The Accidental Partnership® Series:

Power and Resources: Managing Owner Risk, Legacy and Value

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Foreword

There is nothing more powerful than a family! History and literature confirm this over and over again. It is very satisfying to be able to report on the following observation and possible shift in the business family world:

> *Regardless of the family, owner and business organizational climate, a combination of empathy, emotional self awareness, trust and appropriate competency in the four clusters of management, law, behaviour and finance explains why some practitioners who work with family business participants are more effective and why a 'team of skills' may provide consistent and sustainable beneficial results to business family clients and relationships.*[1]

Experience and research, coupled with in depth discussions with my colleagues and Fellows [FFI and CMC], over the last 20 years, and more specifically over the last five years, overwhelmingly confirm that family business consulting situations that utilize a multi-disciplinary competency-based approach appear to build and sustain client confidence and skills, and foster positive and progressive momentum for change over the long haul.

An analysis of the findings also suggests that this integrated results-oriented approach provides the most value when the practitioner and client family business agree to build a trusting partnership of learning, experimenting and achieving highly leveraged results.

Interestingly, the study identified some information that on first inspection appeared controversial, that is, that a multi-disciplinary "team" approach might not be significantly better or more advantageous. In fact, upon further investigation, two findings emerged that deserve mention. First, this approach was most challenging and least attractive when working with founders at the exit strategy stage of his or her career and was more attractive and viewed as more beneficial at the second to third generation transition stage, and beyond. Second, at times, a team that is not organized or collaborative can undermine the intention and spirit of the continuity and legacy preservation process, thereby demonstrating that more consultants or practitioners may not be significantly better or more experienced at achieving the requisite results required and requested/demanded by the client family business members.

Simply, an appropriate number of consultants, coupled with greater competency in specific areas of business, law, behaviour and finance, is directly correlated to successful project outcomes, client satisfaction and positive memorable results.

As I reflect on these findings, it appears to me that some thinking and writing takes awhile to incubate. To explain, in the mid-1980's, my colleagues and I began to publish articles on this collaborative and integrated method of service delivery.

[1] Contact Aron Pervin directly to learn more about how the informal information was gathered and the empirical studies and anecdotal literature related to this study.

By the early 1990's, I had lost interest in being a speaker at seminars planned by others, and began to organize and Chair family business conferences that fostered and promoted this multi-disciplinary approach. At the same time, my colleagues at the Family Firm Institute [FFI] and I began to develop a competency-based body of knowledge.

By the late 1990's, my colleagues and I, internationally as Fellows from the Family Firm Institute [FFI], had further developed this progressive thinking and FFI had codified it into a Body of Knowledge document and learning programs.[2] In fact, many of us were actually employing the process with clients wherever possible [although not as frequently as we might wish] and other learning programs that complemented and expanded on this approach began to emerge.

It is my intention to encourage and perform collaborative, competency-based, multi-disciplinary service-delivery for all family business consulting client engagements, especially when working with business families at the second, third and fourth generation of ownership and management, that is, when working on clantinuity plans with business and/or enterprise clans.

With that in mind, this booklet can be of benefit to both the practitioner and the family business member as a starting point to commence the continuity dialogue using a multi-disciplinary platform.

Aron

Aron Pervin
Toronto January 2007

[2] See http://www.ffi.org and go to Global Education Network.

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Definitions

Clan (ˈklan) n. 1 A social group of people united by kinship and descent, which is defined by actual, alleged or perceived unilineal descent from a common ancestor. 2 A large group of relatives, friends or associates.

*Clantinuity (*ˌklan-tə-ˈnü-ə-tē*) n*. 1 a. An integrated and sustainable multi-generational business family transition process. b. A long term plan involving numerous minority owners who share a common clan connection and stress mutual obligations, values and duties. 2 uninterrupted connections, succession, duration, union or continuation with and without essential change.

Planning for Clantinuity[3]

When you strip everything else away, some core long-term decisions in a family-owned business, especially at the second generation and beyond stage, are those relating to power, resources and risk. The central issues become:

1. Who has or should have the power, authority and control of the resources today?
2. What can be done to ensure the appropriate return on present resources, minimize risk and protect them into the future?
3. How to ensure the proper distribution of power and transfer of resources to the next generation?
4. When do we start planning for these transitions of management, ownership and leadership?
5. Why is the business being offered to the next generation rather than a portion of the money received from its sale?

Too frequently, the "accidental partners"[4] or owner(s) in a family business do not realize the critical importance of these questions. The manner in which they are handled will affect not only the business's present situation, but also its very existence and survival into the future, carrying implications for the security of the family and its legacy as well. As a result, the owner(s) or accidental

WHEN POWER IS UNCERTAIN, RESOURCES ARE SQUANDERED

Two second-generation brothers had diametrically opposing ideas regarding their tenure as leaders and owners of the company. The older brother preferred to sell his shares and retire at an early age. The younger brother wanted to work into old age.

The twist in the relationship became apparent when the older brother revealed plans to transfer his shares to his son, who was a rising star in the business. The brother intended to offer advice only as requested. Indeed, he was interested in establishing an advisory board on which he would be a member, reviewing quarterly statements until such time as he was satisfied that his son could manage on his own.

The younger brother was concerned for two major reasons. First, he was not clear about how a 50-50 partnership with his nephew would work. Considering both age and experience, he could not view his nephew as an equal partner. Second, he had no desire to transfer his shares to his son until both he and his wife were dead. If he were to predecease his wife, she would control his shares until her death, and only then would they be finally transferred to their son. This meant that the two cousins - of equal age - would not hold equal roles or power in the business.

The brothers were unable to discuss their exit strategies with one another and, therefore, forced each other to choose their course of action in a vacuum, whether or not their decisions were appropriate for the business family, the accidental partnership or the family business. Disagreements between the new accidental partners are therefore complex and frustrating. The younger brother refuses to deal with his nephew on an equal footing. They are unable to agree to the establishment of a board or any other governance systems and structures. To this day, the younger brother continually draws the older brother into discussions about the business, despite his wish to withdraw from the company. The fact is that no one got what he or she wanted.

[3] See Definitions on Page iv.

[4] Aron Pervin coined the term "accidental partnership" to describe the lack of choice in the sometimes unwilling alliance of family members in a business. See Aron Pervin, "How to Make the Best of an Accidental Partnership", THE GLOBE AND MAIL – MANAGING – Thursday, October 15, 1998, B12

partners who make an oversimplified response risk disastrous consequences. Interestingly, some second-generation accidental partnerships inappropriately consider that the success of their management and ownership transition can be duplicated at the third generation stage with little modification to its historical process. This approach is seldom successful. By this time, the sibling and cousin constellation reflects family members and owners who are participating in the business and many who are not in the business as well as a diversity of personalities, values and priorities, that may have similar or divergent perceptions on the level of risk, need for owner value and the legacy being handed down regarding the family and the enterprise. Experience confirms that business families who have active and knowledgeable directors on their Board receive excellent support and guidance in this complex decision process.

Four Deadly Sins

The most common errors in handling power and resources can be classified into four categories:

Type of response	Action
Avoidance or denial	At worst, no personal financial, estate, or succession plan or will. At best, a simple will leaving everything to the spouse, saddling him or her with the responsibility of dealing with the difficult questions of leadership succession and share distribution. The most elegant avoidance is to hire the "best" advisors and do nothing, while always using the professional as the excuse [read: weapon] for the inactivity and lack of change.
Family First!	The business belongs to all the family. The cash and cash flow is the owner's personal bank account and sharing is likely problematic. Divide common shares equally among family members regardless of interest in the business or competencies and without considering the uncertainties of life. Choosing this direction often lays the foundation for an unstable, emotion-laden accidental partnership. In fact, this approach often proves that equal is not always fair and can result in sticky situations such as: • gifts to children who marry and subsequently divorce; • share ownership by children and in-laws who are not in the business, nor interested in it;

- share ownership by next generation family members who confuse an inherited legacy with management competency and business acumen; and,

- equal gifts to children [G2] who have an unequal number of grandchildren [G3] leading, for example, to a situation where three grandchildren who are active in the business collectively own the same number of shares as one cousin who is inactive.

Business First!	Minimize taxes without regard to the effect on the future worth of the business. This can lead to common share ownership by potentially hostile shareholders or unforeseen inequities in the distribution of wealth and control. How will the financial resources be managed? How will the operators ensure that the business has money for re-investment and exiting shareholders? How will family owners not employed by the enterprise have enough money to live? The family legacy could become vulnerable.
Owner First!	This approach gets tricky if confusion between the role and role assignments of ownership and family participation get confused. Salary and perquisites of the job received for employment must be separate from monies received as an owner [and never blended]. It's not always healthy when owners live on their owner distribution and have no other source of revenue. Experience confirms that the predictable tension of family participation can be absent in this scenario if the driving force by competent people is long-term sustainable owner value, ensuring the business is in good hands and preserving the enterprise. Then, this approach often leads to organized and well-governed family owners and enterprise.

Therefore, the owner's and his or her family, have an obligation to each other to work through the insidious 'sins' and secure the major asset of the estate. It is often critical to provide for the continuance or sale of the business in order to maintain and preserve owner value and family relationships.

Does this mean restrictive wills and marriage contracts?

Protecting the value of the business as an asset emphatically does not mean that power and inheritance need to be controlled forever through highly technical wills and marriage contracts. On the contrary, recent commentaries suggest that these documents may not be in the best long-term interests of the business family.

Lawyer Henry Krasnow[5], from Chicago, argues in an article in Family Business Review (Vol. XI, 3) that marriage contracts and domestic agreements are sometimes inappropriately forced upon young newlyweds where a shareholder agreement could act just as well to protect the family shares from an inappropriate transfer. He also notes that financial professionals sometimes structure tax savings in the estate plan in such a manner that it destroys effective management.

> *Lawyers and accountants, like people in all other professions, often feel most comfortable focusing on things they understand and minimizing those they don't," he writes. "Because many lawyers and accountants are not taught and rarely understand the importance and subtleties of management and its implications on the future of a business's profitability, many estate plans save the maximum taxes while creating stock ownership that destroys or discourages the future success of the business.*

THE PRIMARY GOAL OF CLANTINUITY PLANNING

Who holds the power (management) and resources (ownership) of the company? Who should hold it in the future?

The present owner(s) should always keep this goal in mind when planning the transition of power and resources. To avoid mistakes, the owner(s) should define the primary goals of the distribution of power and resources, as follows: to maintain and improve the family legacy, to protect the value of the business as an asset, and to ensure the leadership of the enterprise is in good hands.

Krasnow proposes that accidental partners in a family business not feel locked into bestowing share ownership on all family members, especially if they are not working in the firm and derive little or no benefit from the ownership of the shares. He strongly suggests in these multi-family ownership situations that a liquidity agreement be crafted, allowing minority shareholders to sell their shares back to the company and be paid in a way that does not make the company vulnerable. In some situations, an internal, private market is established with appropriate rules governing allowable share transfers.

In summary, it is beneficial to view tax savings as a business decision and not a personal mission to pay minimal taxes. Business continuity, liquidity and the survival of the enterprise as a going concern is the actual goal [possibly] whether the enterprise is sold or part of the legacy. The emotional impact of any decision on the estate plan is an area often overlooked by the technical advisors, but experience confirms that this missing analysis can challenge family relationships, even the healthy ones. Finally, to integrate this thinking, it appears that the business family needs open and transparent dialogue on these matters and competent family participants in the business who have the requisite skills to lead the enterprise and the ability to foster satisfying family relationships.

[5] For more information read Your Lawyer: An Owner's Manual, A Business Owner's Guide to Managing Your Lawyer, by Henry C. Krasnow, ISBN 1-932841-12-1

What's Really Needed: An Integrated Professional Approach

Therefore, the accidental partners or owner(s) should make management and leadership succession, ownership succession and estate planning his or her personal responsibility, and secure professional assistance in these areas from his or her professional advisors and members of their Board.

Moreover, these plans should be based on a sound strategy and direction. They should be reviewed on a regular basis, and integrated and aligned within the changing needs of the accidental partnership because business circumstances, individual priorities and tax laws also change constantly.

But first, the accidental partners and the business family must know what they want all these plans to accomplish and construct an intentional legacy statement describing the ultimate outcome. The owner(s) or accidental partners must think strategically about the disposition of power and resources in the company, equating secure transfer of power and control of resources with the protection of the present and future value of the business, and its legacy to the family.

Power: Do owners place control of the business in the hands of those committed to and interested in its business continuity, ongoing performance and preserving and improving a respectful family relationship?

FAMILY FIRST: BUT MANAGERS NEED CONTROL

The more widely ownership is distributed, the greater the opportunity for disagreement. This maxim is demonstrated by the story of five children of a second-generation owner, each of whom inherited 10% of the business. These children did not work in the business

The other 50% of the company was owned by their two cousins, both of whom operated the firm. The five inactive shareholders disagreed frequently with their cousins over whether to sell or reinvest, and how to maximize the value of the company. After numerous years of unresolved misunderstandings, the two active partners proposed to purchase the shares of anyone who wished to sell.

Three of the five inactive shareholders are now being bought out over a five-year period. The remaining two shareholders are holding onto their shares for the next ten years, intending to pass them to their children if they are interested in taking active roles. The arrangement confirms that at a specified time, these remaining inactive shareholders will make a decision either to sell or transfer the shares to their children.

The key to making this deal work was that two pairs of siblings (four cousins) who remained shareholders found a way to have a complementary, non-antagonistic relationship while those cousins who could not agree had the opportunity to extricate themselves prior to an all-out family brawl.

Risk: Have the owners examined and documented the technical considerations as diligently as the emotional and relationship situations? Is the enterprise a going concern and in good hands and not vulnerable? Are the personal values and operating philosophy of the next generation aligned with the goals and values of the family? Is a constitution in place that describes the psychological contract and obligations of family ownership?

Resources: Does management, whether family members or not, consciously recognize that it must grow the value of the business and create new wealth? Do leaders use the resources of the business to develop (not necessarily fulfill) the different interests and values of family members without inappropriately dividing control or dissipating the company's ability to generate more wealth?

Management Succession and Accession

Management succession or accession planning is one of the fundamental roles of the family participant in the family business. If the identity of the successor is not apparent, the leader has to take the time to think about the key skills, competencies and characteristics essential to managing the company and observe the potential candidates to see who best fits the bill - or who could best fit the bill given the proper training and development.

Choosing a Successor

The leader has several options when it comes to naming a successor. They include choosing among family members (the next generation), forming a management committee made up of family members and key company executives, setting up a transition team of family members and trusted outsiders and selecting a key employee or an outsider to run the business.

BUSINESS FIRST: BUT OWNERSHIP WITHOUT LIQUIDITY CREATES CONFLICT

During the 40 years that he built the business, the founder's five children had grown up understanding that each would someday own one-fifth of it. As recommended by specialists, the father viewed tax savings as a priority because business continuity was not an issue. At this point, however, the beneficial tax situation is doing nothing to support quality business management.

This became clear when the youngest brother, encouraged by his father, became the only family member who still wanted to continue running the family firm. With little success, the parents tried to negotiate the sale of the other children's shares to their brother. After considerable frustration, they passed the negotiations to the actual owners - the siblings themselves.

Now, the deal is not as clean as it would be from parent to child. Siblings who are trying to realize their legacy - despite good business sense and family feelings - do not compromise easily. This has left all the siblings feeling betrayed by their parents. As well, it has put the sellers in a difficult position where they are trying not to be greedy but at the same time feel compelled to secure their inheritance.

Eventually, the siblings struck a deal that everyone could live with. But the family had to come to new understandings of how to manage their relationship and treat each other fairly. There is also lingering resentment against what was perceived as preferential treatment - and that may never be resolved.

The right choice depends upon the circumstances: the nature of the business, its life-cycle stage, qualifications of family members, the expectations and capabilities of senior executives and the values and culture of the family are just a few.

It is true, however, that even though business families are creating increasingly complex accidental partnerships and business structures, a single successor usually minimizes the conflicts, confusion and consternation that can arise under the direction of multiple leaders, as long as the next-generation members agree on the identity of that successor - a first among equals situation.[6]

Passing On Essential Information

The leader must also begin to think about the key information crucial to the future of the company. It's usually done both informally in conversation over a period of time and in more formal written summaries.

Areas that could be covered include:

Financial profile: The owner's personal assessment of the firm's present status and a projection of its financial future supported with financial statements, profit-and-loss statements, cash flow charts, budgets, variance analysis, and tax returns for the past five years; banking information such as the names of the company's bank managers, lines of credit, current bank accounts and average balances; and insurance information. The financial information should tell a story about the owner's lifestyle, including the amount of annual reinvestment [and the amount of harvesting], which can be examined by looking at the normalized earnings when adjusted for lifestyle.

Administration profile: Information on partnership agreements, corporate records, buy-sell agreements, patents, licences, royalty agreements, vacation policy, retirement plans, employment and labour agreements, pending lawsuits, and copies of all existing contracts and leases should be available. Names and addresses of lawyers, accountants, insurance professionals, consultants, and any other outside professionals retained by the company must also be included. Family policies such as a family participation policy, code of conduct, roles and role assignments for owners and the like would be helpful. These documents should be aligned with the personal wills and power of attorney and the like of the owners and beneficial owners.

SURVIVAL OF THE MAJOR FAMILY ASSET OF THE ESTATE

"Parents who contemplate transferring a business to children must also have confidence that the children are capable of managing the business. All too often, parents transfer businesses to children who do not have the drive or capabilities of the parents and, as a result, the business declines rather than increase in value."[1]

Operations and technical data: A business plan that outlines the strategic initiatives and matches the expectations and priorities of the owners and family is extremely beneficial. An inventory of major equipment, manufacturing specifications, process and scheduling procedures, quality control measures, and standards used to gauge performance is handy. Also important is a brief appraisal of the efficiency of plants and equipment currently used.

Marketing and Sales summary: Lists of products and/or services and their selling points, market positions, major clients, present and proposed advertising programs, and

[6] See How Shared Leadership Can Work on my web site http://www.pervinfamilybusiness.com/

profiles of competitors would be of benefit. This information should be part of the three year rolling business plan.

Purchasing summary: Suppliers, contracts, an outline of basic procedures for buying, inventory status, and shortages and any cost accounting information.

Systems summary: Organization charts, corporate charts, governance structures, use of the Board of Directors, procedure manuals, employee handbooks, standard operating procedures, job descriptions, statements of company mission, standard controls, business plans and management reports.

The Ownership Transition

Ownership transition is the flip side of the management succession or accession process. While the management transition concerns who will run the company, the ownership transition concerns the transfer of power.

Multiple classes of share and shareholder agreements can be used to match the specific objectives and capabilities of family members to their ownership rights and prerogatives. Here are some specific techniques:

Separating ownership from management interest. Children and other heirs who do not work in the business need not be involved in most management decisions. They are given a different class of share that entitles them to dividends but not to voting rights, except under specific owner circumstances such as a proposed sale of the company. This would be described in a shareholder agreement or shareholder memorandum.

THE PARAMOUNT PRINCIPLE OF OWNERSHIP TRANSFER

It is imperative to place active ownership of the company in the hands of those family participants who have the requisite skills and talents to lead the enterprise. They must be credible leaders, able to make aware decisions, interested in, committed to and capable of providing future direction, input and support to the firm and be motivated and also have the ability to foster and sustain satisfying family relationships.

Directing or restricting subsequent share transactions. The estate plan can include provisions to deal with family members who wish to sell his or her shares. The board of directors (or family leader) may require the mandatory buyout of the shareholder's interest, probably through share redemption when a triggering event occurs. In many financial families, where the majority of owners are not employed in the enterprise, an internal market of minority shareholders is established to facilitate independence and a prudent exit strategy, and there is often an annual sale/purchase event.

WHAT IS YOUR OWNERSHIP PERSPECTIVE?

ARE YOU AN INHERITOR?

You have received the business shares as part of your family legacy and are rather ambivalent about the whole experience. Discussions about "keep or sell" shares are not important as the shares typically provide an emotional connection whether or not associated with a financial reward (although it would be nice to receive something). Your interest in decision-making is low and rather passive unless it directly affects your values or the viability of the firm.

Limiting outside investors' purchases of shares. Family businesses usually limit the opportunity for outside investors to own an interest in the company. They do this with a buy-sell agreement that defines the allowable transfer of shares[7] and often provides the company and/or the family the right of first refusal before any share is sold. This becomes a bit tricky when an in-law becomes the driver of the business growth and the profits are directly related to his or her leadership and business intelligence.

Limiting the opportunity for shares to fall into hostile family hands. Accidental partners can preclude the need for a marriage contract with a shareholder agreement that contains a clear limitation of allowable share transfers. The company may decide to carry insurance that is used as the funding vehicle to buy back shares upon the death or disability of a significant shareholder. This minimizes liquidity needs and fairly compensates spouses and other heirs. In situations where this mechanism is inappropriate, a marriage contract that focuses only on the family business shares is critical.

Incidentally, many businesses also guard against indirect ownership of shares by establishing a shareholder provision that allows only group ownership by employees in their pension plans, profit-sharing arrangements or employee share ownership plans. Employees who leave the company or its benefit plans must redeem their shares. In the end, a holistic approach is often the way to organize this situation.

WHAT IS YOUR OWNERSHIP PERSPECTIVE?

ARE YOU A STEWARD?

You have a commitment and an obligation to maintain, preserve and improve business family life and the family legacy, some say; to pass it on in better shape than it was received. These unwritten obligations often address the role and contribution of the individual, the interaction of the family, the management of the firm, who fits/belongs as well as the establishment of helpful governing structures, systems and guidelines to perpetuate and better organize the family, business and ownership arenas. Your interest is to keep the shares for the benefit of future generations whether or not associated with a financial reward (although it would be nice to receive something). Your interest in decision-making is negotiated but typically it is at the strategic level as your wish is to provide guidance to the operation, not meddle, and monitor direction and performance with respect to the marketplace, profits and community contribution.

[7] See The Shareholders Agreement by Aron Pervin and Shareholders Agreements by Jules Lewy, Fraser Milner Casgrain LLP www.fmc-law.com on my web site www.pervinfamilybusiness.com

Estate Planning

Planning for ownership succession concerns control over the transfer and distribution of power. The primary focus of estate planning is to control the transfer and distribution of resources.

A well-defined estate plan carries out all of the owner's objectives while minimizing taxes generated by the transfer and preserving as much of the estate as possible in the hands of the heirs. As a related issue, the owner should also engage in personal financial planning to protect present and future needs.

WHAT IS YOUR OWNERSHIP PERSPECTIVE?

ARE YOU AN INVESTOR?

You view your family legacy as you might any other investment. There is no clear connection to the shares or to decision-making, other than to influence a return on the investment (if or when possible). You expect and demand that the firm operate at a high level of performance and governance, and expect a return that equals or exceeds your investment strategy for that time period.

Planning for Liquidity

Usually, a large majority of each family business owner's assets is made up of the business itself. This lack of liquidity makes each clan member in the accidental partnership entirely dependent upon the success of the business. Should the business encounter financial troubles, the owner's personal financial affairs are also likely to run into difficulty.

To counteract this potential problem, the owner may decide to enter into a long-range program to withdraw cash from the business. This is done primarily to invest in other assets, have money outside the business and diversify the investment portfolio.

By doing so, the owner:

- guards against liquidity problems and perhaps even creates an emergency fund for the business in hard times,
- reduces tax liabilities by purchasing advantageous investment vehicles, and/or
- grows the nest-egg through wise investments.

Owners should also be alert to find ways to minimize income tax. Many of the techniques available to more liquid individuals may not be appropriate for business owners.

But there are two methods that often apply:

- hiring younger children as full- or part-time employees, and
- deferred compensation arrangements.

WHAT IS YOUR OWNERSHIP PERSPECTIVE?

ARE YOU AN OWNER/MANAGER?

You view your family legacy as the opportunity to get involved and contribute in a meaningful way in the operation. You wish to be involved in all aspects of planning, decision-making and governance, and ultimately make your mark. You sometimes confuse ownership with management as you strive to use the business as a platform to act as a "founder". Money is seldom the driving force. Share ownership and influence (and the votes) is often mandatory, but second to control, prestige and power. Your interest in sharing decision-making is typically very low, and you typically request that other owners (if they exist) trust your wisdom and decisions unconditionally.

Disposition of Owning Family's Assets

The assets of the owning business families may take a number of forms. These include:

- closely held business shares
- real estate or other assets connected to business
- investment real estate
- stocks and bonds
- liquid assets
- partnerships
- personal home
- life insurance
- qualified plans and other retirement accounts.

For most business owning families, the business accounts for the bulk of these assets - and the leader, whatever the generation at the helm, usually holds an emotional attachment to it that he or she does not have for the other assets. As a personal and a financial legacy, the transfer therefore takes on special importance.

HOW TO TAKE MONEY OUT OF THE BUSINESS

Increase compensation, including income splitting.

Disassociate different business units to take advantage of small business deduction.

Raise dividends especially to your holding company.

Bonus down earnings.

Establish retractable share structures.

Balance bonus-down earnings with save-in-company approach, where appropriate, without triggering taxes.

Increase pension benefits.

Sell shares to children working in the business.

Use a holding company.

Redemption of shares [typically preference or special class shares].

There are a variety of methods for transferring business assets. These include:

- wills and trusts under a master and integrated estate plan,
- other trusts, such as family, children's and/or testamentary trusts,

- buy-sell, stock restriction, and redemption agreements, and/or
- life insurance (ownership and beneficiary designation).

Are You Doing The Right Thing? Three Ways To Know

Regardless of which techniques and tools are used in estate planning, three factors should guide your owner value thinking and management of risk: continuity of the business, liquidity and associate relationships.

Business Continuity: There should be a clear blueprint [a shareholder agreement] in case of the separation [forced or choice], retirement, disability or death of any shareholder, whether a minority or significant owner. This includes foreseeable expenditures such as taxes on the estate. In some situations, insuring for the value of the preference shares, rather than just for the tax, is a prudent option. Some people use permanent insurance policies. The most critical step in preserving the assets of the principals is to avoid the forced sale of the company. Without planning, the decision to sell the business interest may not be voluntary and terms of the buy-sell agreement may not be relevant.

Business Liquidity: The departure, through whatever means, of a principal in a small, family-owned business can create sudden demands for cash to pay income taxes, family support or retirement income. Effective planning requires estimates of the family's future needs, the means to provide for them, and the necessary liquidity to pay personal taxes.

Associate Business Relationships: Evaluating the financial needs of the family is the most important part of estate planning for a family business. Consider the financial health of each family member. Plan "what-if' scenarios for birth, death, divorce and other contingencies.

MAKE THE TAX BITE HURT LESS

When the business leaves your hands, you will pay tax on the capital gains in the business. The jaws of the tax department will not sink quite so deep if you can take measures to spread the wealth around within your family.

Techniques that can be used to minimize tax effects for estate-planning purposes are:

Asset freezes through corporate recapitalization. In the simplest form of this method, the owner takes preferred shares that are "frozen" at a fixed redemption value. The children take the common stock, which is subject to depreciation (business risk) and capital appreciation (real growth and inflation). This "freezes" the amount of capital gains that is taxed in the hands of the owner at or near the maximum allowable.

Private share instalments or sales. The owner transfers closely held shares to younger family members during his or her lifetime. This method is also useful in corporate share redemption agreements.

A review of personal plans, promises, legal arrangements, and written or verbal agreements with children, relatives, partners, employees, or other stockholders is mandatory. Commitments to anyone involved in a management or ownership transition or clantinuity plan should be recorded in writing. All decisions should be reviewed with

CFIB SURVEY OF BUSINESS OWNERS – JUNE 2005[8]

Highlights:

Only one-third of businesses have a succession plan -- the majority of these plans are informal.

41% of SME's [small and medium-sized enterprise] want to exit their business within the next five years.

SME's with succession plans are not adequately addressing "soft" issues and are providing little time for training of successors.

Recent successors cite significant benefits from the succession plan of previous owners.

the following as an outcome: the business is not vulnerable, the owners maintain and preserve the value of the asset, the family relationship is improved and individual options are available. Simply, as often stated by Bonnie Brown Hartley, "practice dying until you get it right![9]

Planning Your Exit Strategy: Fantasy or Reality?

I'm made to work. Retirement is fine for people who know how to play - I don't.

- My father, Harris Pervin, at age 76 (He stopped working at 82 and died at 86).

Exit Strategy: The Practical Picture

In the ideal exit strategy, elders remain independent. Their income and savings are secure. Their activities and performance, while meaningful, do not determine their future comforts. They pursue their interests without having to earn a living.

Family business owners in "retirement" must draw the line between their interests and their earnings. Withdrawing from active participation in the business should eventually lead to relinquishing voting shares. Keep in mind that these shares were probably created largely for tax reasons that no longer apply. Everyone - but especially ex-entrepreneurs - needs to feel they are contributing in a meaningful way. But all too often, exiting owners [especially founders and the entrepreneurial types] like to remain "involved" and use ownership positions to create a role for themselves that is best left to those making the crucial day-to-day decisions.[10]

[8] Bruce & Picard, Succession can Breed Success: SME Succession and Canada's Economic Prosperity, Canadian Federation of Independent Business, June 2005.

[9] Source Bonnie Brown Hartley, Transitional Dynamics Inc.

[10] See Aron Pervin Transition, Transition, Tension and the Family Business and Ivan Lansberg, The Succession Conspiracy, Family Business review, volume 1, no. 2, 1988.

My advice is to find other interests.

Before they leave, departing owners should complete a plan that describes his or her intentions for the management, ownership, leadership, governance, power and resources of the firm and family. As already described, a personal financial plan coupled with an estate plan is a good starting point and must complement the management continuity and business growth plans. Often, the personal financial plan, estate plan and continuity plan are completed without the benefit of the other plans and - with even greater detrimental effect - in isolation from all the other family members.

CASE STUDY: GIVING UP WORK SHOULDN'T MEAN GIVING UP LIFE

My father first toyed with the idea of retirement at age 63. At 55, he'd had his first heart attack and he finally decided it might be time to consider his options. The idea didn't last long. He was back in the work force within a year and he only quit at age 82, when his health and winter travel schedule demanded it. He tried other pastimes, such as volunteer work and reading the encyclopedia, but he wasn't satisfied. The working world gave him life and identity. He died at 86, still looking for the stimulation he so desperately needed.

It's difficult to give up the livelihood that has occupied your adult years, and even more so to develop new interests to replace it.

What's Next? It's Hard To Plan When It's Not In Your Vocabulary

My experience indicates that retirement is an inappropriate term for entrepreneurs working in the family business. I don't mean to say that all family leaders work until they drop, or that they always insist on interfering in the business in their later years. What I mean is that someone who has spent their life building a thriving, important business that has raised families and paid for the education of children must replace this meaningful contribution with another worthwhile task. Otherwise, the creative soul of the entrepreneur remains unhappy and unfulfilled.

This transition to a new role can occur only when the outgoing leader is comfortable [read: the business is in good hands] that the incoming leaders of the family business are competently addressing the most critical problems facing the company. Only then when it appears that the business is in good hands, does the leader have any chance of allowing other interests to occupy the day.

This is why a management continuity plan and a business growth plan are as important as estate planning in preparation for the next phase of life. Finally, a plan that allows for sufficient money to live from the time of exit until death is important for reasons of self-worth and family relationship. Parents may become dependent on their adult children, but plans should be drafted that avoid this situation where possible. Experience confirms that a trusted, family business savvy, and credible Board of Advisors can be very helpful here and positively influence a successful transition plan.

Estate Planning and Business Succession Checklist

Answer the questions that follow. If you have not addressed these issues, or if you have difficulty or are uncertain in answering, contact your advisors and ask for assistance.

	Question	YES	NO
1.	Are any children involved in the business? If so, are they treated any differently than your other children in regard to control or ownership of the business upon your death or disability?	☐	☐
2.	What role and role assignment has or will the surviving spouse play in its management? What about children in the business? Children out of the business?	☐	☐
3.	Who will take over management of the company at your death?	☐	☐
4.	Can some of the shares of the company be given to children during the owner's lifetime?	☐	☐
5.	Who will acquire control of the voting shares at the owner's death?	☐	☐
6.	What if the owner would like to liquidate assets before death if there is no spouse or child interested in taking over the business? In liquidating the business, will its value be diminished, thus providing less cash for retirement or the security of family members?	☐	☐
7.	Has planning provided for the voting of company shares in the event of disability?	☐	☐
8.	Is there concern about sons-in-law or daughters-in-law acquiring an interest or control in your business?	☐	☐
9.	Would it be advantageous to pass future appreciation in the company to children so as to reduce future tax liability?	☐	☐
10.	If the company repurchases stock from the estate to provide liquidity to it, have potential adverse income tax problems been considered?	☐	☐
11.	If a partner predeceases you, is it clear what happens to his/her portion of the company? Could there be a problem if your former partner's heirs do not agree with your business philosophies?	☐	☐
12.	Does the company's buy/sell agreement, if any, conform to your overall estate plan and protect your family's needs?	☐	☐
13.	Does your company's pension or profit-sharing plan maximize the amount of money that you may shelter for your retirement?	☐	☐

The Other Clantinuity Team Members[11]

The idea that clantinuity planning is a process that builds on credibility and not an event is now common wisdom. It's a process whose multidisciplinary nature ideally requires numerous expert advisors. Not every family business can afford to embrace this concept. But, in many cases, the single lens that one advisor provides to the clantinuity process often skirts many of the other issues that other specialists might resolve.

[11] For more information, see How to Choose & Use Advisors by Ward and Aronoff 1994 ISSN: 1071-5010

Invariably, whenever I am working in a team environment with other technical specialists, we need to work with one another for a period of time before we function ideally as a team. In any multi-advisor situation, each professional who is advising the family business at the technical, human or governance level should identify areas where their expertise is useful and explain how their expertise could be complemented by other professionals. The business family members may then choose how to proceed.

So, if the owners and accidental partners are going to look at, and manage, the clantinuity process, here are some possible members of the team [in alphabetical order] and their probable roles.[12]

Accountant: Generally, accountants provide business, financial and management advice and, at times, help with the training of worthy successors. As a group, they deal with tax planning, preparation of returns and all other aspects of financial management and reporting including the design of new systems and the interpretation of financial statements. They often work closely with their clients in bank reporting and help with business transfer, succession, estate, personal financial, retirement, and family legacy planning. They may also assist with compensation situations. The accountant is typically the closest advisor to the owner and his or her family.

CASE STUDY: WHY KEEP IT SECRET?

Prior to being diagnosed with cancer, a founder transferred ownership of the business to his four children. Strangely, the arrangement was known to only two of the children, one of whom worked in the business. The father worked until the cancer became more critical. When the other children were informed of their inheritance, they were obliged to complete all the necessary legal, financial and funding arrangements at a time of overwhelming grief and family obligations.

Banker: Bankers make loans, set up operating lines of credit and assist where appropriate regarding demands for liquidity. At times, bankers will also assist in the financial learning process for next-generation participants and sometimes prompt timely discussion about business succession, family estate planning and wealth management.

Coach: Coaches, or more accurately executive coaches, provide an ongoing partnership designed to help clients produce fulfilling results in their personal and professional lives. Coaches help people improve their performances and enhance the quality of their lives. Coaches are trained to listen, to observe and to customize their approach to individual client needs. They seek to elicit solutions and strategies from the client; they believe the client is naturally creative and resourceful. The coach's job is to provide support to enhance the skills, resources, and creativity that the client already has.

[12] The Family Business Advisor chart on the next page is adapted from an article in HBR titled Competent Jerks, Loveable Fools and the Formation of Social Networks by T. Casciaro and M. Sousa Lobo June 2005

CASE STUDY: THIRD GENERATION OWNERHIP CHALLENGES

Their Grandfather started the business with his siblings, but he soon found that they were getting in the way. He fought with them and forced them out of the firm. Their Father did the same thing with his sister. During Dad's lifetime, he worked with his three oldest children, and at his death the four brothers owned their international business equally through various holding companies and trusts.

The very competitive middle brothers managed the businesses. The second brother was president and the business driver, and the third supported his efforts in the operation. The oldest was reserved and quiet and focused on financial matters, while maintaining a healthy distance from the others. The youngest managed the operations overseas and was purposely isolated.

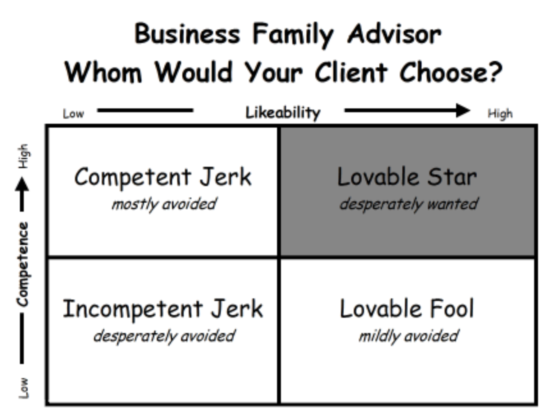
The family's hostile dependent relationship became unstable when the president complained to his Mother and very influential Uncle that he was carrying everyone, making all the sales and building the business and was not appropriately acknowledged. The proposed resolution to satisfy personal needs for recognition was changes to the equal ownership situation.

One possibility was to address the deep-seated relationship issues through organizational changes to role, role assignment, accountability and performance. This would reward the higher performer and not touch the share situation. But the Uncle favoured the president and the ownership shift. The problem persists, although the share structure has changed.

Sometimes, when one advisor exerts significant and possibly inappropriate influence, the opportunity to collaborate ceases and the client gets to maintain their problem and have the illusion of progress.

Doctor: Medical doctors are often overlooked in this respect. Keep in mind that family members' health is an important facet of being able to face facts and make decisions. Often, doctors are the appropriate referral when unexplained depression or anxiety is observed, weight changes are noticed, substance abuse is suspected and/or other stress episodes appear to undermine general health.

Family Business Advisor: These advisors help family businesses negotiate transitions through continuity planning, perpetuating the business family and family ownership. They typically apply a more relationship-based consultative process to the client engagement, whatever his or her profession of origin. They often help manage the accidental partnership, especially at the sibling and/or sibling and cousin stage, and establish family and corporate governance systems, processes



and structures. They help the family business and its members at many stages in its/their life cycle and develop results-based outcomes within the business family's capacity for change. For instance, they may assist with owners' exit strategies and entry strategies for the new family leaders. In most cases, they help organize, negotiate, mediate and improve family dialogue and meetings, encouraging family unity, communication and co-operation. They also help prepare successors for common family business challenges such as family compensation and liquidity issues. In many situations, they mobilize the family to embrace ongoing learning, documenting a constitution, business, family and owner planning, professionalizing and organizing the firm and the ownership situations, helping to build independent outside boards and private philanthropy. These practitioners typically work with business families who want to get better at what they already do well.

Family Therapist: Family therapists help family members who are unable to coexist and function together. Sometimes in families personal problems or interpersonal family conflicts impede or block the family from achieving their goals. Early identification and remediation of these mental health concerns whether personal and interpersonal problems or conflicts increase the probability of business family success. Often these personal problems and family issues are best dealt with in the safety and confidentiality of the clinical relationship. Not everything personal is family business! Counsellors can also help improve family communications and listening skills thereby assisting the family with their business transitions.

ADVISORS MUST AVOID THE ENABLING TRAPS!

Do you have a long-standing relationship with your family business client, and perform many activities, are paid promptly, but there are no sustainable changes or resolutions? Ever feel like you are in a complicated dance where you might be working harder than your client? Do you write long memos explaining the situation that are not read or understood, or both?

Sometimes we, the professional advisor, inadvertently 'don't help'! We become a member of the family and enter their enabling dance.

While trying to 'help & listen' appears like the 'right' thing to do, it ends up allowing the addicted or troubled business family member a way to escape responsibility for his or her performance, actions or problematic events. [1]

Once exposed, explain this situation to your client, assist them in exorcising their enabling process and get back to results!

Financial Advisor: These consultants work with family members and address the liquidity needs of the accidental partners and the capital needs of the firm. At times, they work to restructure ownership. They may also help identify the appropriate investment strategies and educate the business family about financial management and corporate finance.

Human Resource and/or Organizational Consultant: Human resource consultants are often organizational development specialists with some executive search skills. They help build teams, create a cohesive working environment, improve communication and help the family ensure that their values are indeed what is driving the business and its culture. Like family business consultants, they manage the accidental partnership. Some human resource consultants may also help identify and recruit key non-family managers and directors, including hired hands who are brought in on a short-term basis as interim CEOs. As well, some of these specialists design compensation and performance management systems, help in designing career learning paths and assist in aligning all the various members of the company to create a professional and team-oriented company.

Industrial Psychologist: Industrial psychologists are helpful in testing potential successor candidates and in developing appropriate career and learning programs for next-generation family leaders.

Insurance Professional: Insurance professionals help the shareholders protect themselves against large, unpredictable demands for cash to pay income taxes or to confer financial security at death or disability. Insurance is one of the most useful methods to ensure that a business is not dependent upon the health of a shareholder.

Investment Banker: These individuals deal with mergers and acquisitions as well as valuing assets and businesses. They may also help in dealing with outside investment and designing shareholder redemption programs.

Lawyer: Lawyers help determine the form of business ownership and capital structure, and may help negotiate contracts and other shareholder documents. They often assist in governance issues and review board-level transactions. Like the accountant, they sometimes assist in the development of next-generation leaders. At times, they assist in litigious situations either between family members or on behalf of the family business. They prepare estate plans, wills and trust documents and review them regularly. They prepare marriage, employment and other appropriate agreements and provide counsel as needed when new family members enter into the business. The lawyer is typically one of the closest advisors to the owner and his or her family [along with the accountant].

Psychiatrist/Psychologist: Psychiatrists and psychologists may be able to help individuals who are suffering from psychological tension, such as anxiety or depression, and other difficulties brought on due to unsatisfying, conflicted relationships. Some families have a history of challenging oppressive situations that require specialized attention. Don't try to address issues such as alcoholism or abusive behaviours on your own [remember how powerful a family can be!]. Some practitioners specialize in understanding wealth and managing money. Psychiatrists and psychologists, like doctors, are often overlooked, as the business family member appears uninterested. Keep in mind that family members' mental health is an important facet of being able to face facts and make decisions.

Trust Officer: These individuals administer trusts and manage the trust assets for the beneficiaries. Depending on the circumstances, these individuals are at times acting as wealth-preservation advisors and help the business family to review their estate, gift and investment planning decisions as well as the performance of a business that might also be held by the trust.

Valuator: It's important to know the true value of the business at times, especially during the transition period or when setting up certain types of stock programs. A valuator places a true market value on the business in order to establish a buying or selling price. A professional valuation is justifiable to taxation officials so that estate planning can take place with confidence.

Wealth Advisor: Financial families are those who share exceptional wealth; the individual members are not necessarily employees in any of the enterprises owned by the family. The wealth advisor may assist in placing the funds on behalf of the client but typically help the family members better understand the issues of wealth management, understand their family values and its effect on investment choices and guide their selection of the strategic investment advisors. In some instances the wealth advisor will establish a family office.

Conclusion

Estate and succession planning involve some of the most technically complex and complicated questions that the owner of a family-owned business, and his or her family, is likely to confront. There are rarely simple solutions.

This booklet merely provides an overview and an indication of some of the available options. Some business family members have used it as the foundation to commence the sensitive dialogue of change. As noted earlier, because of the complexities and the varying circumstances of each family business, family members should seek specialized assistance in making these kinds of decisions. As well, the formation of any team to assist the business family should have appropriate team members who add value, collaborate and provide a blend of skills that match the needs, values and desired results of the business family client.

Experience confirms that

> *regardless of the family, owner and business organizational climate, a combination of empathy, emotional self awareness, trust and appropriate competency in the four clusters of management, law, behaviour and finance explains why some practitioners who work with family business participants are more effective and why a 'team of skills' may provide consistent and sustainable beneficial results to business family clients and relationships.* [13]

There is room for plenty of flexibility in the structuring of estate and succession plans. Astute tax professionals and business consultants can help the business owner design a program and manage the inherent relationship risks, by approaching what is right [read: appropriate] for the business, the family and everyone involved.

[13] Contact Aron Pervin directly to learn more about how the informal information was gathered and the empirical studies and anecdotal literature related to this study.

How To Make The Transition Work: Plans and Structures

The Participation Plan: Who will be the next family participant(s)? How will they be prepared for succession and accession? Are all family participants managers?

The Ownership Plan: How will the family transfer stock? Who will be the next owner(s)? Is an ESOP part of the plan? Do you have to work in the business to be an owner? How can minority shareholders sell his or her shares and not make the enterprise vulnerable?

The Family Plan: How will the active and inactive family owners, shareholders and stakeholders co-exist? Does the business family have a shared future, and if so, what are the guidelines, bylaws and creed for co-existence? How will the family develop its common culture, shared values and trust? How will it encourage sacrifice and mutual respect?

The Business Plan: How does the organization envision the future? What is the direction? How can it enact its mission and deliver service? How can it improve productivity and profits? Does it need to establish a more professional culture and way of work and, if so, how?

The Governance Plan: What is the best organizational design for the family, firm and shareholders in order to institute and foster accountability, clear roles, communication and boundary management for effective decision making?

The Risk Plan: How much money can you leave on the table if any one of your strategic initiatives fails? How can you protect the business and the family's wealth from a hostile shareholder? When are contracts and memorandums critical and prudent? How do you decide whether a tax saving decision will adversely affect business performance? How do you instil fairness into the decision process that avoids debilitating emotions that undermine relationships?

The Intentional Legacy Plan: Does the family intend to pass the business to future generations? What does the business mean to family members? Is the family's wealth and legacy inextricably tied to the business, and is this reflected in the family's preparations for clantinuity and succession?

The Estate Plan: What will the next generation inherit? How can the family plan for tax implications and fund shareholder requirements in this regard?

The Retirement Plan: How will the present owner(s) "let go" and what financial support is available for retirement (personal financial plan)? What new and meaningful role will the retiring owner(s) adopt? How does this affect the business's daily operation? Are retirees dependent upon the future success of the business (self worth)?

The Learning Plan: What skills and talents are mandatory in the family, ownership group and in the firm?

The Constitutional Plan: Generally, to empathetically and skilfully examine and challenge every sacred cow and offer an alternate approach for debate. The outcome is a document that states the principles, values, priorities and expectations of the business family and serves as a practical code of conduct and guide for family relationships and interaction.

Aron R. Pervin

Aron Pervin is an organizational consultant, psycho-therapist, coach/mentor and social entrepreneur. A respected thought leader, Aron has spent more than 40 years working with business family owners on issues of concern to family enterprises, including relationships, continuity, management, ownership and governance, and the impact of each on enterprise performance.

Through his ongoing involvement in industry associations around the world, Aron's views on accountability and results have literally changed the conversation for business owners, providing thought provoking perspectives on decision-making, management and transition.

Most recently, Aron's relentless passion for improving the way consulting services are delivered has led to the development of Optimizer720. This unique business intelligence tool leverages the experience of both seasoned and next generation consultants, allowing them to more effectively advise their mid-market and family enterprise clients.

Visit pervinfamilybusiness.com

Aron R. Pervin, CMC, FFI Fellow, ICD.D, TEP

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Aron Pervin says that he "fell into" family business consulting, but he did it quite deliberately.

With his science and engineering background, he was working as a consultant on operational problems in the late 1960s, but kept finding that his best efforts were often confounded by something quite intangible. "Human issues were getting in the way," he says, "especially relationship issues within the families that owned the companies I was working with. I found it irritating."

Aron turned that irritation into an exhaustive multi-disciplinary pursuit. By the mid-1970s, he was focused on organizational development and behavior. By the mid-80s, he had become a certified management consultant, and had also completed programs in business, psychology, sociology, family therapy and family mediation.

"I believe very strongly that the family business consultant needs to have as many clubs in the bag as possible," says Aron. "While you can't be everything to everybody, these are business families and they are dealing with complex intensely private matters. It's hard enough for them to open up to one person, much less a team, at the onset."

For that reason, Aron took the unusual step of collaborating with other experts in their disciplines who would join the assignment when the business family was ready. "Sometimes, the only way to get the 'right' help," Aron explains, "required me to start the process and then bring the people in who really practiced in that discipline."

According to Aron, "the family business clients I see are successful, but they're stuck. They need to change the way they relate to each other and the business. It's like a kaleidoscope. You collaborate with the client to move the pieces around until we get the right picture."

Over the years, Aron has developed proprietary methods of dealing with second, third and fourth generations within family businesses – ways of helping them to make decisions "that benefit everyone and not just those with the most shareholding power."

Aron has two achievements of which he is most proud. One is the collegial work at the FFI Body of Knowledge committee developing the core learning constructs. The other is the coining of the term “accidental partnership” to describe the lack of choice in the sometimes unwilling alliance of family members in a business. Aron values this descriptive phrase because it struck a chord with clients who saw it as an expression of their helplessness and frustration. “It confirmed to them that their feelings were valid,” says Aron, “and they were in a predictable and manageable situation that could be dealt with. There was hope.”

Aron’s advice to others embarking on family consulting practices points mainly to the personal challenge of advising on pragmatic resolutions to the highly emotional and volatile problems of family businesses.

“You’ve got to know yourself.” Family is an exclusive group, he says, and if you’re not in it, you’re an outsider. Family members may not want to tell you everything, but you need to find out enough to do your job. “Your self-knowledge will go a long way to building trust – between family members, and between them and you.” He also cautions, “As a sole practitioner, you can lose yourself – consider having a “life line” – a mentor or supervisor who can help you maintain perspective.

“Know the players and who the client is.” It’s not necessarily the first person who calls, says Aron. It’s typically the business family whose membership should be explored. “Test for family altruism”, Aron suggests. “It’s an important clue to a successful outcome.”

“Build confidence in change.” Celebrate what they do well. Then tackle the problem.

“Enact expectations.” Set goals and carry them out, says Aron. Model appropriate behavior for them, because they often haven’t worked in outside business settings where they could learn another way. “Work through what is a good process so they have a template to work with.”

For Aron, the role of the family business consultant was encapsulated in a tense meeting between members of a religious family in which two brothers were battling so intensely that they were no longer speaking to one another. After private agreements and resolutions had been gathered, Aron laid out a plan for change. While still at the meeting table, one brother was suddenly able to reveal new information and express himself to his brother – and the two began to hug and cry. Soon, everyone was hugging and crying, even the hard-nosed father.

“I got a great ‘thank you’ note and a testimonial – and they never called me again,” says Aron. “You have to live with that. You’re working yourself out of a job. You’re transferring your skills to them so that they won’t need you anymore. It’s not your family.”