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Keeping It in the Family

Three university-based programs help family businesses stay at the top of their game



Business
New
Haven
05/26/2008

by Susan
Cornell

Working as a happily functioning team at home, or getting along with other family members who don't even reside under the same roof can sometimes be, well, challenging. But being with one's family day in and day out while sharing the responsibility of operating an asset adds a whole other dimension to familial relationships. In a family business you can't run up to your room hoping an issue will magically disappear. Fortunately, three Connecticut university-based programs for family businesses can come to the rescue - or obviate the need for rescue at all.

Paul L. Sessions, director of the Center for Family Business (CFB) at the University of New Haven, "saw a blurb about family business centers being all the fashion in Connecticut colleges." But the UNH program, he notes, has been around for 14 years. "It's not like we're some kind of a new phenomenon," he says. "Actually, we were the first one in the state."

There currently 73 member companies of the program, which launched in 1994. The key to CFB's success beyond its niche, he says, is creativity. "You have to be creative because a lot of the things that we remind people about are things that don't change. People need to be talking about succession. They need to be doing estate plans. They need to be thinking about governance structures within their companies. All this stuff is important but

not really exciting.

"It's not like there's a huge amount of pressure to create a succession plan until someone dies or gets sick, then people are all over it and sometimes it's a little late in the game," Sessions adds.

The top issues today are not much different from when CFB started. "Sustainability is all the rage," Sessions explains, "how family businesses sustain themselves in the long term. It's about succession, strategic planning, and about all the things you need to do to stay on the top of your game - both for the family and for the business."

Succession is the No. 1 concern "assuming there's a desire to carry the business into the next generation."

And then there's stewardship. "Families need to think of themselves as stewards of the business in the sense of protecting and enhancing an asset, but it's not necessarily one that they own exclusively," Sessions says. "It's one that they're responsible for for a period of time and then pass along to the next stewards."

Sessions finds that when families think of themselves in this way they're "less likely to be taking all of the money they can out of the business and doing all the things that our corporate culture encourages us to do but don't necessarily lead to great success or longevity for a family business."

At the CFB, the family business itself becomes the member. Sessions explains: "The dues [\$2,700 annually] cover a business going to all of the [eight annual] conferences and bringing as many as five people. In addition, our members are encouraged to bring guests," for which there is no charge.

CFB draws its members from across Connecticut. Most of the members learn about the center from word of mouth - "our members bringing people into the fold," says Sessions. "It's a one-by-one recruiting process."

Sessions says CFB is particularly creative in the ways its messages are delivered and the ways members become involved. "When you have a similar message that's important to keep reminding people of, you can't keep hitting them over the head with the same stick," he says. "You have to be creative about how you get people to think about the things you think are important."

"Then, without giving away my secrets to my competitors, I try to get creative in terms of the kinds of speakers we bring in and the ways we present our subject matter."

CFB members, Sessions says, are "friends who get together to enjoy each other's company. It's really important that families

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get together and really have a sense of connection. We also come together to do some serious work. It's a real combination of comradeship and camaraderie together with an intent to do what they need to do and do it better."

Just one year younger than the UNH center, the University of Connecticut's Family Business Program has close to 50 members and works with between 100 and 150 different companies throughout the year through related programs and internships. "We have so many different parts of our program - it's very spread out," explains Director Priscilla M. Cale, who herself has both a bachelor's and MBA degrees from Storrs.

"There are a lot of manufacturing companies from the Torrington to Waterbury area but not a lot of family businesses around UConn," she says. Members can be found throughout the state - "a lot in Fairfield County, Litchfield County, Hartford County, Middlesex County and New Haven County."

The program, which functions within UConn's management department, started because many alumni were coming back to their alma mater for information about compensation planning, succession planning and estate planning - "things they hadn't learned a lot about in their undergrad or MBA curriculum," explains Cale. "They started saying, 'We need help on governance, on management, on developing policies, and finding out how to manage those managerial and business issues that happen when you bring family and business together.'

"They didn't really have information, so we developed a program to help them really get the education that they need to better run their businesses and pass them onto the next generation."

The issues today aren't any different than when UConn's program started in 1995. "You're always going to see succession pop up as the No. 1 issue," Cale says. "The other issue that comes up is communication. There's also training: training of family members and training of non-family members. And, keeping non-family members motivated."

In addition, the core areas which members always need education on are strategic planning as well as training or developing new managers to come into the business - family members or otherwise.

UConn's Family Business Program offers two levels of memberships: corporate and individual. With the corporate membership (\$2,500 per year) the company becomes a member. Cale explains: "Anybody from the business can participate in any one of our programs. We put on a very diverse set of programs. Some are really related to strategy - they're for the more senior managers. Some are related to succession and are really for those members who are looking to retire within the next five to

ten years.

"Then there's a forum for leadership and team development which is for those who are coming into the family business and are newer to the family business," Cale adds. "There are those related to human-resource policies, others related to an industry focus, and other programs related to non-family managers. The corporate membership touches on all of that."

An individual membership (\$800 per year) is "for those businesses where perhaps the next generation is a little too young to get into the business," Cale explains. "It's still a family business. Perhaps the owner has a succession from his/her father or mother. There's really no one else involved in the business right now but it's still family owned. It's just for one person in the business who is going to participate.

"We've really leaned heavily on the resources and the academic backbone of the university," Cale says. "We draw a lot from the mental health field as well. We have clinical psychologists who work pro bono with our program. That's an important issue that people don't talk a lot about in family businesses."

International programs have been added to the offerings. Business owners have been taken abroad to look at opportunities for expansion in China, for example. In the next five years Cale hopes to offer trips to India and Vietnam as well. "It's really just to expose family businesses to other countries out there that might be opportunities for them to expand their business or to look at a global customer base," she explains.

Through "Graduate Solutions," program members can participate in graduate-level practical application studies, serving as live case studies. "One of the members just got done with a semester-long project where the class gave a succession strategy, an external strategy and a communication strategy to the business," Cale notes. "The member was the subject of three to four months of intense research and the company got around a 100-page output on that. It was really helpful to them and they started implementing some of the recommendations that the team had."

Members can also participate in operations management courses where simulations are run - "particularly in manufacturing but it can be service and retail or any industry - to find out how they can improve their business operations."

UConn's program is accredited by the Association to Advance Collegiate Schools of Business (AACSB), a standard of excellence for universities. Explains Cale, "Our B school is ranked among the top five percent of B schools internationally."

What sets UConn's family business program apart from others, says Cale, is that "We invest in research for family businesses and entrepreneurship. We offer Graduate Solutions. We do international programs. And we leverage outsiders in clinical

psychology. It's a very well-rounded program."

And just launched this spring on the Storrs campus is a Family Business Club, which advises those who are presently in college trying to figure out if they want to join the family business. "It's been tremendous for people who are looking for information about how to talk to their parents about joining the business," Cale says. Topics of discussion include business models, common problems in family businesses, how to motivate non-family members, talking to parents about plans for the business, and family employment policies.

Established just last December, Quinnipiac University's Family Business Center is the new kid on the Connecticut block. Even so, Director Rick Hirsch says the program has been a dream of the Hamden university for years.

"A family business center on campus is something, if done right, that links the community to the university," Hirsch explains. Quinnipiac, he adds, "has a very strong alumni base of family-owned businesses, and the dean of the School of Business [Mark Thompson] recognized this for many years.

"He and I are on the same page as far as the university's responsibility to the community in terms of offering the services it should and continuing to build the bridge between the University and the community," adds Hirsch.

So what's the Q niche? Its Family Business Center, according to the director, "is a lot different than anything around here." Because of the nature of the way the program is being designed, it has taken a while to get the right mix of members for the first "Peer Advisory Group."

While the name indicates the center is for families, Hirsch points out that "by no means are we locked into family businesses: small businesses, entrepreneurial businesses, growing businesses and the like are all invited to join."

Hirsch says he believes many small companies feel isolated. "They don't have a board of directors and they don't have an advisory team, yet they face the same issues as large businesses," notes Hirsch. He feels that the traditional model of the family business center - focused on seminars - is not what small-businesspersons are looking for.

"They want more of, 'How do we solve our day-to-day activities and problems, and how do we share ideas more on a micro level as opposed to having big, nationally-known speakers lecturing on a particular subject?' We don't believe people get enough bang for their buck by doing that."

Hence Quinnipiac's center is modeled after a small number of

similar centers elsewhere. Hirsch feels this model will have better retention rates and "happier customers."

By the end of this month he hopes to have the first peer advisory group of six participants in place. Participants hear of the program through mailings to alum, sponsors and word of mouth, he adds.

Four separate advisory boards are being organized: Experienced Owners & Managers; Emerging Entrepreneurs; Second-, Third- & Fourth-Generation Leaders; and Women in Business. "My job is to figure out which group they belong in," he says. Membership costs \$1,800 annually. In addition to the groups, members can attend continuing education forums at the university. There will also be smaller monthly meetings on specific subjects such as insurance issues, tax issues, estate planning and technology.

Members will also be allowed to participate in a specific student project - "not an internship but a unique need that the business might have such as a strategic plan or a move to go international," Hirsch explains. He also plans to create a comprehensive, statewide business events calendar.

"Four things: focused, peer advisory boards; continuing education forums both on a large and a small level; faculty supervised consulting projects; and the web-hosted calendar," Hirsch says. "That's what you get for your \$1,800."