



# NEWSLETTER

## ASPEN FAMILY BUSINESS GROUP

### International Consultants to Family Business

*David Bork · Leslie Dashew · Sam H. Lane · Joe Paul · Darrell Beck · Bill Roberts serve as a resource to help families create an environment in which members are open and willing to learn and grow. Our goal is for the family to develop harmonious, healthy, constructive, interpersonal relationships and to maximize the success of their family-owned enterprise.*

*The resource for your family business...to be the best you can be!*

## RENEWAL

The theme of this edition of our Newsletter is Renewal. Just as we advise our clients, the Aspen Family Business Group is revising, updating, and renewing our products and services while capitalizing on new technologies and how we can continue to help families “be the best they can be.”

A successful family business is about achieving the optimal balance between what has worked in the past with the need for change to keep up with the times. Family members understand all too well that arguments sisters had about borrowing clothes or brothers had about borrowing the car years ago are still in play in the minds of the siblings. Mom and dad may try to settle the arguments as they always have in the past, but it is not as effective with adults as it was with children and often results in unintentional consequences. Family Business members are always trying to balance the family issues of the past with the business issues of the present.

Also change is inevitable with younger members coming into the business with new ideas and skills.

Often a reluctance to change is mixed with knowing the company must keep up with a changing market. The changing of the guard, when the senior generation passes the reins to the next generation, is an added change factor. Keeping everything in balance becomes more and more difficult.

*In this issue, we salute David Bork's transitioning to “Emeritus” status and continuing his valuable work in a bit of a different venue to “practice the art of the possible.” Joe Paul discusses balancing the emotional ledger, unveiling the past and working it out in the present in order to ensure a successful future. Darrell Beck explores the Yin and Yang of the old and the new, keeping that which works from the past while incorporating that which is needed for the future. Finally the Aspen Family Business Group unveils its own plans for an exciting new Family Membership program designed to bring services and expertise to a much broader range of family businesses.*

Read on...



# FAMILY BUSINESS MEMBERSHIP

## AFBG'S NEW ONLINE RESOURCE

Over the years, we have encountered a number of small business owners in need of guidance in setting up family boards, family employment policies, and many other family business planning, governance, and succession issues but were not quite ready to bring in outside consultants. We have directed these business owners to the options available to them, but with so few resources with the experience and knowledge of the unique circumstances surrounding family owned and operated businesses, we saw the need to create one.

To achieve this, we are upgrading our website to accommodate a Membership area which will make it more useful to family businesses and those who work with family businesses. In January 2010, we will launch our new offering—Family Business Membership—an online resource allowing us to help a much broader range of family businesses.

The Membership area will offer a Starter Kit for do-it-yourselfers and those looking for guidance in planning and organizing. We will offer live and downloadable webinars on topics most family businesses need help with, individual consultations, and discounts on products and our annual Gathering event. Most importantly, the Family Membership provides a trusted and venerable resource for *all* family businesses.

Relatedly, this will be our last printed and mailed Newsletter. Future Newsletters will be available only on our website. Utilizing the advantages of technology allows us to bring informative articles to a larger audience. We will send out two reminders, so be sure and go to the website and register to receive email notices when our Newsletters are posted. We shall continue to offer the E-Newsletter every other month as we have in the past.

In addition, we have added two new Associates to our Group who offer other services to family businesses. We welcome Michael Stalker and Doug Lyons of MSC Financial Advisors and Terri Bennink Consulting and Columbia Leadership Institute to the Aspen Family Business Group (*see page 6 for more detail*). By widening the scope of services provided

through the Group, we can serve family business owners more comprehensively.

Look for our new ad in Family Business Magazine and visit our website in January. Let us know what you think and any services you think we could offer through the Membership that could help you or other family businesses.

The Aspen Family Business Group is very excited about the new resources the Family Memberships will provide. We hope you like our changes and find them helpful. Please let us know.

### *Helping Your Family Business Be The Best You Can Be!*



#### **FAMILY BUSINESS MEMBERSHIP**

*An online do-it-yourself resource to help Family Businesses organize and plan.*

#### **THE GATHERING**

*Annual Family Business Conference  
August 5th - August 8th, 2010*

#### **FAMILY BUSINESS CONSULTING**

*We practice the "Art of the Possible" to help our clients achieve their goals.*



**ASPEN FAMILY BUSINESS GROUP**  
ASPENFAMILYBUSINESS.COM



DARRELL BECK

# THE YIN AND YANG OF FAMILY BUSINESS

## CONSTANCY AND CHANGE

The Chinese Yin Yang symbol represents their belief that the universe has two opposing forces, held in dynamic tension: Day/Night; Life/Death; Masculine/Feminine—and for my purposes here, Constancy/Change.

### *Let the light represent Constancy, the dark Change.*

In the last year the world has seen disruption and discontinuity not seen in eighty years. This is a good time for families in business to take stock of what is and should be held constant, and what does and should change. This article is written in the spirit of the Yin Yang symbol—holding opposing notions in a state of dynamic tension, honoring each without surrendering to the simplicity of either/or thinking.

**Constancy:** For families in business, what does Constancy represent? Here we often find values and beliefs held by the family intended to last across strategic and financial cycles in the business, and across generations in the family. Some families in business state their commitments about being a force for good in their community, nation and world. Others state their commitments about being responsible stewards of the environment. You can add your own. I have two to suggest for you, at a minimum, though you will no doubt have more.

1) The family business needs to serve the needs of the larger family, creating meaning, opportunities for the good life and pursuit of happiness that would not otherwise exist. If the business fails for long to live up to this larger good, a rift will develop between family owners and employees, and those who aren't either, and the Haves and the Have-Nots can tear the business, and family, apart.

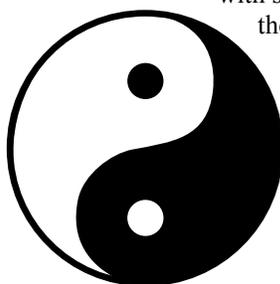
2) The financial worth of the business needs to represent comparable or better wealth appreciation than could be realized if those assets were deployed elsewhere. Recognizing blips and down cycles facing all businesses, for the family business a long term failure to live up to this can also result in a divisive rift.

Evaluate your family business against these two criteria and take corrective action where you see gaps. Time is not on the side of those who don't.

**Change:** What should change? And how do you know? A number of studies of innovation show that following a period of major discontinuity—financial upheavals such as the recent one, globalization, changes in technology, distribution, consumer habits, etc.—70% of the companies dominant

*before* the discontinuity are no longer dominant afterward, and many are gone altogether. Only 30% successfully get through the discontinuity.

The main reasons—They have the disadvantage of defenders' thinking and defenders' culture—rife and riddled with sacred cows, assumptions that can't be challenged, thoughts that can't be expressed without great career risk to the speaker. Start ups or hungry competitors have the attackers' advantage in looking at your business if you are long-term and successful. If they don't have sacred cows, thoughts that can't be expressed, and have an entrepreneurial culture with a bias toward action—they may have the attacker's advantage.



What do the 30% of companies do to defy this statistic? They internalize the attacker's advantage. They practice internally a rigorous critique of the company's products, processes, efficiencies, leadership, technology, and customer service. And when they find things that don't pass muster, they change them or change them out. But for a company to do this requires a clear commitment from the top, a high level of trust, excellent communication and conflict skills, and company values that communicate to all the imperative of internally focused critical thinking. In my thirty years' experience all of this is hard to do, egos being what they are.

For family business it's even harder, since there are more egos to be bruised, more complex relationships to be threatened, and sweeping sanctions for those who say what others don't want to hear. But it's even more important for family businesses to learn how to do this.

### *Here's why.*

The paramount fiduciary value for boards of directors of non-family, publically traded companies is the optimization of shareholder value—NOT the continued life of the business. Many family businesses deliberately eschew public funding since they explicitly, consciously don't want this value. This allows family businesses to take the long view of business success, not manage for analysts' reviews or for the next quarter. Instead, to be viable over time, family businesses need to learn to internalize the tough, critical, no-holds-barred conversations that keep the 30% viable and allow for continued renewal.

Maybe granddad's product idea is obsolete. Maybe Aunt Clara's financial acumen isn't up to the CFO level. Maybe Uncle Bill's poor leadership is running his division into the ground. A culture whose paramount values are being nice,

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# BALANCING THE EMOTIONAL LEDGER

**Com-pen-sa-tion** *noun* 1: payment 2: an attempt to make up for an injury, loss, or imbalance

Two aspects of the word *compensate* make things complicated in family businesses. The first is rather straight forward; it has to do with a financial ledger. It is simply about money and benefits given in return for work. The second aspect of compensation is subtler and involves the intangible assets and liabilities of the *emotional ledger* in a family. The emotional ledger accounts for the balance of “give and take” between individuals in the family.

While transactions reflected in the emotional ledger can include money, the issues are typically more about recognition, personal feelings of earned merit, a sense of entitlement, trust, feelings of injustice, and the attitudes about the level of fairness that exists among family members. Examples of the kind of issues accounted for in an emotional ledger include:

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

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

*“I took Dad’s crap for 15 years, but I refuse to take it now from my siblings just because he gave them some stock.”*

Balancing both the financial and emotional ledger can become very complicated, as one founder–father found out a few years ago. As he neared his target retirement age, three of his five children were working in the business. He had no idea how complicated the situation had become.

His eldest son was the first to join the company and had worked there for 10 years. When the second-born son joined the business, he and the eldest son were in conflict almost continually over business issues. The father offered to set one of them up in his own business since the two clearly were not compatible business partners.

The elder son chose the path of independence and did well for himself. Now, as the founder nears the age



JOE PAUL

of retirement, the second born son has 20 years in the company and holds the position of COO, managing both manufacturing and sales. He has taken the company from \$3 million in sales to \$9.6 million in the past five years.

The third-born child became the personnel director seven years ago. The fourth-born child was hired to be the office manager only four years earlier. The fifth child was not involved in the business.

Despite some deep-seated ambivalence, the father and his wife decided that all three of his children in the business should be paid the same salaries, to minimize jealousy. He believed his other two children were doing well on their own. His youngest daughter had married well, and he believed she would have no financial concerns. The first-born son had his own business (that the founder had helped create). Because of these factors, the parents’ Will stipulated that ownership of the company would pass only to the three children working in the business, and that they each would own one-third of the shares.



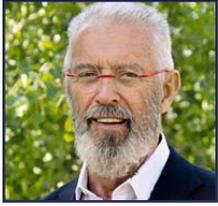
Tensions lurked beneath the surface. Although the oldest son had left the family business voluntarily, he had always felt betrayed by his father for not supporting his positions.

Three of the children were deeply ensconced in the family business, one had left under questionable circumstances, and the other had never been involved.

Family gatherings were often tense. The two children who did not work in the business often didn’t join in on holiday gatherings, saying they felt obligated to spend time with their spouse’s families. Although all of the family members prospered, the tension beneath the surface festered and grew.

Soon after the founder and his wife began to disclose their estate plans, the tension erupted into outward conflict. The youngest daughter, who didn’t work in the company, said that if her parents gave all of the stock to the three children working in the company, they would never see their grandchildren again. She said that her mother had always favored the three siblings that worked in the company and that she and her brother who had left the

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DAVID BORK

# DAVID BORK, AFBG FOUNDER, Moves to Founder Emeritus Status

The members of our Group have shared two decades of life and work. We have grown together both personally and professionally and have become one of those partnerships that is like family. Once again we are at a transition point. Our colleague and friend, David Bork, is moving to "Founder Emeritus" status. To mark this juncture we asked David to share a few of his thoughts about our life's work and his own practice. The following conversation between Joe Paul and David happened on-line on October 9, 2009.

## **You are re-defining your relationship with the Aspen FB Group. What is that about?**

For years I have advised founders to "get out of the way" and let successors take over. My choice of "Founder-Emeritus" status, taking me out of active involvement with AFBG is evidence of practicing what I preach.

## **How do you want to be remembered in the profession?**

He is passionate, creative, persistent, practices the "art of the possible," genuinely cares about his clients and is a finisher. Freely shares his knowledge and insight with other professionals. Pioneered use of family systems theory as a tool for insight into family business, identified the Ten Qualities of Successful Family Businesses, founded the Aspen Family Business Group - the most credible family business consultancy in the nation - and authored *The Little Red Book of Family Business*.

## **If you could only make one recommendation to families in business, what would it be?**

Establish, understand and use appropriate boundaries in all family business interaction.  
OR  
Practice the principles found in *The Little Red Book of Family Business*.

## **Do you have any specific concerns about the profession of family business consulting?**

Consulting with family business is a very

complex matter that requires being grounded in a sound set of business and financial theories, keen insight into family functioning, skill in group dynamics, wisdom and good judgment on when to take action and when to wait patiently. All this needs to be coupled with the ability to envision, and help the family see, the positive possibilities offered by the future. We family business professionals have one chance to get it "right" for the client. That is an enormous responsibility. I would like to see the "brightest and the best" in this role.

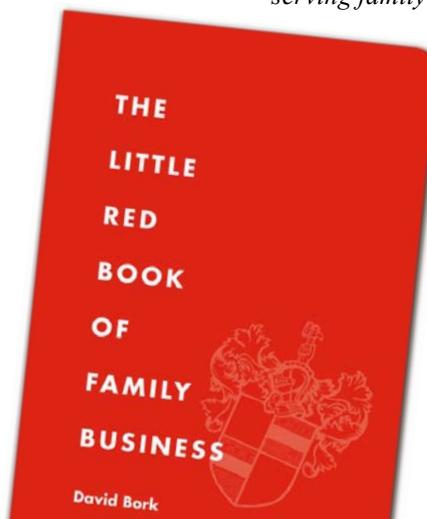
One can craft an elegant business solution to a set of circumstances but the keys to implementation of that solution are ALWAYS locked up in the psychology of the family. The family business consultant must pay attention to both the business solution and the psychology or there won't be an effective implementation. Families seeking a consultant would be well advised to assess the competence and experience of the candidate-consultant to deal simultaneously with these complexities. A less than competent consultant could do permanent damage to the family.

## **What do you expect to do in the future?**

I have had a professional career that has far exceeded my expectations—forty-one years and what a privilege it is and has been! Every day I work with interesting people, am faced with challenging intellectual and business problems. I know I have a profound impact and I am well compensated for my efforts. I am deeply committed to "servant leadership." While I have elected "Founder Emeritus" status with AFBG, I will continue serving family business clients as long as I can

move my lips. I expect to consult, give speeches, write another book or two, work and enjoy good health through regular exercise, especially cycling. Quoting a good friend, "I Love My Life!"

***Optimo futuro!***



company had always felt short-changed by their parents.

To her, the parents' estate plan felt like the "last nail in the coffin" in their relationship. The father was shocked at his daughter's profound sense of injustice and depressed over the jealousy among some of his children. As a result, he has taken no further steps toward implementing his estate plans. The issues feel so explosive he has been unable to find a way to have the necessary conversations with his family.

This story shows how an imbalance of fairness (either perceived or real) in the emotional ledger of the family can insinuate itself into all of the thought processes and action steps in business management and estate planning.

Rational ways exist to organize issues of salary, bonuses, dividends, and ownership. But in family businesses, all too often, invisible emotional factors from the emotional ledger insinuate themselves into the formulation of compensation policies. Deliberations within organizational structures, such as family councils, create a context to make the unspoken spoken – to make the tacit, explicit.

These emotional ledger issues can be dealt with effectively only if the issues are brought out of the closet and into the light. To the "technician" type of planner, the solution to inequalities in families is often found in technical tools – estate equalization techniques and other methods designed to balance the financial ledger.



“The business and wealth are only one aspect of your legacy; the quality of the relationships you leave behind is also a testimony of your life's work.”

Our experience, however, tells us these techniques are largely ineffective unless the emotional ledger is balanced first. Any attempt to correct inequalities in the emotional ledger using financial tools alone is doomed to long-term failure. The field of family business consulting is relatively young, and thus far there are few proven axioms. One of the few is:

*If you use salaries, dividends, bonuses, or ownership to manage family problems, the family problems will eventually control the processes and outcomes of business decision making in negative ways.*

It is natural and predictable that families in business co-mingle the assets and liabilities in their financial and emotional ledgers. While it is not necessarily natural, it is extremely helpful in these situations to get outside

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## AFBG WELCOMES NEW ASSOCIATES

Aspen Family Business Group welcomes Terri Bennink, Psy.D., a licensed psychologist, organizational development consultant and family business development consultant for over 20 years. Her business has involved helping both family and nonfamily businesses communicate more effectively and build systems for more strategic decision making. She has extensive experience in the areas of hiring and retention, developing leadership skills at all levels of the organization and building high performance teams. She has been on staff of the Columbia Leadership Institute for over 20 years, and is presently the owner and director of this organization.

The Columbia Leadership Institute is an excellent resource for organizations who wish to develop leadership potential at all levels. Visit her website, [ColumbiaLeadershipInstitute.com](http://ColumbiaLeadershipInstitute.com)

AFBG also welcomes Michael C. Stalker and Doug Lyons with MCS Financial Advisors. MCS is an independent, fee-only wealth management firm serving wealth creators, their families, businesses, and charitable organizations. Asset management, financial planning and wealth care counseling are grounded in their conviction that the sustainability of family wealth depends upon stewardship and enhancement of the family members' skills and talents

Michael C. Stalker, CFA is the founder of MCS Financial Advisors and the firm's portfolio manager. He provides clients with holistic wealth management advice, including economic analysis, financial and estate planning, risk management, retirement planning, and consulting to family and non-family businesses.

Douglas C. Lyons, CADCI serves as their Family Systems Wealth Advisor. Working closely with clients, he facilitates a thorough family systems assessment and analysis. Doug helps families develop individualized plans to comprehensively address the psychological, social and financial aspects of their wealth. Learn more about Michael and Doug by visiting their website, [www.mcsfa.com](http://www.mcsfa.com).

polite and considerate would not bring these issues up, would do sub-optimal work-arounds, shore-ups or double staffing, and weaken the competitiveness of the business.

If the most critical, candid, no-holds-barred discussions of your company's processes, efficiencies, leadership, technology and customer service are held in the conference rooms of your competitors' offices—your days may be numbered. Learn to internalize tough discussions, have them in your conference room, gain the attacker's advantage, so that your days may be long. The price of nice is too high to pay.

**Darrell Beck, Ph.D., CMC**  
150 N.W. Hermosa  
Portland, OR 97210  
(503) 222-7188  
dbeck@darrellbeckandassociates.com



it is extremely helpful in these situations to get outside professional help to work through any buried emotional issues and find rational ways to organize the objective planning issues to ensure the successful continuation of the family business and – most important – the continuation of the family as a healthy constellation of relationships. The business and the wealth it has generated are only one aspect of your legacy; the quality of the relationships you leave behind is also a testimony of your life's work.

Helping families rebalance their emotional ledger is very gratifying work. While it is often hard work for the family, the process of rebalancing opens so many more possibilities than the family had before. Among those possibilities are greater trust, increased family harmony, and more secure assets. The emotional ledger sits at the root of many family-based business and estate planning issues, which is why MCS Financial Advisors embraces this aspect of the planning process in its work with clients.

**Joe Paul**  
MCS Financial Advisors  
360 East 10th Street, Suite 200, Eugene, OR 97401  
(800) 525-8808 joe@mcsfa.com  
www.mcsfa.com

## The Gathering 2010 The Stonebridge Inn

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The 20th Annual  
**FAMILY BUSINESS  
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**August 5 - August 8  
2010**

ASPEN, COLORADO

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For more information on Stonebridge Inn or activities in Snowmass please visit [www.destinationsnowmass.com](http://www.destinationsnowmass.com)

**TO RESERVE YOUR PLACE AT "THE GATHERING 2010" GO TO [WWW.ASPENFAMILYBUSINESS.COM](http://WWW.ASPENFAMILYBUSINESS.COM)**

# Memberships, Books & Monographs

## FAMILY MEMBERSHIP

An online do-it-yourself resource to assist family business with planning and organizing. Includes, The Starter Kit, a how-to manual for setting up councils, boards, compensation plans, etc.; live webinars, consultations, and 30% discount on all books, monographs, and the annual Gathering.

**One Year Family Membership: \$650**

## BOOKS

- A. **Working With Family Business** by David Bork, Dennis T. Jaffe, Sam H. Lane, Leslie Dashew, and Quentin G. Heisler
- B. **Working With the Ones You Love** by Dennis T. Jaffe
- C. **Family Business, Risky Business** by David Bork
- D. **Health, Wealth and Families: How to Assure Your Wealth Helps, Not Hurts, Your Family** by Leslie Dashew
- E. **The Little Red Book of Family Business** by David Bork

**Individual: \$29.00 Set of 5: \$125.00**

## MONOGRAPHS

- 1. **It Ain't Easy Being Rich** by David Bork
- 2. **Let's Celebrate the Good News for Family Business** by David Bork
- 3. **Consulting to the Family Business** by Dennis Jaffe

- 4. **Family Boards: How to Make Them Work** by Sam H. Lane
- 5. **Joining the Family Business** by Leslie Dashew
- 6. **The Challenge of Families Who Work Together** by Leslie Dashew
- 7. **Transferring Authority in Family Business** by Joe Paul
- 8. **The Challenges of Downsizing a Family Business** by Sam H. Lane
- 9. **Succession Planning** by Sam H. Lane
- 10. **Exploring Differences in a Hierarchy** by Elizabeth McGrath and Nick Bizony
- 11. **Getting Along With Family Members** by Sam H. Lane
- 12. **The Family Business Employment Policy** by David Bjork
- 13. **Principles for Success in Family Business** by Leslie Dashew, Joe Paul, & Sam H. Lane
- 14. **The Trapeze Act of Family Succession** by Darrell Beck
- 15. **Family Business Ownership Education** by Leslie Dashew, Joe Paul & Sam H. Lane
- 16. **Nuts & Bolts of Estate Planning for Family Businesses** by Bill Roberts

**\$21.00 Each Full Set: \$275.00**

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