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Family Business Quarterly



Center For Family Business

Northeastern University
College of Business Administration
101 Hayden Hall
Boston, MA 02115
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*Celebrating
15 Years*

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Helping Family Businesses Achieve and Maintain Success

From the Director

Dear Friend of the Center,

We are coming off one of the most exciting seasons here at the Center. In March we celebrated our 15th anniversary with a very special event at the Henderson House. It was great to see so many of our current members mingling with past members and guest who attended. We had a full house of great fun and celebration. To make the night even more spectacular we had as a special guest speaker Leon Gorman, chairman, former president for 30 years, and grandson of the founder of L.L.Bean. Mr. Gorman gave us some great insights into the L.L. way and graciously signed copies of his book, *L.L.Bean: The Making of an American Icon*. A great time was had by all and we appreciate that he and his wife Lisa were kind enough to come down from Maine to join us.

Additionally, we just wrapped up the first-ever Massachusetts Family Business Awards which was co-sponsored by the Family Firm Institute New England Chapter. The event honors Massachusetts family business for all they provide to the commonwealth and community. We'll have more information about the Awards program with details coming in the next Quarterly.

As always, we encourage you to reach out and inform other family firms about the Center. Your referrals are our best resource for new members.

Sincerely,

Ted Clark



Northeastern
UNIVERSITY

Center For Family Business

Helping Family Businesses Achieve and Maintain Success

The Northeastern University Center for Family Business is a membership organization that provides education, networking opportunities, and support to business families.

Adding the complexities of a family and its needs to the dynamics of a competitive business can be a formidable challenge. The Center for Family Business helps business families identify and avoid potential pitfalls, solve complex interpersonal and family business issues, and plan for future family business success in an ever changing and increasingly more competitive environment.

By providing high quality educational support, networking opportunities, and individual business counseling in a supportive and confidential environment, we help our members navigate the complex landscape of the family business to create greater harmony within the family and ensure continued success for the business.

*For membership information,
please contact us at 617-373-3718*

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special event:

Leon Gorman, chairman
and grandson of the
founder of L.L.Bean

*"Sell good merchandise for a
reasonable profit; treat your
customers like human beings
and they'll always come
back for more"*

- L.L.'s Gold Rule

Leon Gorman was our distinguished speaker at our recent fifteenth anniversary event. He took this opportunity to talk about his new book, *L.L. Bean: The Making of An American Icon*, in which he describes how the nearly 100-year old Freeport, Maine-based merchant grew from \$2.2 million in sales in 1960 to over \$1 billion in sales currently. Joining the company in 1960, Gorman became President in 1967 when his grandfather L.L. Bean passed away. Gorman confessed humorously how the firm attempted to keep the death of the founder a secret from the customers, out of concern that they might stop shopping.

He also described his working relationship with his grandfather, mentioning that L.L.Bean was not always a positive influence and that in many ways he held back the growth of the business. He compared the differences as being that of "change vs. status quo". He described how change was also difficult for the employees to accept, and how Gorman often was "seen as the embodiment of all that was wrong". Gorman accepted this label and eventually through success of some of his initiatives, the changes were more readily accepted.

In his book, he shares the challenges of carrying on the

legacy of L.L.Bean and the "old-fashioned values in a rapid growth environment". Especially interesting was his experience of professionalizing the family business. The most important aspect, planning, wasn't resisted by senior managers, but he does describe them as being less than enthusiastic. He felt that L.L.Bean was becoming professionally managed, but was still very "hands-on and entrepreneurial in leadership". Gorman wanted to "retain some of the benefits of being small and uncomplicated" while adding some of the advantages of a more formal organization.

In 1996, with sales declining for the first time, a fundamental strategic review was completed with help from an outside advisor, the Boston Consulting Group. He also approached Peter Drucker, the renowned strategic planning expert, about the same time concerning L.L.Bean's strategic planning initiatives. Gorman recalled how even Drucker, a long-time Bean customer was "a bit taken aback" that L.L.Bean would be engaged in strategic planning. Drucker commented "Don't change unless there is no other alternative".

The speaker presentation was capped by a book signing which provided members the opportunity to meet Mr. Gorman in a more intimate setting. ■

member news:

Announcements and News from our Members

Keep us Informed...

Let us know what announcements, milestones and achievements are happening with your business. This is a great opportunity to let others in the Center know more about member companies current events.

Send your information to:
Debbie deCarvalho at
d.decarvalho@neu.edu



Nikki Walsh, has been appointed President of PK Walsh- one of the largest hair solution companies for women

Her mother, Kathy Walsh began PK Walsh over two decades ago. What started literally on her kitchen table, has developed in to a company with annual gross sales over two million. This year Kathy decided to take on a more advisory role with Nikki taking over the helm and continuing the tradition of providing the best possible hair replacements for women suffering from hair loss.

At just 36 years of age, Nikki is one of the youngest leaders in this competitive hair replacement industry.



Center For Family Business

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1. Participation in the full series of six annual Breakfast Forums for four family members or key non-family employees. Breakfast Forums feature exciting presentations, case studies and panel groups with relevant and topical Family Business concerns.
2. Opportunity to participate in the Center's three peer group Affinity Forums: the Paul Karofsky Leadership Development Forum, the Seniors' Forum and the Siblings, Cousins and Intergenerational Forum.
3. Individual subscriptions for family members to the Family Business Quarterly, the Center's acclaimed newsletter featuring advice and information relevant to family business.
4. Networking opportunities with family business owners and family members, as well as leading authorities on the subject of family owned business.
5. Access to Northeastern University libraries containing an extensive bibliography of literature relevant to family-owned businesses.
6. Participation in research on concerns of family businesses, including: conflict, strategy, and further exploration of topics of interest.
7. Complimentary participation in Northeastern University College of Business Administration's CEO Breakfast Forum for the president and CEO of each family business featuring noted CEO guest speakers and attended by preeminent local business leaders.
8. Unlimited access to www.fambiz.com the Center's powerful web based search engine with hundreds of top articles and papers regarding family business.
9. Access to Northeastern University's acclaimed co-op program.
10. Access to student interns for special marketing and research projects in your organization

Member Benefits

Helping Family Businesses
Achieve and Maintain Success



Dennis K. Burke, Inc. to be the first retail station to offer E85 fuel in Massachusetts

Dennis K. Burke, Inc. was recently featured in the Boston Herald as the leading supplier of environmentally friendly fuels in the Northeast, and as the first retail station to offer E85 within the State of Massachusetts. E85 fuel is a mix of 85 percent ethyl alcohol and 15 percent gasoline. Their location was also the first station in Massachusetts, and the 25th in the Country, to make Biodiesel commercially available.



New England Coffee announces the launch of their new online coffee shop

This online ordering interface will provide a channel by which New England Coffee products will be available for consumers to purchase from the convenience of home. The online store automates their existing mail order catalog system. With a more secure process of collecting transactional data. The online store can be viewed at: www.newenglandcoffee.com.

**The Center Welcomes
Middlesex Savings Bank
as a New Sponsor**



This Spring the Center for Family Business was privileged to add Middlesex Savings Bank as a new sponsor

Middlesex Savings Bank, understands the important role that family businesses play in our communities and our local economy. With more than \$3 billion in assets, Middlesex Savings Bank is the 2nd largest mutual bank in Massachusetts, and the 6th largest mutual bank in the country, they're big enough to offer commercial expertise and a host of competitive products, yet, they're nimble enough to partner with their customers to understand their unique needs and to deliver customized financial solutions-regardless of the size of the business. Their commit-

ment to providing outstanding and memorable customer service is one of the most important differences between their Bank and other financial institutions. What also differentiates them from others is their team of seasoned bankers focused on small and medium-sized businesses. Family-owned and operated businesses are both a major segment of their customer base and critical drivers of the state's economic engine. They look forward to assisting Northeastern's Center for Family Business in meeting their challenges and to help them grow and prosper.



Over 100 current and past members came together to celebrate the Center's fifteenth anniversary. Held at the Henderson House, the evening was filled with nostalgia and reflections. It was great to see so many past members attend and catch up with their current happenings.



Celebrating the



The evening began with a reception and dinner buffet which allowed everyone the opportunity to mingle and meet each other. It was nice to see our current members meet our past members.

Center's



After the reception we were honored to have as a distinguished speaker, Leon Gorman, the Chairman and grandson of the founder of L.L.Bean. Mr. Gorman walked us through the history of the almost one hundred-year old family firm.





He shared many insights and humorous anecdotes as he described how the company grew from ten million to over one billion in sales. He also described the challenges of leading the family firm into a professionally-managed business.

Fifteenth Anniversary



The evening concluded with Mr. Gorman signing copies of his book "The Making of an American Icon". The book signing allowed members an opportunity to meet and talk to Mr. Gorman in a more intimate setting.

current issues:

When Is It Time To Delegate Company Projects?

by Amy M. Schuman
Family Business Consulting Group

Assigning a next generation successor to direct a central, challenging and visible company project is a great way to have them prove themselves while at the same time meeting an important company need. But is it always a good idea?

It is true that one of the best ways to learn the realities of business leadership is by tackling real leadership challenges. These high-stakes experiences have a way of pushing people beyond their current skills in a quantum way that wouldn't otherwise take place. And this doesn't apply to the young, people at all stages of their careers can benefit from a new challenge.

However, it's important not to set anyone up for failure. The "sink or swim" approach can work as long as no one is being thrown into a hurricane. Sit down with Suzanne and scope out the project. Set up an approach that's stacked in favor of success. If Suzanne has never led a project of this magnitude, consider pairing her up with a "shadow coach", someone in the organization that has tackled a similar effort successfully that can give her the benefit of his or her learning from experience. This coach can also raise the red flag if the crucial project is going too far off track, before a train wreck occurs.

To Delegate ...

It's a great idea! Suzanne wants to do more for the company. She's been stuck in PR for two years and although she's done well, she has yet to contribute to the central purpose of the company. I think giving her a really difficult and high-profile project will give her the chance she's been seeking to show what she's made of.

Why should we be so protective of the next generation? We never had any training--for our generation it was "sink or swim". The best way to learn is to be thrown into an assignment that demands leadership. She says she wants it, let her have it! We took on huge challenges and did just fine. Why wouldn't Suzanne do the same?

I disagree. If Suzanne can't handle this assignment, we should know it now. We can't overprotect the next generation, we have to discover their capabilities and make the tough succession decisions based on what they show us.

... Or Not

I'm afraid that giving Suzanne too high profile a project with too much at stake is just setting her up for a fall. She's never had responsibility for a company-wide effort. She doesn't have the experience to do well. This is a recipe for disaster, she could humiliate herself in front of everyone and damage her future at the family business.

You can't say that the "sink or swim" approach to our development worked very well for us. Just because our generation suffered that lack of planning, why should the next generation suffer in the same way? Besides, things are much more complicated now and harder to learn. We should make sure Suzanne has the basic skills before we saddle her with such a burden.

Well, it's not that cut and dried. If Suzanne doesn't have the skills right now it doesn't mean she won't gain them over time. I'm not talking about overprotection, just realism. Besides, do you really want to risk the success of this key project?

What can be done to increase Suzanne's' probability of success?

1. CLEAR GOALS: Carefully define the project. What are the goals? What outputs are expected? What is the time frame and the budget? Make sure that she clearly understands and shares your expectations on this vital project.

2. CLEAR ROLES: What is Suzanne's role in the project? Who is she accountable to? Who is supporting her and what exactly are their roles? What other departments and department members will need to participate and are they completely clear and accepting of their involvement?

3. CLEAR PROCESS/PROCEDURES: How will the project unfold? What kind of meetings, reports, measurements and updates will be required?

Whatever you put in place, make sure there are plenty of pre-established checkpoints to ensure that Suzanne – and the project – are on track. It is much better to check in frequently along the way and allow for mid-course correction than to give Suzanne carte blanche to succeed – or to fail miserably. As this is her first high-profile project, build in as much support as possible to ensure her success.

The motto for efforts such as this:
High Expectations + High Support = Success

Amy Schuman is a principal with The Family Business Consulting Group, Inc.®

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special event:

Family Business Retreat

February 9-11, 2007

Palm Beach Gardens, Florida



Retreat Attendees from left to right: Shayna Ross, Tom Piantedosi,

Palm Beach Gardens, Florida was the site for the Center's first Annual Leadership Development Forum Retreat. The event held from February 9-11, 2007, was open to members of the Center's Leadership Development Forum. Spouses and partners were invited to join in some of the activities as well. Hailed as an overwhelming success, participants had balanced time between work and recreation allowing for both meaningful learning and networking.

Facilitated by Paul Karofsky, the highlight of the event was a

"After thirty years in the family business I left with a renewed sense of excitement for our company's future"

-Tom Piantedosi

self-assessment instrument, The Attributes of Leadership, where participants identified those attributes needed in their individual business

situations and compared them to their own individual skill



Nikki Walsh, Tom Sanford, Matt Salmon, Mark Ruma

sets and personalities. Combined with some real life case studies that members could relate to their own experiences, the group discussed personal, family and career goal setting and were introduced to a process leading to the creation of a personal Career Development Plan.

Participants found the time spent with other Forum members heightened the sense of closeness and openness with one another fostering in depth discussions and relationships. They urged that next year's retreat be even more inclusive of spouses and partners and build on the work that was done this year.

"The retreat was a nice change of pace because it provided the time to focus on myself. I learned some valuable lessons about evaluating my own needs, goals and performance. I hope to make it an annual exercise"

-Matt Salmon

year's retreat be even more inclusive of spouses and partners and build on the work that was done this year.

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Leisman Insurance Agency designs and implements insurance solutions for the financial success of family businesses. As business and family assets grow, insurance decisions required to manage those assets become more complex. With over three decades of experience with family businesses, Leisman Insurance understands the unique demands of family business growth and the solutions that will preserve the value of those assets for generations. For more information, please visit www.leismaninsurance.com. Bill Leisman is available at 781-647-0400 or bill@leismaninsurance.com and Jenni Leisman at 781-647-0400 or jenni@leismaninsurance.com



Middlesex Savings Bank is a mutual savings bank that has been serving businesses and consumers in Eastern and Central Massachusetts since 1835. With assets in excess of \$3 billion, the Bank has the capacity and resources to provide a full array of business and consumer products and services. With a reputation for superior customer service, the bank has a team of seasoned bankers focused on small and medium-sized businesses. Family-owned and operated businesses are both a major segment of our customer base and critical drivers of the state's economic engine. We look forward to assisting the Center's members in meeting their challenges and to help them grow and prosper. Tim Fahey is available at (508) 652-3592 or tfahay@middlesexbank.com.

Constituent Forums

Small groups of family members exchanging ideas in a confidential setting

The Constituent Forums are at the heart of the Center's mission and complementary to the Core Program. Meeting every other month, the Constituent Forums provide small groups of family members a confidential setting to identify and discuss issues that are pertinent and relevant to their business. *The Seniors' Forum, the Sibling, Cousins and Intergenerational Forum and the Paul Karofsky Leadership Development Forum* provide members with the tools, resources and insights to successfully meet the challenges of their business.

The forums present an opportunity to:

- share, learn and grow
- to seek advice and help solve problems
- to give advice and support others to discover solutions

Forums provide the vehicle for:

- a confidential trustful environment for idea exchange
- advice and problem solving on business/personal issues
- integration of business, family and personal issues
- skill development in the human side of enterprise
- family business education
- personal growth and deeper look into your own personality

Call for more information on how the forums can benefit your family and business at 617-373-7031

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