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Center For Family Business

Northeastern University College of Business Administration 101 Hayden Hall Boston, MA 02115

IN THIS ISSUE

SURVIVING MULTIPLE GENERATIONS In 1940, with the Depression still a vivid memory, George Renfro took a big risk for a man with a family. He quit his job selling restaurant supplies and condiments
OUTSIDE BOARDS Family business owners tell us over and over again of the tremendous benefits they gain from having CEOs of other companies on their board
HOW DO YOU RATE AS A LEADER? As business families consider plans for succession, perhaps their greatest challenge will be the ability of the next generation to "take hold."
EASING FAMILY SUCCESSION Despite the genuine desire of ownership to see the continuation of the business in the family, only 30% of family owned businesses survive into the second generation and only 11% survive into the third generation
CASE STUDY - H.D. CHASEN The H. D. Chasen Company is a well-established third generation firm that has once endured the transition process and needs to do so again

Spring 2005 Volume 15, No. 2

Company Interview

A Hard Look at Surviving Multiple Generations

an interview with Doug Renfro of Renfro Foods



Doug Renfro

1940, with the Depression still a vivid memory, George Renfro took a big risk for a man with a family. He quit his job selling restaurant supplies and condiments. With little more than sheer determination and the support of his family, George and his wife, Arthurine, co-founded George Renfro Food Company in the garage of their north Fort Worth home.

With annualized growth of 10% for more than half a century Mrs. Renfro's salsa now ranks as one of the nation's top five best selling salsas distributed by specialty food distributors. They manufacture and

distribute more than 100 products, including 25 Mrs. Renfro's products to all 50 states, western and eastern Canada, the Caribbean and United Kingdom. This third generation business is one of the nation's five largest family-owned and managed salsa manufacturers and the nation's largest producer of chow chow, a Southern relish made of garden vegetables, vinegar and spices. Today, the second generation, Bill and Jack, along with grandchildren Doug, Becky and James who are active in the day-to-day operations at Renfro Foods, and its Mrs. Renfro's label, continue to grow at a fast pace.

In this interview with Ted Clark, Executive Director of Northeastern University's Center for Family Business, Doug Renfro discusses their business and how to survive through multiple generations.

Ted: Doug, you are the third generation at Renfro foods. Why do so few family businesses survive through multiple generations?

Doug: There are so many pitfalls and dangers it's easy to fail. As soon as you employ some nonproductive, incompetent family members you have trouble, and certainly you have entitlement, jealousy, the temptation to milk the company because there are too many people wanting to take too much out. You know, Bob has a company Lexus so I need to have one too, even though I don't really want one. It's very easy to focus on one's self and to forget to reinvest in the business. We have always strived to reinvest in the business so we won't look up one day and have an antiquated plant.

Continued on page 10

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Standing Room Only ...

There was a full house at our April Executive Breakfast Meeting with members enjoying a highly interactive presentation by Paul Karofsky about Executive Leadership.



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 617-373-7031

Ten Myths About Outside Boards

by Drew S. Mendoza

"The best thing we ever did was put independent, outside directors on our board. I sure wish I'd done it sooner. It would have saved us a lot of grief and a lot of money."

amily business owners tell us over and over again of the tremendous benefits they gain from having CEOs of other companies on their board. They acclaim the strategic stimulation. They recognize the value of an objective perspective on family business topics such as succession, family compensation and shareholder involvement. Most of all, they appreciate the empathetic counsel they get as they struggle with the loneliness of leadership.

We wonder, then, why so few family businesses have "outside boards." Our research suggests that only 10 to 15 percent of medium-sized private companies have the three or so outside directors necessary for a creative, effective board. We often ask: "Why?"

We hear these answers most often — and here's how we respond.

1. No one that good would serve on my board.

Business owners are often too humble to believe they can attract CEOs of other, usually larger, dynamic firms. "Why would they be willing to help me?" they ask.

In our experience, when one business owner approaches another wanting help with the interesting challenge, the inclination is to want to say "Yes." There seems to be an almost fraternal instinct of mutual support. Besides, business leaders know how much board membership benefits them as a growth and learning experience. As they learn about your business, they think about their own. They enjoy learning from other leaders on the board.

2. I don't even know people I can ask to serve.

That's very frequently true — and that's a good thing. Usually, the better you know board candidates, the less appropriate they are.

Continued on page 4



Outside Boards (Continued from preceding page)

Good directors are much easier to find than good friends. You should start by defining the background and experience you are looking for, rather than confining yourself to people you know.

When what you're looking for is clear, get help from others — friends and suppliers as well as professional advisors such as your banker, lawyer, accountant, consultants, etc. — who will be eager to help you identify candidates.

3. The current family and employee directors will feel hurt.

If existing board members are asked to leave, they may feel disappointed but they should understand why the change is being made. Board meetings should be only one of several venues for keeping key people informed and involved. Executive committee meetings should fill that need for key managers; family meetings fill it for family. Occasionally invite key managers or family members to board meetings. Share agendas and minutes with them. They shouldn't have to be on the board to be in the loop.

4. I can't keep meetings interesting enough.

You surely have at least one important strategic question every three or four months. That's the best agenda possible. If you struggle to identify important issues, ask the directors for help. Let them propose some topics for discussion.

5. I might need to remove a director — and I feel that firing a director would be very uncomfortable.

Dissatisfaction with outside directors is far rarer than you might think. Our surveys suggest that business owners are unhappy with an outside director in one percent of all cases. Still, we recommend clear, limited terms (i.e., one to three years) and a mandatory retirement age, say 65 to 70 (exceptions can be made when warranted).

6. Boards are too much work.

Preparation typically takes three to four hours per quarter. However, the financial and management reports you develop for board meetings should be valuable to management as well.

Preparation also forces some "strategic

reflection" which owners tell us is very valuable in its own right. Many family business leaders say that the discipline required by board meetings that demand thoughtful preparation is one of the most valuable aspects of the entire process.

7. We're growing too fast. A board will slow us down.

Your board should include other "fast growth" CEOs. They will encourage you to slow down if they think it's for the good of the business. Fast growth situations need good boards more than anyone. They can help anticipate the future problems and requirements of your growth.

8. Directors' liability insurance is too much hassle and expense.

Few existing boards have — or need — D & O insurance. Corporate indemnification is often quite sufficient. The unprotected exposure for directors of private companies is infinitesimal. If liability is still a serious concern, form an "Advisory Council" of the same people to serve the same purpose.

Continued on next page



Paul Karofsky

Outside Boards (Continued from preceding page)

9. Outside directors don't want to be drawn into resolving family conflict.

Correct. They don't. But we find that the mere existence of a distinguished, respected, outside board lessens family conflicts dramatically. And, when there is a conflict, the board encourages resolution; it doesn't — and shouldn't resolve family conflicts itself.

10. I don't want to give up control.

This is the most frequent underlying concern. Business owners perceive that control rests with the Board. In reality, it rests with the shareholders.

As you see, the objections of business owners to having a board are based more on myth than fact. Real obstacles do exist—such as family politics or a partner's lack of enthusiasm. In those cases we recommend starting with an Advisory Council and letting the concept prove its own value. We believe it's the best investment you can make in your business' future and in your family's security.

Remember, every business owner on your board understands that no business or management is perfect. Who could be more empathetic and encouraging than those who "walk in your shoes?"

Drew Mendoza, is the managing principal of The Family Business Consulting Group, Inc. He was the founding director of the Loyola University Chicago Family Business Center, recognized as a leading think tank on issues unique to business-owning families.

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How Do You Rate As A leader?

A Special Presentation by Paul Karofsky

s business families consider plans for succession, perhaps their greatest challenge will be the ability of the next generation to "take hold." How do the needs of the business match up with the skill sets of emerging leaders? How do we assess each? What specifically are the attributes of leadership? In this interactive workshop, Paul Karofsky, Executive Director Emeritus of Northeastern University's Center for Family Business guided Center members of both the senior and younger generation to reflect on their own unique situation through a process that led to some answers of these often asked but all too often unanswered questions.

Paul kicked off the presentation by discussing his fascination with the topic of leadership and describing his ongoing research on the attributes of leadership with Harry Levinson, Professor Emeritus at Harvard University. Paul continued by defining the differences between management and leadership. "Leaders implicitly need followers while managers manage and direct." He emphasized that leadership is situational. "What applies for leadership in one situation doesn't necessarily apply in another. What's appropriate in one setting, isn't always appropriate in another."

The audience broke into groups and developed a list of the most important attributes that leaders need to possess to be successful. Paul then distributed a prepared list of more than sixty leadership attributes separated into three categories:

- 1. Conceptual Capacity
- 2. Capacity to Understand and Manage One's **Self and Others**
- 3. Capacity to Take Charge and Act

Continued on next page



MEMBERSHIP BENEFITS

Center For Family Business

101 Hayden Hall Boston, MA 02115 Phone 617-373 -7031

- **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

Leadership (Continued from page 5)

Participants then rated each of the sixty leadership attributes using the following scoring system:

- Organization How vital is each attribute to your organization (business needs)
- Individual What are an individual's attribute strengths
 (individual's attributes)
- **3. Delta** The difference between the two. Measurement of individual's attributes in relation to the organization's needs.

Scoring individual attributes against the company's needs produces a delta score. The goal of the exercise is to have a low delta score. A high delta score helps you to identify areas that need attention.

Other uses for this exercise include; comparisons of senior generation to younger generation, and current leaders vs. future leaders. The question was asked if this exercise could be used for evaluating other non-family and key

people in the organization. Paul indicated that it could, but he mentioned that you should proceed with caution. A key is that the survey must be filled out with candor and honesty as some people might fill it out with manufactured answers in an attempt to achieve a desired result.

Paul emphasized that self-awareness is the most important part of leadership. A major benefit of this type of exercise, when done honestly, is that it can provide personal insights and selfawareness. Through an increased self understanding individuals can learn where to improve, how to better themselves, and how to manage others more effectively.

Paul Karofsky is Executive Director Emeritus of Northeastern University's Center for Family Business in Boston. Paul consults to families, businesses and educational organizations. You can learn more about Paul Karofsky at www.transition-consulting.com.



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CALL FOR ARTICLES

We welcome individuals interested in submitting articles on family business related topics.

For consideration, please forward an email including your name, affiliation and the specific topics on which you are interested in writing an article to:

> Ted Clark, Executive Director Northeastern University Center for Family Business ted.clark@neu.edu





Richard Vinci

CONSTITUENT FORUMS

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 a deeper look into your own personality

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

Easing Family Succession: How a Tailored Recap May Be the Answer

by Richard A. Vinci

amily and closely controlled businesses account for more than two-thirds of all businesses in the United States. Many family and closely held business owners start out with the admirable goal to pass the business on to their family members and/or long-term valued employees. Despite the genuine desire to see the continuation of the business in the family, only 30% of family owned businesses survive into the second generation and only 11% survive into the third generation with only 3% of all family businesses continuing through the fourth generation or beyond. These grim statistics have much to do with poor succession planning which is exacerbated by the lack of viable liquidity options for retiring family members. ¹

As the statistics indicate, in most cases succession just happens rather than being planned thereby resulting in less than desired outcomes. Over the next decade, family-controlled firms will experience an unprecedented number of succession events. Since ensuring the continuity and success of the family enterprise is a top priority for most family business owners, these owners will be compelled to address some daunting and potentially unpleasant issues including, but not limited to, succession, control, tax planning and capital procurement for growth. Further complicating matters is the tendency for emotions to run quite high around the family succession of the business which can lead to messy litigation.

A common theme for family business succession centers on the founders of a company approaching retirement age and their children, and those of the founder's siblings seeking to succeed their parents and aunts/uncles in the business. Traditionally, family members seeking to retire from the business have required a liquidity event to monetize the value they have worked so long and hard to create in the business. The retiring owner(s) are often faced with needing liquidity from the business to provide for their retirement and know that it may be difficult to keep the company going and provide for the transfer of ownership to the next generation by selling the business to them. In many cases, the heirs have been groomed for executive positions and have full expectations of ownership, but lack the liquid financial resources to buyout their parents or to subsidize their retirement.

1 Ward, John, Keeping the Family Business Healthy: How to Plan for Continued Growth, Profitability and Family Leadership, San Francisco; Jossey Bass

Continued on page 8

Succession (Continued from preceding page)

Accordingly, family business owners frequently may not be able to achieve all of their conflicting objectives and are forced into a total sale of the business or a transfer of ownership to the next generation without providing the requisite liquidity. As a result, the business may be disrupted; stability may be compromised; and capital may be insufficient for the company to grow and sustain its competitive advantage.

While it may appear that the former alternatives are the only viable approaches for providing liquidity for the retiring family members, an often neglected strategy is a customized equity recapitalization tailored to address the specific liquidity, growth and control requirements of the family and owner managed business.²

This type of transaction involves backing

and diversification objectives. This type of transaction also ensures that the family business stays in the family and maintains its continuity. Further, this approach can be executed in a very discrete and confidential manner.

The funding for this type of recapitalization is traditionally provided by private equity firms with committed institutional capital focused on investing in family-controlled and owner-managed business. The managers/partners of these funds typically have significant experience in working with family business and have a special understanding of the unique issues facing family and closely held businesses. The objective of these funds is to work as a value-added partner in developing a strategic plan with appropriate incentives that align the interests of shareholders to create incremental equity value. The day to day operations of the business are left with family/owner managers.

In summary, a customized equity recap tailored to meet the specific needs of the family business is a proven method for easing the way for a seamless family succession plan. An equity recap can provide the much needed liquidity to execute the plan's strategy and help to insure that the family business is kept IN THE FAMILY!

About the author:

Richard A. Vinci is Managing Director of Newbury Piret & Company (www.newburypiret.com), one of New England's leading investment banking firms. As a full service NASD licensed broker dealer, Newbury Piret provides Mergers and Acquisitions, Equity and Debt Financing, and Financial Advisory Services to middle market, family and closely held businesses throughout North America and Europe.

Each one of these conventional approaches has challenges:

Taking the Company Public

- In most cases the Company is too small to be a viable IPO candidate
- Governance issues
- Sarbanes Oxley financial and accounting disclosure requirements
- Restrictions on liquidity and insider trading

Establish an ESOP

- Strongly regulated
- Provides no new capital for the business

Sell to a Strategic or Financial Firm

- Family may be unwilling to relinquish control
- Protection of existing management team/employees
- Integration issues

Debt recapitalization

- No new equity capital infusior
- Too much debt can squeeze cash flow
- May not have adequate capital to run the business
- Potential for restrictive covenants that impact operations

Do nothing

- Does not provide desired liquidity
- Does not address succession
- Leaves family vulnerable

Conventional wisdom for creating liquidity tends to view the owner's options as limited to taking the company public, establishing an ESOP, selling to a strategic or financial firm, or a debt recapitalization. The end result is frequently unsatisfactory and may lead to the company doing nothing or forestalling its succession strategy until a catastrophic event, such as a severe illness or death forces family members to react.

certain members of family management in buying ownership from the senior generation or from outside shareholders. Active family operators secure operating control and significant equity ownership, while bringing in an outside institutional financial partner for growth, management assistance and related support. The selling shareholders achieve liquidity to meet personal retirement, estate planning

Executive Breakfast



Harvey and Allan Chasen

H.D. Chasen Case Study and a Panel of the Experts

he H. D. Chasen Company is a well-established third generation firm that has once endured the transition process and is in the process of doing so again. At a recent meeting Northeastern University Professor John Friar facilitated a discussion on how succession was once achieved and how it might be handled in the future.

Northeastern MBA Alumnus Harvey Chasen and his son, Allan, candidly shared their own experiences and perspectives, interacting with the attendees and Center sponsors in this rich and complex case study.

The H.D. Chasen Company is a third generation Industrial Supply Company founded in 1946 by Henry Chasen, a Mechanical Engineer. Henry built the business on the need of his customers to obtain hard to get industrial items and engineering advice for special applications coupled with outstanding customer service. These three building blocks are still the foundation of the business run today by Harvey and Allan Chasen. Harvey and Allan presented a case study on the business issues facing their company today:

On Ownership

Harvey discussed the implications and importance of dealing with ownership transfers. The first ownership transfer from Henry to Harvey was simple, as there was only one heir apparent. Henry's philosophy, and one that is being transferred to the third generation, was to give stock only to those that were involved in the business. This was simple for Henry as Harvey did not have any other siblings who were interested in the running of the business and this made the transfer of ownership easier. Harvey believes that it is important for the next generation to have a stake in the business. His son Allan currently owns just shy of 50% of stock in the company while Harvey retains a majority interest and control.

On Management Succession

Harvey admits it is difficult to plan for succession. "To be very honest with you I have a feeling that if I set a date for succession I would be a lame duck and just plan the day for my retirement party."

On Skills Acquisition and Training

Harvey describes his business as a very simple business. A classic "Mom and Pop" business. A key for Harvey is that it is in a niche market with high margins. The business is big enough to be lucrative for the owners but small enough to fly under the radar of the larger players in the market. A challenge here is that the successor must be well trained to understand the needs of the customer and the niche nature of the business. He believes that one of his primary responsibilities in achieving a successful succession is to identify the needs of the next generation and train them properly. In this respect Harvey believes that time is an asset for a family business. He believes that it is important to take the time necessary to train by setting a good example and by giving the next generation successive responsibilities. Harvey says this teaches them the skills they need and gives them the confidence necessary to run the business on their own.

On Entrée

A tough issue for many, Harvey and Allan spoke to some of the pit-falls associated when the next generation enters the business. Allan joined the company, full energy and enthusiasm for change, practically straight out of college. In hindsight he feels that he could have been a little more relaxed in his early ambitions to implement change and that perhaps he should have gone into the company and for the first 5 years kept the status quo. However, Allan and Harvey are both very proud of his accomplishments including the introduction of new marketing programs and technology. Harvey has also learned from Allan and has made an effort to communicate better with the younger generation and to adopt new ideas. "I don't want to stifle my son's ambitions. I'm less of a risk-taker, I'm trying to find a common ground."

On Boards

The current board is made up of four members. Harvey mentioned that "with less family involvement we don't have the problems often associated with having to answer to others." They have endeavored to keep the business small enough to be able to control it by themselves and to prevent it from being highly leveraged. Despite their desire to retain a small management team they have been able to grow their out-of-state business from 10% to 40% of their total revenues.

The Experts

Harvey and Allan finished their succession presentation with a Q&A session. Clearly a topic of interest for the crowd, our panel of expert sponsors fielded a broad array of questions and brought forth a lively discussion of succession pitfall and options.

Our Sponsors

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With more than a century of experience in advising family and closely-held businesses and their owners, Goulston & Storrs is skilled at representing businesses at each stage of development and often over the course of several generations, guiding our clients through the most significant events in the lifecycle of their businesses. With over 150 attorneys in our Boston office, we provide sophisticated legal services in virtually all areas of the law to a broad range of local, national and international clients. For more information, please visit us at www.goulstonstorrs.com. Jeffrey S. Wolfson is available at (617) 574-4146 or jwolfson@goulstonstorrs.com.

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Renfro Foods (Continued from page 2)

Ted: What is it then that separates the successful from the majority, what is it that you have to do to avoid those traps?

Doug: In our case we have always let family members go pretty quickly that weren't going to work out. And family members didn't try to come in that had no interest in the business, which was nice. There were three members in the second generation but only two entered the business. In the third generation there are seven members but only three of us are in the business. Of the other four, two never had an interest, and the other two didn't work out. And of the two that didn't work out, one of them has gone on to start their own business. For the fourth generation we have a few rules. You have to go to college and graduate and work somewhere else for at least a couple of years first. We already had someone who decided they didn't want to continue college and they are not working here. It's sort of a tough love situation, but you have to look out for the health of the company.

Ted: So are there any things that you are doing to insure the future generations of the family business?

Doug: Unfortunately we're not that advanced, and most of the others are fairly young. Although, there has been one that decided not to finish college immediately, and he is being given the opportunity to work elsewhere. He didn't necessarily want to work here anyway, which is fine. Another one is just starting college, and all the others are in grade school or early high school. I personally just want my children to be happy. It would be neat if they came and made salsa with us but I can't think that far out right now. I'm still trying to figure out how to pay for college for three kids. From another perspective, one important thing is networking with others. I have a few friends who are second and third generation family members in the industry so we see each other three or four times a year across the country at trade shows. We get together at the bar and talk about how to handle this, and what have you done in this area, and it's really helpful because there is not that many of us out there.

Ted: When you say "not that many of us" do you mean other family business members?

Doug: Yes, especially second and third or fourth generation members. We have some common issues regardless what the company does, in terms of compensation, and hiring non-family executives, and all that sort of thing. It's very helpful to see what someone else is doing.

Ted: When you get together with those other multiple generation business owners, what are the issues that you talk about?

Doug: Transition between generations, how is it being handled. Some people want to take full salary and come in till the day they drop dead, other people want to have a gradual retirement transition. We talk about the compensation format for non-family executives, the structure, and how you keep somebody motivated who knows they have the wrong last name and they are never going to get above a certain spot. Plant efficiencies, we are operating at a level below these mega firms so in terms of how we structure capital machinery, that sort of thing, we have commonalities and common problems that are totally different than somebody running a Nabisco plant.

Ted: You talk about the business, as well as the family business issues? **Doug:** Yes, we talk about those as well.

Ted: What are you teaching the next generation to ensure a successful family business?

Doug: There are a few keys, perseverance, realizing you are going to have good days and bad and good years and bad, and that you should have a long-term perspective. Not being publicly traded, we have the luxury of being able to decide if we should take a loss for a period of time because it's in our best interest to do so. If we really feel we need to invest some money that may not pay off immediately we can do that because we have no one to answer to but ourselves and the banker. Quality and integrity are the main reason we have been around for so long. That we do what we say we are going to do, and in an industry where you prepare somebody else's recipe for them that is a very delicate position. It is a very large temptation sometimes to substitute ingredients on an unauthorized basis. We are very up front with customers; we give the customer the choice. We tell them that this will cost you more, this will cost you less, this would have this quality, but you know it's all their choice. They approve all changes to formulas and so it's known in the industry that we have a very high level of integrity and therefore people call us and ask to make things for them.

Ted: What changes has your generation brought to the business? Does each generation leave its own mark on the business?

Doug: Yes. The generation before us had literally been at a point fifty years ago where they filled the jars with a spoon, now we are running one hundred bottles a minute on a machine. Certainly we're not Coca-Cola fast but it's on an order of magnitude or two beyond. Also the second generation had zero interest in computers. Now we have machines that are basically run by computers. We have just put in a full accounting system that includes lot tracking to comply with bioterrorism laws. We can tell you within a few minutes every jar that was produced and where it went that used one particular box of black pepper for example. Management reporting analysis has all come in from the third generation. Frankly, the second generation was more focused on not going broke for so many years. The strategic issues for them were how do we keep the business going next year and how do we draw out enough to keep paying our family expenses. They still come in and contribute an average of four days a week but it's great that they are able to sit back some and enjoy the rewards of their investment so to speak.

Ted: Day in and day out, what drives you to grow the business? **Doug:** Well, my three children getting bigger is a good reason. And then there's ego. You know half of our business is our own Mrs. Renfro's brand. It's satisfying to walk into a store and see your name and your grandmother on the jar and to grow within the category. Its very exciting to see our product selling a hundred thousand jars in the Boston market where we had zero just ten years ago. It's also fun to see Canadian sales grow to six figures from zero. We just received our first order from the United Kingdom. Developing new items, and new markets, and new ways of thinking creatively as to how can we get new customers without going broke. Those are the sort of things that keeps us busy and keeps us driven.

Ted: Thirty years from now when your kids are talking about you, what do you think they will say about your generation running the business?

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80

The percentage of all businesses in North America that are family-owned.
[J.H. Astrachan and M.C. Shanker, Family Business Review, Summer 1996]

34

The percentage of family firms that expect the next CEO to be a woman. (Arthur Anderson/Mass Mutual, 2003)

10

The dollars in trillions of net worth that will be transferred by closely-held businesses by the year 2040. (Robert Avery, Cornell University, "The Ten Trillion Dollar Question: A Philanthropic Gameplan," Initiatives)

Renfro Foods (Continued from page 11)

Doug: That's a tricky one. Hopefully that we were creative and efficiency driven but still maintained a sense of humor. And hopefully they will also have that attitude. If they don't, then I think we will have failed to some degree. Because if you just wanted to work really hard you can go work at any major corporation, but to have the satisfaction and be an innovator and have high integrity and have fun, that's really challenging to pull all of that off at the same time.

Ted: Is that what brings you to work every day?

Doug: It is. I spend one minute working on formulations, and one minute

working on financials, and the next on personnel issues, and the next on our computer network. It's just very refreshing to not be buried too far into one area. Also to have the ability to have an impact and come up with ideas and implement them and see the results and if they save money or make money you actually get to keep a piece of it.

Ted: Doug, last question. What advice would you give to first generation business owners working hand in hand with their children?

Doug: Don't be too hard on them. You see so many times where one older generation wants to make sure that their chil-

dren are the best workers, and as a result they are so hard on them that they drive them out of the business. They don't want to do that but you see it over and over again. So I guess basically, you should treat them like any other employee, and you should want all the employees to be hard working and conscientious and accurate, and if they are not, you should fire them and get another one. Don't be such a drill sergeant that you take all the fun out of it and they leave. Don't be afraid to share credit. We have a lot of give and take here. It's a very democratic atmosphere and that's necessary to be able to survive the dayto-day crisis.



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