficient. He turned down a patent” because he felt his work derived heavily from others who came before. On current hands-off economic and tax policy, Franklin “would have pointed out that you made your money bringing goods to market on roads built at public expense, using workers trained in public schools.”

Is Cohen himself a paragon of virtue? “Writing the column makes me acutely aware of all the ways I fall short.” Still, he believes that if he can ground others in values like honesty, compassion, generosity, and fairness, he makes the world a better place. “I embrace actions that will not increase suffering, that will increase human happiness, freedom of thought and expression.”

By Shel Horowitz

Randy Cohen’s book The Good, The Bad & the Difference: How to Tell Right from Wrong in Everyday Situations is now available in softcover.

“Frank Sinatra once said that his father was always around to piss on his dreams. I think it’s very important for parents to constantly nurture and support the eclectic interests of their children, cause you never know which one is going to become the fuel that drives their life.”

-Martin Short
Washington’s Rules

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Here is a sampling of the rules, selected by F.B.C. director Ira Bryck. (For ease of reading, punctuation and spelling have been modernized.)

1. Every action done in company ought to be with some sign of respect to those that are present.

6. Sleep not when others speak, sit not when others stand, speak not when you should hold your peace, walk not on when others stop.

9. Spit not into the fire, nor stoop low before it; neither put your hands into the flames to warm them, nor set your feet upon the fire, especially if there be meat before it.

14. Turn not your back to others, especially in speaking; jog not the table or desk on which another reads or writes; lean not upon anyone.

19. Let your countenance be pleasant but in serious matters somewhat grave.

22. Show not yourself glad at the misfortune of another though he were your enemy.

23. When you see a crime punished, you may be inwardly pleased; but always show pity to the suffering offender.

35. Let your discourse with men of business be short and comprehensive.

44. When a man does all he can, though it succeed not well, blame not him that did it.

45. Being to advise or reprehend any one, consider whether it ought to be in public or in private, and presently or at some other time; in what terms to do it; and in reproving show no signs of choler but do it with all sweetness and mildness.

46. Take all admonitions thankfully in what time or place soever given, but afterwards not being culpable take a time and place convenient to let him know it that gave them.

48. Wherein you reprove another be unblameable yourself, for example is more prevalent than precepts.

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What Makes a Great Leader

BC SPONSORS Rick Giombetti and Paul Alves of Giombetti Associates were back to the Family Business Center December 12 to tell members “What Makes a Great Leader”—a program that led perfectly into Alan Robinson’s feature presentation on great companies.

At FBC director Ira Bryck’s urging, Giombetti and Alves went back through their mountain of data to extract something new: 31 leaders they felt had had an impact not only within the leaders’ own companies, but on Giombetti’s own approach to business. These 31 were the “cream of the crop” out of 671 high-performance, successful leaders they’d previously identified in 17 years of research.

Here’s what they found: there are a few small but significant differences between these ultra-successful leaders and the merely successful ones. In particular, they have more realistic expectations of other people, and they also have better people skills.

They are able to balance people skills and accountability; people want to give them their very best, because they not only motivate, but inspire trust.

The trend toward strong people skills was not a factor in selection, but arose out of the data. As Giombetti put it, “We did not look at their personality profiles when we selected them.” Yet, 87% have exceptional to very well developed people skills, and only 13% have poor people skills—the ones Giombetti calls “the productivity guys.”

As those who’ve been attending FBC or reading this newsletter for a while are aware, the Giombetti approach analyzes various personality traits, charts the effective range, and plots each individual’s scores on the graph. The effective ranges will rarely be above 80 or below 30 percent, with some variance by category. For instance, the effective range for dominance is 50 to 80, while for accommodation, it’s about 35 to 65 percent.

The “cream” leaders scored almost identically to the generally effective leaders in several categories; an ultra-high score for energy of 93, a 70 for competition (at the top of the effective range), another high-effectiveness score of 56-57 for collaboration.

But clear differences arose in other categories. “Cream” leaders are more dominant (83 versus 75%), are seen less as authority figures (13 versus 21), and are considerably less disciplined (63 versus 80). And not surprisingly

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they rank eight points higher in communication (59 compared to 51).

Giombettisaid some insight about what the numbers mean: 87% set very high expectations or are extremely competitive “Lack of accommodation drives accountability. They push hard, but they’re respected, highly regarded because they are people people. But they’re tough nuts, they don’t accept mediocrity. They’re opinionated, and opinions drive initiatives. These 31 scored higher for social skills than the 671, but they have good business sense. They are as confident as the larger group. They have vision, they’re very intelligent.”

To which Alves added, “Strong leadership requires assertiveness, accountability, but you’ve got to have the warm fuzzy stuff too, be willing to communicate and collaborate.”

The final part of their presentation focused on what to avoid; how not to have an egomaniac, greedy leader. These are people who can kill a company. They’re highly dominant loners who have practically no good will or social skills, can rationalize anything, and never want to make any accommodation or compromise. They’re bright, seductive - and scary! Don’t put them in control of your company, unless you want your crash and burn on the front page of the newspaper.

By Shel Horowitz

“Stump the Panel”

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Giombettisaid the situation was set up for failure. “This scenario predisposes us toward anger, frustration - somebody’s going to be unhappy. To separate business issues and emotional issues requires maturity. Take the emotion out; make good business decisions.”

Which led Epstein to provide the closing wisdom: “These boys will have 30 years to compensate based on performance. You want to empower all three to be successful going forward, but you don’t want to penalize the one for his inheritance.”

By Shel Horowitz

Great Leader

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WHEN YOUR BANKER CALLS, take the call. Kathleen Mullin, from FBC sponsor Sovereign Bank, came to the December meeting to talk about communicating with your bank. “If you’re introducing a new product line or building a new building, we don’t want to hear that you’re on the golf course every time we call. During those critical periods,” be accessible.

Succession is another time the bank wants to hear from you. “We want to see the commitment of the new owner to operating the business and to build that succession plan. Read the fine print: a change in management or ownership can trigger a default. It is a material change in the business. We also like to see that the new owners understand the business from the ground up.

“Your banker needs to know where the business came from, what’s your business plan, your key goals, how will you stay cutting-edge, key drivers” to achieve those goals: product, distribution, pricing, employees, senior management. The bank “wants to know that you know your company as if it was a Fortune 500 company.”

And, having this information, the banker can go to bat for you! “Banks are highly regulated, accountable to credit committees, auditors, depositors and stockholders. When I can convey to the auditors that I know a company well and I know why the management is doing a good job, those auditors will look at that information—so it’s important that you convey that to the bank.”

Mullin’s colleague Dave Hobert added, “Meet your banker. It sounds real basic, but a lot of times, we only meet the succeeding son or daughter after the fact. Very early in the process, we’ll have the new owner come in so they can understand the general relationship that the bank has” with your company.

But, he cautions, “The relationship historically may not be the same relationship that they have going forward. Your ideas of growing the business may be much different. If you change the level of borrowing, that could lead to a change in your banking relationship. Or you may be with a bank that cannot fulfill your growth needs, and you might need to move to a larger bank.

“Don’t remove yourself to the CEO bubble. Keep in contact with your staff. Bankers love it when the new owner takes you on a plant tour and says, ‘this is Mike, this is the piece of equipment he runs.’ It shows that you respect the staff and maintain that rapport.”

Of course, succession is only one event in the life of a business. Hobert says, “Communicate good and bad news. Avoid surprises, share strategy. It’s about planning. If you call the banker the night before you need a half-million dollar loan, it leads to the perception that there’s a lack of organization. Share your strategy and you’ll have a very comfortable relationship.”

Hobert says many of the banks strong relationships are with business owners that communicate quarterly with the Bank and as other events occur that require an increase in borrowings or investments.

By Shel Horowitz
50. Be not hasty to believe flying reports to the disparagement of any.

56. Associate yourself with men of good quality if you esteem your own reputation; for 'tis better to be alone than in bad company.

63. A man ought not to value himself of his achievements or rare qualities of wit; much less of his riches, virtue or kindred.

64. Break not a jest where none take pleasure in mirth; laugh not aloud, nor at all without occasion; deride no man's misfortune though there seem to be some cause.

70. Reprehend not the imperfections of others, for that belongs to parents, masters and superiors.

71. Gaze not on the marks or blemishes of others and ask not how they came.

74. When another speaks, be attentive yourself and disturb not the audience. If any hesitate in his words, help him not nor prompt him without desire. Interrupt him not, nor answer him till his speech be ended.

81. Be not curious to know the affairs of others, neither approach those that speak in private.

82. Undertake not what you cannot perform but be careful to keep your promise.

83. When you deliver a matter do it without passion and with discretion, however mean the person be you do it to.

89. Speak not evil of the absent, for it is unjust.

97. Put not another bite into your mouth 'til the former be swallowed. Let not your morsels be too big for the jowls.

110. Labor to keep alive in your breast that little spark of celestial fire called conscience.

At the Family Business Center’s March gathering, a key player from each of the Center’s sponsors discussed approaches to two of the hard cases that come up in a family business.

Ron Weiss (of Bulkley, Richardson and Gelin, LLP), Kris Houghton (Meyers Brothers), Dave Hobert (Sovereign Bank), Charlie Epstein (MassMutual, Rick Giombetti (Giombetti Associates), and Scott Farland (Momentum Group) joined forces to enlighten attenders. Each brought a unique slant to the issues on the table.

The first case (written by Ira Bryck) involved Chip, son of a hard-driving entrepreneur who has just unexpectedly died while confronting an IRS auditor. Chip has worked in the business, but unlike his authoritarian dad, he’s a people person, driven more by strategic questions than by pure entrepreneurship.

Giombetti, coming from an HR consultant’s viewpoint, asked if Chip in fact wanted to run the business. If the answer is yes, “surround yourself with good people, have a meeting with the management team to express your operating style.” If not, read Marcus Buckingham’s book, Next Discover Your Strengths to help identify a good outside candidate.

The marketing consultant’s perspective was similar: Farland suggested, “get the issues out on the table quickly.” While employees will be fearful of change, Chip’s more personable style will win them over.

The accountant, the insurance advisor, and the lawyer want to get the facts straight first. Houghton immediately noticed the IRS auditor: “What was he addressing? How deeply rooted are those issues?”

Epstein wanted to know, “was there key man insurance in place on the father? Having that money paid tax-free provides liquidity to make choices. The law makes you insure the building, the cars, but usually you don’t insure your most important asset.”

And Weiss asked, “who owns the business? The odds are, if Chip’s mother is alive, he doesn’t own the business. If he doesn’t own, he needs to find out how much leverage he has.”

The second case (written by Paul Karofsky, of Northeastern University’s Center for Family Business) involved passing on the business to the next generation. Two brothers had been equal partners for 20 years. But one had only one child in the business, while the other partner had two. How will the assets be distributed?

Weiss said the parent of one child wouldn’t want to divide the business in thirds, because it puts his son at a disadvantage. But Epstein noted that a 50-25-25 split would also be awkward. He also pointed out that income and stock ownership could be separated.

Houghton saw a real-life case where the business stock was divided in thirds, and one of the heirs sold - creating “a taxable event.” And the equal division also raises expectations that power, status, job titles and salary will have to match.

“I DON’T KNOW THE KEY TO SUCCESS, BUT THE KEY TO FAILURE IS TRYING TO PLEASE EVERYBODY.”

—Bill Cosby
**Dear Ira . . .**

By Ira Bryck

- Do your kids want your business for nothing, but encourage you to enjoy your retirement in high style?
- Did Mom always like you best, and now your siblings aren’t speaking to you, and worse, not doing what you tell them to?
- Are your family members charging their vacations to the company card?

EMAIL Ira Bryck at bryck@continued.umass.edu and describe your Family Business tumult. Ira’s best advice will appear in a future issue of Related Matters, & on www.umass.edu/fambiz

FINE PRINT: •Your identity will be kept private •questions may be edited for clarity and brevity •not intended as legal or accounting advice; seek professional counsel before acting upon information in this column.

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**Dear Ira**

My parents seem to think nothing unusual about the fact that their sons were not included in the family business.

How can I make them understand the connection between “family legacy” and business? They seem to believe that the business has no bearing on the family, that it is this “other entity”. Are they right?

**Left Out**

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**Dear Left Out,**

I think they are not right or wrong. There are many factors that go into a decision to include or not include family members, and become multigenerational. There is no one thing called “family business,” just like there is no one configuration called “snowflake.”

A few of the questions your parents might ask themselves are:

- Do we have a company that can support more family members?
- Do we enjoy working as a couple in a way that becoming multigenerational might disrupt?
- Are our children talented in a way that will make them successful and satisfied in our business?
- Do they get along with that “all for one; one for all” attitude that is so rare and so vital to siblings in business?
- Do we want to continue the company, thereby deciding to not sell it, and cash out?
- If we did pass on the company, would we have something else to do with our time; assuming our children would one day want their turn at the wheel?
- Is the idea of having a family business a turn-on or a turn-off?

After spending much of my life in business with my parents, and getting a pretty up-close look at many others, I would conclude that the main reason to work with family members is that you enjoy their company and are greater than the sum of the parts. If this is not the case, I’d ask myself if this is the best place to spend most of my waking life.

**Hope this helps.**

Ira

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“You are fair, compassionate, and intelligent, but you are perceived as biased, callous, and dumb.”

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INNOVATIONS IN FAMILY BUSINESS EDUCATION

from Families in Business magazine, April/May 2003 issue
(European magazine produced in official association with Family Business Network)

Setting the Stage for Family Business Success

It seems almost logical that, knowing how much drama can be involved in many aspects of running a family business, educators in the sector have taken a leaf from the thespian’s book. The Massachusetts-based UMass Family Business Center is one such advocate of this approach, having run two previous plays on the strains of family business life, including Wait Till Your Father Gets Home. Admittedly, this sounds a little unorthodox at first, and perhaps doesn’t have the expected executive education ring about it—but UMass director Ira Bryck has had nothing but positive feedback from his audience, which has included members of MassMutual and family business sector advisor Dennis Jaffe, as well as large and medium-sized US family businesses. Bryck is to the point about why he chose to use drama to facilitate his message. “It was my observation that business-owning families were not getting to a deep enough level of discussion about their conflicts and inner struggles, even with speakers broaching the ‘soft topics’,” Bryck explains. “Drama has a way of getting under the skin, and by analysing the problems facing a fictional case you can point out what is affecting ‘those people’ without risk to you. Case studies seem too academic and many people don’t read them carefully or at all; but with a play, everybody sees it simultaneously and feels the pain of the characters. A surprising number of people were proud to be similar even to the unsympathetic characters in the plays, but better understood why certain behaviours from that character were problematic, and how changes might be necessary to get better results. Entertainment is key in a learning situation.”

Bryck’s show, A Tough Nut to Crack, based on the true story of a father and son company, toured the family business centres of universities late last year and will see more universities and family business forums throughout the US in 2003.

So, educators are clearly focused on providing some very creative learning opportunities—there is little excuse for a dragging of heels on the families’ parts. Bryck, however, concludes that the latter has been somewhat of a personal bugbear: “In nine years of putting on events for family companies, I’ve found that people like the topics best that challenge them the least. People who really need to discuss intense competition between siblings would much rather hear about mezzanine finance.”

by Melanie Stern

THE PLAY’S THE THING

from Family Business magazine, Spring 2003 issue

A two-character play is captivating members of academic family business forums throughout the country as it stimulates discussion about succession, business leadership, and other hot-button family business issues.

As academic provision for family businesses reaches critical mass, more innovations are being developed that provide an alternative or add-on choice for the sector.

—FAMILIES IN BUSINESS MAGAZINE
Tuesday, June 24, 2003  
5:00-9:00 p.m.  
The Log Cabin, Holyoke, Mass.  

SUSTAINING THE FAMILY BUSINESS AN INSIDERS GUIDE TO MANAGING ACROSS GENERATIONS  

Business owning families make the effort, take the risks, and have the smarts to succeed. Yet there is still a low rate of success when it comes to succession to the next generation. We are pleased to have you meet and hear from Marshall Paisner, founder and Chairman of ScrubaDub Autowash Centers, Inc, and author of Sustaining the Family Business which has received outstanding reviews and a five star rating by amazon.com. You and your family will benefit from hearing from the man chronicled by the Wall Street Journal in an article entitled “Retiring Entrepreneur chose to Leave Legacy Instead of Inheritance”.

Mr. Paisner, both student and teacher on the topic of family business succession, conducted a multitude of interviews, to reveal five cultural patterns that all family businesses had in common that made it through 3 generations. He will show you exactly how to create a “family business plan”, an essential element in long term planning, as well as: • How to develop a business culture to withstand “offers to good refuse” • How to bring children into the business • Why you have to change your management style for the next generation • How to pass stock onto your family • How to plan for estate taxes • How to deal with family conflict

Mr. Paisner founded ScrubaDub in 1968. It currently is a chain of 10 units washing over one million cars a year, managed by his two sons, Bob and Dan. The company has a national reputation for its innovation in the car wash industry. He is past president of both the New England and International Car Wash Associations. He was also one of the founding advisors at Northeastern University’s Center for Family Business. ScrubaDub was the first national winner of the Inc. and MCI Positive Performance Award in recognition of superior customer focus in 1994, the Blue Chip Initiative Award for the State of Massachusetts in 1998, and just recently won 1st place in the Cisco Growing with Technology Award. The success of ScrubaDub as a “multi-generational” business has been described in Inc. Magazine, CNBC and CNN.

EXPERT ADVICE ON EXACTLY WHAT YOU NEED TO KNOW  
A talk about Strategic Market Planning by Momentum Group. Details to follow

Tuesday, September 16, 2003  
5:00-9:00 p.m.  
Clarion Hotel & Conference Center, Northampton, Mass.  

AN EVENING WITH SIX SIGMA BLACK BELT ROB LINDNER, RATED BY RICK GIOMBETTI AS “BEST OF THE BEST”  

Members of the UMass Family Business Center have heard from Giombetti Associates that high performance people are powered by very specific personality traits. According to Rick Giombetti, among the general population, approximately 16% fall into the “high performance” category, 16% fall in the “low performing” category, and the remaining 68% fall into the “average performing” category in general. Four key personality traits power and drive high performance people: energy, dominance, discipline, and competitiveness. People who score high in these traits are the best of the best, having strong personalities and the internal motivational drive, intensity, aggressiveness, proactiveness, and burning passion that comes from within. They can deliver results and get the job done.

Tonight we will have an opportunity to hear from such an individual, Rob Lindner. Rob, a Six Sigma Black Belt (a management philosophy of achieving less than 3.4 defects or mistakes per million opportunities) is Vice President of Quality and Continuous Improvement with American Household Products (which includes Sunbeam, Oster, and Coleman brands) in Boca Raton, Florida. In his work with Giombetti Associates, he has impressed Rick Giombetti as a stellar example of high performance qualities. Hear from Rob Lindner about his management style, his experience with Sunbeam after the departure of “Chainsaw Al” Dunlap, and his perspective on professional self-improvement. This two hour session will be half a presentation by Mr. Lindner, and half a conversation between Rob and Rick Giombetti on the qualities of the high performance people.

HOW YOU CAN ACHIEVE PRINCIPLED PROFITS BY "PUTTING PEOPLE FIRST"  

When the business pages are full of stories about corporate corruption, is there a place for the honest, ethical business? Shel Horowitz says not only can honest business people succeed, they can prosper. In fact, businesses that combine honesty, integrity, and quality with a long-term strategy will do very well. You won’t see their executives on the front pages, being led away in handcuffs—but you WILL see a very healthy bottom line. These are companies that understand the very best thing they can do for their business is to make customers, employees, suppliers, and even competitors feel like partners.

The author of the new book, Principled Profit: Marketing That Puts People First, Horowitz demonstrates that:

• Market share is irrelevant; the world is abundant and there’s room for everyone to succeed
• You can actively profit from your competitors’ success
• Honesty, integrity, and quality are far more important than quick profits - the Golden Rule actually WORKS in business
• As you create value for others, you build value in your own business
• The most important sales skill isn’t even about selling

Wednesday, October 22, 2003  
5:00-9:00 p.m.  
Log Cabin Meeting House, Holyoke, Mass.  

BEATING THE ODDS, AND HIRING RIGHT THE FIRST TIME  

If you’ve ever hired the wrong person for the wrong job, you are not alone. Mis-hits happen more than great matches. More often than not, the mismatch is costly both in dollars and disarray. And even bringing in Mr. or Ms. Right into your family business can shake up the apple cart, if they are not family, are giving or taking orders, or expect to get paid what they should get paid when family members are under or over paid. Add to this: will the hire have the authority to do their job, have opportunities to persuade and advance, and inspire you to bring in even more non family professionals for continued growth and professionalization? And
how can you grow, within your company, the ability to identify and attract talent, creating a self-perpetuating great place to work?

Our presenter, Harvey Wigder specializes in a variety of organizational and human resource issues. His focus is on finding executives and managing compensation in privately held and family businesses. Before starting his consulting career, Mr. Wigder was Vice President for Human Resources at Cahners Publishing Company in Boston. Prior positions included Vice President of Management Development for American Express International Banking Corporation, Director of Personnel for Colonial Penn Insurance Company and Manager of Organizational Development for Chase Manhattan Bank.

Mr. Wigder earned an M.B.A. from the University of Chicago. Mr. Wigder has been consulting to family businesses for the last eighteen years. He is Principal of CCR Executive Search & Consulting LLC. He is also a columnist for the MetroWest Daily News, active in many professional organizations and a popular speaker on management issues in privately held businesses.

HIRE RIGHT, BUT ALSO DILIGENT
A legal perspective on employment issues, more particularly on the pre-employment due diligence necessary to make a good hire. A presentation by the law firm of Bulkley Richardson & Gelinas, covering the legal steps to take as you are hiring someone, and the legal steps to take when it just doesn’t work out. The presentation will explain several vital components of employment law as well as protecting trade secrets and other confidential information.

**Tuesday, November 18, 2003**
8:00 a.m.-11:00 p.m.
location to be announced

SPECIAL “KNOWLEDGE BASED BREAKFAST”
A VERY HANDS-ON OPPORTUNITY TO FOCUS ON SOLVING YOUR PESKIEST OF PROBLEMS, BY DISCUSSING AND PICKING THE BRAINS OF OUR CORPORATE PARTNERS

In the Fall of 2002, a small but focused group of family businesses met with a panel of our expert advisors, all corporate partners of the UMass Family Business Center, to discuss-in a very personalized and specific way—the issues of ownership transition. The success and usefulness of that event will be repeated here, though the details and topics are yet to be determined. Please share any inspirations and brainstorms with center director Ira Bryck, at (413) 545 1537 or bryck@contined.umass.edu

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**Thursday, December 11, 2003**
5:00-9:00 p.m.
Clarion Hotel & Conference Center, Northampton, Mass.

**PRIMAL LEADERSHIP: REALIZING THE POWER OF EMOTIONAL INTELLIGENCE**

Daniel Goleman, author of *Primal Leadership* and this evening’s presenter, says “Great leaders move us by creating a resonance with others. Mayor Giuliani did not win widespread acclaim because he broadcast the financial impact of the September 11th disaster. He spoke to our hearts and our need to believe in each other and he struck a resonant chord in many all over the world. Each person’s emotional intelligence feeds this resonance like banging on a drum louder and louder and setting off vibrations in other drums nearby. Neural circuitry drives the actions known as emotional intelligence and their link to outstanding performance, but people can develop these competencies. Leaders can use these steps and their own emotional intelligence to create this resonance in teams and organizational cultures. The effect is that others get excited and do things they had not thought possible previously; and can lead others in discovering how people can use their collective talent to build effective and meaningful teams, organizations, and families.”

We are thrilled to present Daniel Goleman, author of the New York Times best seller *Working With Emotional Intelligence*. His article “What Makes a Leader?, is most requested reprint in the history of the *Harvard Business Review*. Dr. Goleman reported on the brain and behavioral sciences for *The New York Times* for 12 years and was a recipient of the American Psychological Association’s Lifetime Achievement Award. His other books include *Mind Body Medicine, The Creative Spirit and Vital Lies, Simple Truths.*
BULKLEY, RICHARDSON AND GELINAS, LLP

Bulkley, Richardson and Gelinas is a full service law firm located in Springfield, Massachusetts. The firm has extensive experience in advising family businesses and in planning for the transfer, management, and conservation of family wealth. Since its founding in the 1920s, the firm has grown to be the largest in western Massachusetts. However, with fewer than 40 lawyers, it remains a mid-sized, community-based law firm whose lawyers emphasize personal contact with clients. Ronald P. Weiss, Martin D. Turpie, David A. Parke, Scott Foster, and Mark D. Cress are available at (413) 731-2820.

In business for 16 years with over 300 clients world-wide, Giombetti Associates is a management consulting firm known for increasing productivity and profitability through people. Specialties include Pre-employment Assessment, Team Building, Management Development, Conflict Resolution, and Leadership Development. Hiring the “right” person is assured with the Giombetti’s trademarked assessment process, Performance Dynamics. Giombetti is resolute about its highest credo: “Within each individual lies untapped potential. Our job is to identify and develop this hidden talent. Once leaders emerge, effective teams evolve. Challenges become accomplishments and profitability grows.” Paul Alves, Rick Giombetti, and Rich Frigon are available at (413) 566-3863.

The MassMutual Financial Group is a global, growth-oriented, diversified financial services organization. Its member companies—with more than $230 billion in assets under management at year-end 2001—provide life insurance, annuities, disability income and long-term care insurance, retirement planning products, money management, and other financial products and services. Our subsidiaries include: OppenheimerFunds, Inc.; David L. Babson & Company Inc.; Cornerstone Real Estate Advisers, Inc.; MassMutual International, Inc.; MML Investors Services, Inc.; The MassMutual Trust Company, FSB, and MML Bay State Life Insurance Company and C.M. Life Insurance Company. We’re on the Internet at www.massmutual.com Charles Epstein (413-734-6418), and Pete Novak (413-731-6650) are available to answer your questions.

Meyers Brothers, P.C. known for its “Creative Solutions...Trusted Advice”, is a regional accounting and consulting firm with its office in Longmeadow, Massachusetts. Founded in 1948, Meyers Brothers has grown to be the largest independently owned and operated CPA firm in Western Massachusetts. As a member of the private Companies Practice Section of the American Institute of Certified Public Accountants, the firm specializes in serving closely-held family owned businesses. Stuart Meyers, Kris Houghton and Rudy D'Agostino are available at (413) 567-6101.

For 30 years, the UMass Division of Continuing Education has provided a pathway into the University for local and national businesses, for the general community, and for adult, nontraditional students in a variety of credit and degree programs and professional development courses. With a strong commitment to lifelong learning and the belief that education is the key to keeping the local economy healthy, the Division of Continuing Education supports the UMass Family Business Center both in theory and in practice, continuing its tradition of bringing the University to the community. For information on Continuing Education programs and courses, please call: (413) 545-0107, fax: (413) 545-3351, e-mail: contined@admin.umass.edu • www.umass.edu/contined

Sovereign Bancorp is a $40 billion plus financial institution with 278 community banking offices, and small business and middle market loan portfolios in New Hampshire, Massachusetts, Connecticut, and Rhode Island. Headquartered in Boston with regional offices in Hartford, Springfield, Worcester, and Providence, SBNE is the third largest bank in New England. Dave Hobert is the Senior Vice President for Connecticut and western Massachusetts. Dave can be reached at (413) 856-8909.