Family Business Cases

Family Business Cases were compiled to generate and encourage the use of case material for teaching and learning about family business and to inspire thoughtful discussion for further learning regarding the problems facing family firms.

Case List

The use of cases for instructive purposes has a long-established reputation in business and law schools throughout the world. The case method lends itself well to seminar-style, group discussion learning and family business practitioners have found case studies to be conducive to a multi-disciplinary approach.

The Family Business Case List below is intended as a reference tool for identifying case studies with relevant family business content matter. It should be viewed as a "work in progress" since it is hoped that the list will be expanded over time as additional cases are identified or otherwise become available. No representation is intended as to the present thoroughness of the list, nor as to the particular merit of any of the cases. Nonetheless, it is hoped that family business practitioners and academics alike will find the list useful and perhaps even be stimulated to add to the body of knowledge by writing cases of their own. Abstracts of certain of the cases will be added to the web site from time-to-time and can be found in selected issues of the *Family Business Review*.

Family Business Case List *(Listing as of 12/31/01)*
Note: Abstracts are available for cases *in bold type*.

A. CASE RESEARCH JOURNAL *www. sba.muohio.edu/crj/*

The Brownie Factory
ERG International, Inc.
Kitchen Made Pies
The Lincoln Electric Company, 1989
Susan's Special Lawns

B. THE EUROPEAN INSTITUTE OF BUSINESS ADMINISTRATION (INSEAD) *www.insead.edu/*

After Abbe
The Bonnier Group in Transition
Anton Dreesmann
The Rise and Fall of a Department Store
Dynasty
The Chantel Corporation
The Dunor Company
Fashion Shoe Company
Francine Gomez
Globe/New York Times Merger
Hollywood in the Alps
The Nadia Corporation
Roland and Stone, Inc.
Steinberg, Inc.
Valtex Inc.

C. HARVARD BUSINESS SCHOOL *www.hbsp.harvard.edu*

Adams Corp.
(9-372-263), (272) and (308)
Barry-Wehmiller
(9-390-008)
Bright Horizons Children's Centers, Inc.
(9-394-031) and (032)
Teaching Note (9-395-183)

HARVARD BUSINESS SCHOOL (cont'd)

Bergeron Pumps, Inc.
(9-293-114)
Dragonfly Corp.
(9-393-118)
The Holts
(9-899-109)
John Koss and Koss Corp.
(9-389-077)
Karen Vincent and Zodiac
(9-389-078)
Lascano and Ricco Foods
(9-493-054), (055) and (056)
Mark Miller
(9-393-082) and (113)
Morris Alper & Sons, Inc.
(9-294-019), (020) and (021)
Norman Machinery Products, Inc.
(9-277-027), (028) and (029)
Olivetti Group
(9-391-134)
Precista Tools AG
(9-488-046), (047) and (048)
Rob Taylor
(9-490-022) and (023)
Robertson Distribution Systems, Inc.
(9-377-093)
The Russula Corporation
(9-484-082)
Salvatore Ferragamo, SA
(9-392-023)
Sam Steinberg
(9-392-044), (059), (060)
Sorelle Bakery and Café
(9-493-003)

D. UCLA SCHOOL OF MANAGEMENT

- **American Machine & Tool Company**
- Berry Martin Enterprises, Inc.
- **Conte Cinematography Company**
- **Frieda's, Inc.**
- **Marina Cove Ltd.**
- The Guthrie Family
- Pittsburgh Electric Equipment Company
- The Pollack PR Marketing Group
- **Poseidon Enterprises, Inc.**
- Seafix Limited and The Pandreas Group
- Shady Lane Stationery, Inc.
- **Siam Chemical and Machinery Company**
- **Threads 4 Life d/b/a Cross Colours**
- Wright, Inc.

E. UNIVERSITY OF ST. THOMAS

- **The Boss Who Walked Away Case**
- **Malt-O-Meal Case**
- Perfect Plastics, Inc. Case

F. THE UNIVERSITY OF WESTERN ONTARIO *www1.ivey.ca/cases*

- **Wilkinson Typewriters**

G. MISCELLANEOUS CASE

- Nimrod Press

Case Abstracts

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Case: **After Abbe, The Bonnier Group in Transition**

Source: INSEAD, Copyright 1992, Fontainebleau, France.

Length: 40 pp. Text including exhibits

Industry: Media and Industrial Conglomerate

Abstract: This case discusses the history of the Bonnier Group, a family-owned media and industrial conglomerate which was founded by Gutkind Hirschel, who fled France in the early 1800's for Copenhagen to escape religious prosecution. He opened a bookshop, dabbled in publishing, and briefly produced a newspaper. His three sons, all migrated to Stockholm, one of whom, Albert founded a book publishing business, which remains the heart of the Bonnier dynasty. As a result of Albert's commercial astuteness and his genuine interest in literature, writers, and the creative process, he was able to establish a substantial publishing business. Several important strategic investments (most notably, the founding of the Dagens Nyheter daily paper) strengthened and expanded the business. By the early 1900's, the Bonnier Group was well established and held a prominent place in Sweden's cultural society. The business continued to grow and prosper under the auspices of several generations of first-born sons. From Albert, the company passed to Karl Otto, then to Tor, then Abbe. It was under Abbe's charismatic leadership that the business experienced tremendous growth and prosperity. This prosperity propelled vast investments in complimentary lines of business as well as allowing for diversification into a panoply of industrial investments. The company could boast that it was in shrimp farming, meat tenderizers, TV importing and swimming pools. Dozens of other family members played an integral part in the development and success of the Bonnier business, as well. Still, the overriding influence for the company strategy originated from the Bonnier principals (Presidents and CEOs). Several generations later, the harmony between the reigning family principals, midtier family and non-family managers, and inactive family owners, continues unabashed.

Much of this harmony is derived from the utilization of several family business structures designed to manage family control and management of the company. The "Agreement" as it is called, provides for the smooth transition of stock from family members to each other; The "Family Council"; and the existence of a holding company for family ownership of company stock, creates a suitable vehicle for keeping owners and management happy. Several non-family key employees have flourished in this environment as well, including the residing president, Olle Maberg, who established his reputation after leading the company through a particularly difficult period. Olle was selected for his ability to "play the family like a piano". The case goes on to describe personal interviews with a dozen or so family members active in the business, as well as key non-family managers, and their assessment of the current strategic challenges that the business faces.

Commentary: The case describes an 8th generation family business which has apparently been able to remain successful both within its industry and in maintaining harmony among the family and non-family managers that direct its operations. A significant focus of the case study is on strategic issues that faced the company at various points in its history. Unfortunately, the "family business" topics (e.g., non-family management, governance, gender issues) are often addressed only superficially including even the central issue, highlighted in the very title of the case, of how a business copes with transition after the death of a charismatic leader

Key Words: Management practices, Non–family managers, Organizational culture, Careers, Strategic planning/organizational change/growth, Succession planning/continuity, Infrastructures: family councils, retreats, Gender issues

Abstracted by: Carrie Seligman and Jeff Wolfson

Case: **Barry-Wehmiller (A)**

Case Numbers: 9-390-008

Source: Harvard Business School Publishing Copyright 1989 by the President and Fellows of Harvard College

Length: 15 pp. text and exhibits, 1989

Industry: Pasteurization, bottle washing and electronic inspection machinery for the beer and soft-drink industry.

Abstract: The Barry-Wehmiller Company began as a small machine shop providing conveying and transportation equipment to malt houses in the local St. Louis area. Founded by Thomas Barry and his brother-in-law, Alfred Wehmiller, the business expanded to include the production of innovative pasteurization and bottle washing equipment. An international reputation permitted the business to thrive despite the death of one of the founders, Thomas Barry. After the death of the surviving founder, Alfred Wehmiller and under the leadership of Alfred's wife and children, the business underwent an extended period of gradual decline. Consultant William Chapman was retained to manage operations and to seek a purchaser.

Unsuccessful in securing a sale of the company, William purchased the company himself, and was later joined by his son Bob, a business school graduate. Bob performed a variety of functions in the company, resulting in his appointment to the presidency after his father's death. The case sets forth the key events and issues facing the company at the time that Bob takes the reins. Under his tutelage, the company undergoes an incredible period of growth, profitability, innovation, and organizational change. Large investments in plants, equipment and personnel made to accommodate this growth drain the company financially when an abrupt decline in revenues occurs. This, together with product quality issues, compromises the company's bank financing, leading it to the verge of bankruptcy. There is a realization that the key lies in being able to diversify from its key product line. An acquisition opportunity and a strategic analysis of the options lead to the case's climax.

Commentary: Barry-Wehmiller is an historical commentary about a machinery manufacturer. The family business content is extremely subtle, and is dwarfed by the drama of the strategic business issues. Nonetheless, this is a useful example of what can happen when a family business initially prioritizes its desire for succession continuity above the needs of the business. It is only when a crisis is lurking that the needs of the business motivate the principles to look beyond the family to find the talent necessary to optimally run the business.

Key Words: Liquidity options/sources of capital, Strategic planning/ organizational change/growth, Succession planning continuity/ Management practices

Abstracted by: Carrie Seligman and Paul I. Karofsky

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Case: **Boston Globe/New York Times Merger (A)**
Boston Globe/New York Times Merger (B)

Source: INSEAD Copyright 1996 by Entrepreneurship (Virtual) Area, INSEAD, Fontainebleau, France

Length: 25 pp. (A) 6 pp. (B) 2 pp. Teaching Notes and Questions

Industry: Newspaper Publishing Journalism

Abstract: This case describes the recent merger of two giants in the newspaper publishing business: the *Boston Globe* and the *New York Times,* both family owned and operated. Written from a *Boston Globe* perspective, with a one and a half page history of the *New York Times* at the end, it examines the factors involved in a successful, five-generation family business. Clear about its mission and place in the community, the *Globe* had tentatively considered mergers in the past but now, Bill Taylor, fourth generation and Chairman and Publisher thought the time was right. The Taylor and Jordan trusts, which controlled the paper, would expire in four years. This control would then pass to the individual Jordan and Taylor family members, numbering over 160, some of whom were only interested in the income from the publishing company. This would leave the *Globe* vulnerable to an unfriendly take-over.

Part (A) ends with a meeting at the *Globe* headquarters in Boston in which the *Globe* board unanimously votes to reject the *Times'* offer. The obstacles to the merger included unfair tax consequences in the stock payments, editorial autonomy; and family control in the choice of successor. Another major barrier was that the *Globe* would no longer be incorporated in Massachusetts. All of these impediments reflected the core values of the Taylor family: commitment to the community, the importance of fairness in the family, and control of succession decisions regarding the management of the *Globe*.

Part (B) of the case picks up four months later at a meeting that included three representatives from the *Globe* and three from the *Times*. Going over the deal point by point, obstacle by obstacle, an agreement was reached and the terms are rewritten.

Commentary: This case illustrates the importance of family vision and values in the culture of the family business. The author employs quotes from family members, employees, and advisors to describe the case. It provides excellent content for discussion; the quotes are rich and informative. However, the case would benefit from more material about the uniqueness of this family business and tighter editing of the sometimes too lengthy quotes.

Key Words: Family Values Ownership/Management /Family Business Culture /Financial /Mergers /Diversification /Succession Planning /Negotiation/Mediation

Abstracted by: Wendy C. Handler and Jane Hilburt-Davis

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Case: **Bright Horizons Children's Center, Inc., 1987 and 1988**

Case Numbers: 394-031 and 394-032

Teaching Note: 395-183

Source: Harvard Business School Publishing Copyright 1987 and 1988 by the President and Fellows of Harvard College

Length: 7 pp. text and exhibits, 1987 10 pp. text and exhibits, 1988

Industry: Child Care

Abstract: Bright Horizons is a family business case involving two co-preneurial pairs, the start-up couple and the make-it-happen couple, who join in devising, implementing and expanding a series of for-profit work-site based high-end day care centers. While the central business dilemma in this two-part case concerns growth and expansion of the business, the case also raises issues concerning entrepreneurial vision, market research, venture capital financing, business plan strategy and implementation. In addition, readers will find a description of the working relationship between the dynamic married couple who provide vision and technical leadership to the enterprise. Thorough exhibits provide rich detail.

Commentary: While the business vision and strategy is managed in the context of two married couples, relationship issues are implicit and uncomplicated.

Key Words: Copreneurs Management Practices
Financial/estate planning/wealth management
Strategy/strategic planning/ organizational change/growth
Leadership

Abstracted by: Danielle Kennedy

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Case: **The Brownie Factory**

Source: North American Case Research Association Copyright 1992 by Case Research Journal

Length: 8 pp. text

Industry: Wholesale, commercial bakers

Abstract: This case begins with a phone call from an airline food service company that is seeking a contract commitment from the founders of the Brownie Factory, in a turnaround time of less than 48 hours. The Brownie Factory is a two-year old wholesale, commercial bakery business that was co-founded by a husband and wife team, neither of whom had any previous bakery experience. Having achieved a respectable modicum of business success as well as cultivating an enthusiastic customer base, the two-person outfit grew to be increasingly more time consuming and demanding on the principals. They theorize that the increased demand of time and energy is a by-product of the significant expansion of their product offerings. The owners desire to streamline the product line hoping to become more efficient and profitable, and this causes them to propose converting their existing bakery business to a exclusive production item, gourmet brownie business, coined "The Brownie Factory." A variety of distribution options for the brownie concept is being contemplated.

The founders believe that their commitment to quality and all natural ingredients are the key factors that would enable them to differentiate their Brownie Factory product from the brownie competition. What becomes clear, is that the cost of maintaining this quality impacts on the options for the owners of the Brownie Factory. The reader is left pondering what option the owners will select and if it will be the right one for the future prosperity of the business and the owners.

Commentary: This is a refreshing example of a husband and wife team that works successfully despite the obvious stresses of the business environment. There are no obvious family business issues in the case. Rather, this is a story of a young business reaching a strategic decision-making juncture, where any course of action impacts the future of the business and its owners.

Key Words: Strategic planning, Copreneurs, Sources of capital

Abstracted by: Carrie Seligman and Jane Hilburt-Davis

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Case: **Conte Cinematography Company**

Source: The John E. Anderson Graduate School of Management at UCLA Copyright 1994 by the Regents of the University of California

Length: 6 pp. text and exhibits, 1994

Industry: Film production, cinematography

Abstract: This case portrays a third generation cinematography business that is experiencing changes after hiring an outside manager. The idea behind bringing in an outside manager was to professionalize the business and to free up the owners to pursue their real passion, acting and cinematography. The business originated with Roberto who, while a stunt double, developed a mastery of film making techniques and later designed and produced cameras. These talents were the impetus for the formation of the Conte Cinematography Company. For Roberto, his son Antonio, and now Antonio's son Allesandro, growth of the company has been secondary to creating a flexible environment allowing for the continued involvement in each of their respective acting careers. As negative feedback regarding the new manager gets back to the owners, they are forced to contemplate and assess their goals, both from a personal and business perspective.

Commentary: This is a short case that highlights the issues that arise out of a family business that developed as a result of a "passion" of each generation. This case highlights the age-old issue that plagues family businesses; what is the extent to which the business exists merely to serve the needs of the family and to what extent are the individual goals and business objectives compatible? This is an excellent case from which to begin a discussion of family business issues which are succinctly described in the teaching notes.

Key Words: strategic planning/organizational change, Entrepreneurship/owner/Non family managers/Goals, family, business, individuals/Cultural change

Abstracted by: Carrie Seligman and Jane Hilburt-Davis

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Case: **Frieda's Inc.**

Source: Case Series of the Family and Closely Held Business Program at UCLA Copyright November 1996 by the Regents of the University of California **Length:** 8-pp. text and 2 pp. notes for case discussion, 1996

Industry: Produce wholesalers and distributors

Abstract: Frieda's Inc. is reported to be the first wholesale specialty produce company in the US to be founded, owned and operated by a woman. Launched in 1962 by Frieda Caplan, with a $ 10,000 loan from her father, it began as a distributor of brown mushrooms. The business has since expanded to include a huge variety of rare and exotic produce. The distinctive purple heart logo, easily recognizable in most supermarket produce sections, has grown to have an annual sales volume of over $20,000,000. This case describes the circumstances surrounding the transfer of family ownership of Frieda's Inc., to the second generation of family members, daughters Karen and Jackie. Both girls began working in the business as young girls, doing odd jobs. Daughter Karen, who studied Agricultural Economics and Business Management in anticipation of entering the produce business, acquires controlling interest in the company and the title of president at age thirty, over initial objections by Frieda's husband and partner. Frieda had little difficulty giving up administrative responsibilities but faced a more difficult challenge giving up the reigns over the day-to-day operations. The younger daughter Jackie, joined the enterprise after college, assuming a role in the company, which was complimentary to her sister's. Both women married supportive men whom they met while working in the business. Both men were content to have their own careers take a back seat to their wives jobs. In many respects, everything about Frieda's Inc. appears unique, beginning with the product offering and running throughout the entire organization. With much of the success of the company being derived from doing things differently, the future, though still unclear, certainly promises to be anything but ordinary.

Commentary: This is an inspiring example of a family business that works. Here we have a family in transition, that has succeeded in moving beyond the power struggles, to effectuate a smooth transitions of ownership to the next generation. Supportive and nurturing relationships foster business success, individual success and family harmony. One can ponder whether the results can be attributed to the gender of the participants. There is an enormously diverse and rich array of family business issues arising from the facts of this case. The apparent lack of family struggles does not diminish the utility of the case as a basis for classroom discussion.

Key Words: Family business dynamics /Succession planning
Next generation /Gender Issues
Sibling relationships /Careers
Entrepreneurship /In-Laws

Abstracted by: Carrie Seligman and Jack Troast

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Case: **Marina Cove Ltd. and the Guthrie Family**

Case Numbers: Case A and B

Teaching Notes: Case A and Case B

Source: Case Series of the Family and Closely Held Business Program at UCLA Copyright 1995 by the Regents of the University of California

Length: 8 pp. text and exhibits, 1995 11 pp. text and exhibits, 1995

Industry: Commercial Real Estate

Abstract: Les Guthrie, 67, father of 5, has a medical crisis that draws his attention to management and succession issues in his 40 million dollar real estate leasing business. Of two educated daughters, one is performing well in a business role and the other, the most qualified to succeed her father, keeps her distance because of Les's demanding personal management style. Two other daughters are not in the business and an only son, Sean, who resisted pressure to go to college, has begun a related business (a special events center) financed and supported by Les. Sean's business is losing money and a father-son conflict emerges.

Commentary: This brief case focuses on the complexities of giving children ownership and management control. Differences in values and difficulties in family relationships are raised.

Key Words: Management practices /Family business dynamics
Succession planning /Strategic planning
Boards of directors

Abstracted by: Jane Hilburt-Davis

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Case: **Morris Alper & Sons (A)(B)(C)**

Case Numbers: 9-294-219 and 9-294-020 and 9-294-021 **Source:** Harvard Business School Publishing Copyright 1993 by the President and Fellows of Harvard College

Length: (A) 13 pp. text and exhibits, 1993
(B) 12 pp. text and exhibits, 1993
(C) 9 pp. text and exhibits, 1993

Industry: Food brokers

Abstract: This case study depicts the sometimes difficult management succession process as a family business owner seeks to lay the groundwork for his own succession. Morris Alper & Sons, Inc. Is a food brokerage company with a strong corporate culture emphasizing democratic and people-oriented values. Its third generation president seeks to choose his successor among three non-family executives, each with his own abilities and distinct management style. The transition invariably produces conflicts as changes occur in relationships with customers and the division of management responsibility. The case illustrates, among other issues, the importance of having all participants committed to the succession process.

Commentary: This is a case which illustrates in rich detail the challenges involved in succession planning. There is a wealth of material from which to facilitate a discussion on a wide variety of family business issues. The case is enjoyable to read.

Key Words: Management succession /Non-family management /Organizational culture

Abstracted by: Jeff Wolfson and Jack Troast

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Case: **The Russula Corporation**

Case Number: 9-484-082

Source: Harvard Business School Publishing Copyright 1984 by the President and Fellows of Harvard College

Length: 3 pp. text, 1984

Industry: Consumer goods industry

Abstract: This case discusses the circumstances surrounding the engagement of a consulting firm, hired by the Russula Corporation, to conduct an audit of executive moral. Russula Corporation, was founded by Robert Dayton; described as benevolent tyrant, who ran the company as a dictatorship. His dictatorial style became so ingrained in the culture of the organization, that Robert's son John, whose training was in merchandising, is concerned about executive morale, and specifically, what effect, his managerial style, has on the organization, whose performance has been slipping. Due to a lack of clarity of roles and responsibilities, much energy is expended by employees; management and owners who are trying to sort out where the lines of authority lie. As is typically the case, non-family managers feel constrained and uncertain when it comes to their standing within the family run business environment. At the same time, family executives have difficulty understanding why management is constantly seeking reassurance and confirmation. Inevitably, this tension creates an atmosphere of poor moral, poor performance, and poor results. The reader cannot help but hope that the consultant can work to improve communication between the parties, and can begin working towards better defining the scope of owner and management roles. Once this is accomplished, attention can be refocused on customer needs, solidifying the Russula's Corporation's position as a valued resource.

Commentary: This short case possesses subtle family business content. It is useful as a basis for classroom discussion for the purpose of exploring some of the problems associated with a lack of clarity of roles and responsibilities in a family business environment, due to the longstanding effects of the founder's management style. The tension between family and non-family managers is exacerbated by this ambiguity, particularly since; children of the founding family begin their careers as equals or underlings of the current management team. As time progresses and the second generation moves through the ranks of the company, the balance of power shifts, often causing confusion and unclear expectations on both sides. This case presents a good example of the importance of properly administering the succession issues, before the damage to the bottom line occurs.

Key Words: Succession planning /Management practices /Non-family managers /Human resources

Organizational culture /Next generation /Strategic planning/organizational change/growth

Abstracted by: Carrie Seligman and Jane Hilburt-Davis

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Case: **Precista Tools AG (A)**

Case Number: 488-046

Source: Harvard Business School Publishing Copyright 1988 by the President and Fellows of Harvard College

Length: 10 pp. text and exhibits

Industry: Precision tools

Abstract: This case illustrates the difficulty an owner/founder has in letting go and the struggles his daughter has in establishing her role in the company. It begins with an April 30, 1986 letter written by Greta Heubel to her "Mami and Papi" describing her decision to leave the family business. Founded just after World War II by Franz Huebel and his wife Sophie, Precista Tools, by 1985, had 100 employees and 60 sales representatives world-wide. The couple had four children, one son and three daughters. The youngest daughter, Greta joined the company shortly after graduation as her father's assistant. Greta and her father experienced a close working relationship and she wanted to take over more of the responsibilities, especially marketing and sales. Then, several events occurred, all of which created an untenable working situation for her. Franz had surgery following a heart attack and, then, tried unsuccessfully to let go of the controls; he made several major management decisions without telling Greta; and Peter, her brother, decided to join the company. Things continued to get worse as Greta questioned the reorganization decisions made by the her father and the Board. The fight for control affected the employees who "didn't know who was supposed to be doing what or who was the leader." The final blow came to Greta when her father told her that if she didn't like the way he was running the company that maybe she should go out and look for another job. The case ends with a letter, dated May 13, 1986, from Greta's mother to her, encouraging her to think things over and "that the crisis with the 'good old man' is not yet over."

Commentary: This case is a good example of the challenges faced by women in family businesses. It provides material for discussion related to management practices; the role that Boards can plan; and the consequences of struggles for control on the employees. The case also illustrates the family and business damage that results when succession is not planned. There are no financials cited in the case.

Key Words: Succession
Leadership
Management Practices Boards
Gender Issues

Abstracted by: Wendy C. Handler and Jane Hilburt-Davis

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Case: **Nolim (A)**

Source: L'Institut pour L'Etude des Methodes des Direction de L'Enterprise, Lausanne, Switzerland.

Length: 5 pp.

Industry: Oil and Coal Distribution

Abstract: This case begins with Peter, son of Johann de Jong, founder of a Dutch oil and coal distribution company, reading a letter from his father asking him to join him in the business, following the death of his partner. Peter isn't quite certain how to respond to his father's request for help as he has recently settled into a position in an international oil company in New York City. Moreover, Peter and his father have a history of strained relations caused by Johann's authoritarian and patriarchal ways. Cited in great detail, are many examples of how the father and son conflict has played itself out over the years, eventually leading Peter to flee to New York in order to escape his father's firm reign. It is revealed that Peter dreams of owning his own business someday and has recently identified one prospect that appears to offer significant opportunities.

Peter ponders his many options. He wonders if his father's invitation to join the firm is an opportunity of a lifetime or rather, an obligation that he cannot refuse.

Commentary: This is a short case that is primarily a father-son dynamic. The case is a useful vehicle for discussing the pros and cons of entering the family business. There is also an international component to the case.

Key Words: Family business dynamics /Succession planning /Family dynamics /Career planning

Abstracted by: Carrie Seligman and Wendy C. Handler

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Case: **Rob Taylor (A)**

Case Numbers: 9-490-022

Source: Harvard Business School Publishing Copyright 1989 by the President and Fellows of Harvard College

Length: 13 pp.

Industry: Trucking Transport

Abstract: This case is written from the perspective of the one family business member who, in the midst of a personal and professional crisis, is re-assessing his status as a key executive in the family trucking business. Taylor Trucking, founded by the patriarch Fred Taylor, is the backdrop for dysfunctional family rivalries and animosities. Fred Taylor, who, with fierce determination, austerity and hard work, built a business reflecting his principles, sets the tone of the business. He exerted enormous influence at home as well, creating an atmosphere of competition among his six children, all looking for their father's infrequent approval and affection. Later, Alex, the first born and heir apparent, assumes the role of his father in the family business, pitting him against his four siblings in the business and causing them all to have to choose between a fate of banishment from the business or an existence of perpetual disapprobation. It is in this context that our narrator, son Rob is hospitalized for a drinking problem. The erosion of Rob's self esteem and the stresses of the business environment caused by trucking deregulation, cause him to crack under pressure and submit his resignation. The reader is left wondering whether Rob should seriously consider returning to the family business. There are no indications that the situation at Taylor Trucking will be any less hostile than it has been in the past. Even so, Rob has spent the better part of his adult life working in this environment, and, stands much to lose in the way of financial security and loss of identity if he should have to start anew. He faces a common dilemma of individuals in families in business together.

Commentary: This is a case that is rich in historical detail and family dynamics, which establishes a strong factual foundation to assess the family business issues. The reader comes away with a rich and complete picture of the family's pathology and the interplay between family dynamics and business relationships. It provides an excellent basis for discussion.

Key Words: Sibling relationships /Family business dynamics /Career planning /Health issues Addiction (alcohol) /Trust

Abstracted by: Carrie Seligman and Jane Hilburt-Davis

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Case: **Roland and Stone**

Case Numbers: 9-484-087

Source: Harvard Business School Publishing Copyright 19 by the President and Fellows of Harvard College

Length: 8 pp. text and exhibits

Industry: Men's Shoes, wholesaler, retailer, outlet stores

Abstract: This case describes the lack of direction, communication, and strategic planning at Roland and Stone. This frustration is particularly apparent for newly hired wholesale sales vice president and general manager, John Burske. The company was founded in the late 1800's by the grandfather of George Roland, the current president, and was built on its reputation for high quality and customer orientation. Recently, the company closed down its manufacturing plant, and was left to rely on the uneven quality and service of contract manufacturers. The company lacks a mission and vision for the future, and sells high quality, high fashion, and low cost shoes as a wholesaler, retailer, and though its outlet stores. The wholesale sales force sold to 8,000 men's' shoe stores, with independent dealers buying one to ten pairs a year, despite the desire for sales of 200-400 shoes per merchant. The need to sell new lines of shoes conflicted with the desire to open new outlet stores. Communications were strained between George (president) and his older brother Jim (involved in the factory) and younger brother Dean (who was in charge of retail operations). Communications were poor among the offices and the warehouse, and factions existed within the organization based on personalities, politics, and visions for the company. Nepotism was evident, blocking top positions for professional managers, like John Burske.

Commentary: This case is a good example of a family-owned business unsure of its direction or vision. It explores the frustrations and difficulties that exist when strategic planning is lacking. Financials are provided.

Key Words: Strategic planning/ Sibling relationships /Nepotism /Leadership /Professional management

Abstracted by: Wendy C. Handler and Danielle Kennedy

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Case: **The Boss Who Walked Away**

Source: Randel S. Carlock, Director, Institute for Family Business University of St. Thomas

Length: 5 pages

Industry: Unspecified

Abstract: This case, written in the format of an interview, dramatically describes the effects of the all-too-silent pressures of running a family business and the toll they can take on the family and the business. The interviewer poses questions to the 49 year old former owner who, one week before his twenty-fifth wedding anniversary, sold the family business built by his father and told his wife that he wanted to move our of their home and live as a single man. The next day, he put his mother in a retirement home and informed his two children and nephew, who worked in the business, that they could stay with the new owners, but would have to make it on their own. This discussion takes place shortly after the owner completed the sale but before the long-term consequences are known.

Commentary: While a stimulant for discussion, this case leaves many unanswered questions about the underlying issues. The interviewer asks the 'what' and 'how' questions. None of the 'why' questions are addressed, leaving the reader puzzled about the sudden and seemingly irresponsible decisions made by the owner.

Key Words: Family/business dynamics /Career issues /Continuity /Life cycle /Mid life crises /Stress management

Abstracted by: Jane Hilburt-Davis and Paul Karofsky

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Case: **Threads 4 Life: DBA "Cross Colours": The rise and fall of a successful partnership**

Source: The Anderson Graduate of School of Management at UCLA Case Series of the Family and Closely Held Business Program at UCLA

Length: 6 pp. (Includes Exhibits)

Industry: Clothing, "hip-hop," teens, children, active wear

Abstract: This case describes the meteoric rise of a niche clothing line, Cross Colours, started by Carl Jones and T.J. Walker in 1990. The partners each had experience in the design and fashion business. Jones, as CEO, focused on the business side and Walker, as VP, on the design work. Although their initial target market was black youths in the inner city, the loose fitting, brightly colored, hip-hop styles appealed to all who were imitating the styles of back urban America. The company grew at an unprecedented rate during the years of 1991 and 1992, generally lackluster times for the clothing industry (industry average growth was 4% in men's and boys' sportswear). In 1992, they experienced an increase of 493% over the previous year. The partners explained the success in socio-cultural terms. African-American youth can only afford to have their own identity through their clothes, not other more expensive items, such as cars. They also demonstrated their commitment to the community through economic support and positive messages on their clothing. Cross Colours could not keep up with the overwhelming demand for their clothes. They suffered all the pains of runaway growth and were unable to make the transition from an entrepreneurial start up to a professionally managed team in control of the company and its success. They out grew their manufacturing and shipping operations and began to fall into debt between 1992 and 1993. In March 1994, they were forced into major restructuring when one of their largest customers filed for bankruptcy.

Commentary: This case illustrates the risks of sudden success accompanied by a lack of managerial planning. Although this is not a family business case, it explores issues similar to a family business: moving from a simple, one or two person operation to a larger management structure that shares responsibilities. The case provides questions and management strategies for discussion. It also raises issues of stewardship, core values, and commitment to the community.

Key Words: Ethnicity and culture /Entrepreneurship /Management practices /Human Services Strategic planning/growth /Business cycles/transitions

Abstracted by: Jane Hilburt-Davis

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Case: **Salvatore Ferragamo, SpA**

Case Number: 392-023

Source: Harvard Business School Publishing Copyright 1976 by the President and Fellows of Harvard College, Case Reference: 9-392-023, Rev. July 27, 1993.

Length: 25 pp. text and exhibits

Industry: Women's shoes, Men's and women's clothing and accessories

Abstract: This case describes the history and present (1990) dilemma facing Wanda Ferragamo and her six children, all of whom are involved in the family business. The question facing the family was whether or not the business could sustain both high quality products and continued growth. The House of Ferragamo, a Florence-based maker of high quality Italian clothing and leather goods, was founded by Salvatore Ferragamo. Throughout his 57-year career, he achieved a worldwide reputation for comfortable shoes of creativity and the finest quality. Since his death in 1960, Wanda had successfully overseen years of expansion while insisting on family togetherness. She believed that the family should form a cohesive decision-making body, "like the seven arteries to the heart." Concerned that the family business had outgrown its formal and highly personal organizational structure, the eldest son had brought in a non-family member MBA to update the financial and organizational structure. The family met for their bimonthly family gathering to discuss the plan, after his presentation for change. Wanda repeated their charge: "to build the right kind of business not just make ourselves wealthier."

Commentary: This case illustrates a successful family business that is facing issues of strategic planning and preparing for the future for the family. It explores family issues as well as business realities and examines an outside consultant's plan. Although there are not many specifics regarding communication, decision making and relationships in the family, there is a richness of complexities that can make for a good teaching case.

Key Words: Sibling relationships /Family business consulting/Strategic planning /Succession planning /Intergenerational issues

Abstracted by: Fredericka Stevenson and Jane Hilburt-Davis

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Case: **Sam Steinberg (A)(B)(C)**

Case Numbers: 9-392-059 and 9-392-060 and 9-392-061

Teaching Notes: 9-392-061

Source: Harvard Business School Publishing
Copyright 1993 by the President and Fellows of Harvard College

Length: (A) 20 pp. text and exhibits, 1993
(B) 12 pp. text and exhibits, 1993
(C) 17 pp. text and exhibits, 1993

Industry: Retail grocers, supermarkets

Abstract: This case traces the growth and eventual demise in 1992 of the one of Canada's leading family businesses founded by Sam Steinberg in 1917. Capturing many of the issues facing family businesses, this case examines: succession planning; entrepreneurial leadership style; strategic planning; women's roles; and life cycle and boundary themes between family and business. An entrepreneurial genius, Sam Steinberg lead his family and business in a paternalistic and characteristic fashion out of the poverty in Montreal to a billion dollar super market business. Things began to unravel as the business grew too large too quickly and Sam lost his hands-on control without a sound strategic management or succession plan. Complicating the situation was Sam's unquestioning practice of hiring family, at all costs, that eventually lead to destructive conflicts among his wife, daughters, sons-in-law and the top executives.

Commentary: This is an extremely detailed portrait of a family business throughout its lifecycle from a single storefront to conglomerate, sale of the business, and eventual receivership. Many family business issues are illustrated throughout the case. This is a classic case where the family influence is both a blessing and a curse.

Key Words: Boards of directors /Sibling relationships
Financial/estate planning /Family business dynamics
Strategic planning /Entrepreneurship
Next generation

Abstracted by: Jeff Wolfson and Jane Hilburt-Davis

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Case: **Sorelle Bakery and Cafe**

Case Number: 9-493-003

Source: Harvard Business School, Copyright by the President and Fellows of Harvard College

Length: 5 pp.

Industry: Food service; Restaurants.

Abstract: As the Sorelle Bakery and Cafe grows rapidly, the owner/manager sisters, Joan and Susan, neglect to discuss their disagreements, their management strategy, or their initial partnership agreement. A success from its start, Sorelle is located in a gentrifying historic neighborhood in San Francisco. At the beginning, the sisters and their mom, Sabina, worked out a simple agreement about job descriptions . Joan ran the front of the store; Susan ran the kitchen and Sabina helped out with the customers. As the news about the Cafe spread, through glowing reports of the local media and loyal customers, the staff was quickly overwhelmed. Behind the scenes, the sisters' relationship deteriorated despite their mother's attempts to mediate the tension. The tension spread to the rest of the staff and, eventually, the sisters could not even be in the same room without sparks flying. After only nine months of operation, Susan announced that she would leave the business as soon as a replacement was found.

Commentary: This case presents an excellent example of unresolved family relationships negatively affecting an otherwise successful new business. It is a short case with no exhibits. Well-written, the case provides rich material for the discussion of family business issues.

Key Words: Sibling relationships /Family/Business dynamics /Mediation/conflict management

Abstracted by: Jane Hilburt-Davis and Paul Karofsky

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Case: **The Poseidon Enterprises, Inc.**

Source: The Anderson School of Management at UCLA

Length: 9 pp. text and four exhibits

Industry: Educational Publishing, Software Distribution

Abstract: In the opening scene of this case, Andrew S. Pappas, Sr., 56, founder and patriarch, sits at his desk wondering if his business and family will weather the "current storm" which "seemed to be blowing from all directions and showed not sign of abating." Founded in 1976 by Andrew and his wife, Elaine, Poseidon Enterprises, Inc. began as an educational publishing firm marketed to middle income families. Through hard work, initiative, and support of their family and each other, Andy and Elaine, working together, grew the company to $2 million in sales by 1981. Sales continued to grow to $5 million in 1987 as new product lines were developed. Andy, Jr. their oldest son joined the company in 1988 when he was put in charge of all distribution. Then, in 1989, Elaine died of breast cancer and both the family and the business suffered.

As Andy Sr. said, "She was the glue that kept both the family and the business together." To deal with his grief, Andy unwisely invested in a restaurant venture that did not survive. As the family and the business were struggling, Elaine's sister Jeanne, who had been with the company for 5 years, began to teach herself Elaine's job. Slowly things began to turn around and there was "clear sailing" from 1991 through 1993. Andy Sr. and Jeanne married in 1993. The second Pappas son, Dimitri, graduated from college and became product manager. (The third son, John, was still in college.) However, between 1993 and 1996, with the increase of home computers and on-line reference services, the future was uncertain again. Andy Sr. noted, "I'm not sure this is really the business we want to be in. Besides I know books, not computers!"

Additionally, there were changes and the inevitable tensions among the staff at the company. Andrew, Jr. was handling all the day-to-day decisions and managing international sales. Dimitri had left the company and was getting his MBA. Still, with abundant family and family friends working the business, the company appears to suffer from a lack of accountability. Andy says at the end, "We are at different stages in the business right now. I'm looking to build a legacy and they are looking to build a future."

Commentary: This case illustrates how death, and both internal and external changes, missing vision, minimal accountability, and a lack of coordinated efforts can drastically impact a once successful business. Whether Poseidon Enterprises, aptly named for Poseidon, the mythological god of the sea, a moody deity, can adapt and thrive is a question for the reader. Written in a sparse and factual manner, the case would benefit from improved development in the key players and their roles. The exhibits include: biographies of the key players; a dedication to Elaine, enclosed in the1990 price list; and the 'three circle model' with key players written in.

Key Words: Succession planning /Loss and grieving /Technological changes /Strategic planning
Team building /Business development /Business cycles /Vision /Accountability

Abstracted by: Jane Hilburt-Davis and Paul Karofsky

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Case: **Malt-O-Meal: governance in the closely held company**

Source: University of St. Thomas, Graduate School of Business

Length: 6pp. Text and two exhibits

Industry: Breakfast Foods

Abstract: Malt-O-Meal (M-O-M) is the producer of a hot grain cereal and other ready-to-eat breakfast with a 2% market share competing in an $8 billion market in the United States. The Company's five year compound profit growth rate exceeds 15%. Founded by the late John S. Campell in 1919, the preponderance of ownership passed to his three daughters and is now held by their offspring (G3). The successor leader to John Campbell was a son-in-law who subsequently died and a non-family member is now CEO. The Board of Directors has family and non-family representation and operates with committees similar to a public corporation. Shareholder/Family meetings are conducted regularly and are attended by G2 and G3 members and spouses. G3 members and spouses have also formed a "Cousins' Council" as a forum for candid discussion and the selection of associate directors. After the death of one of the G2 sisters, the family debates how to fill her board seat and creates a matrix on criteria to aid in the process.

Commentary: Though loosely written, this case explores the governance issue of board composition, including discussion of non-family board members and G3 representation. The case also hints at issues of strategy and strategic planning. Accompanied by a full range of teaching questions, the case stimulates much thought around governance in a family enterprise including the rationale for outside directors, education of family members, and potential tensions among G3 members.

Key Words: Board of Directors /Sibling relationships /Ownership/ownership control/governance Strategic planning /Copreneurs /Family councils /Business cycles/transitions

Abstracted by: Jane Hilburt-Davis and Paul Karofsky

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Case: **Wilkinson Typewriters**

Source: The University of Western Ontario

Length: 4pp., 1 exhibit, not dated

Industry: Typewriter and Office Equipment Sales and Service

Abstract: Wilkinson Typewriters is a case about a typewriter and office equipment business started in 1968 by Gord Wilkinson. In 1986, Gord realizes, with the help of a consulting group, that he needs to address the declining profitability of the business. The consultants cite a 14% decline in the overall typewriter market for that year. Gord understands that this necessitates the firms' entrance into the computer market. Better inventory control, promoting copies, and reducing the number of typewriter lines sold will also be necessary. Succession issues confront Gord, who must decide between Wayne and the oldest son, Warren to take over the reins of the company. Warren, the oldest son, has a business degree. The younger son, Wayne, has more experience working in the family business. He has proposed a new computer retail division.

Commentary: This case focuses on strategic planning issues in a company with declining profitability. It is a short case, and deals with an industry that is now well past maturity. It is probably written in 1987, and seems a little outdated. Nevertheless, it does deal with critical family business issues -strategic decision making and succession.

Key Words: changing business environment leadership succession coping strategies family dynamics strategic planning organizational change

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Case: **Wright, Inc. Transferring the family Firm to the Fourth Generation**

Source: The Anderson Graduate School of Management at UCLA, Copyright March 1996 by the Regents of the University of California The Anderson Graduate School of Management at UCLA

Length: 5 pp. Text including exhibits

Industry: Sporting Goods & Apparel

Abstract: During the summer of 1985, Andrew Lloyd Wright, and his brother, Charles Edward (Edward), majority stockholders of Wright, Inc. ponder their options for succession and control of the family owned business, each wanting to retire, having no readily available heir apparent. As stewards of the family business, the brothers desire to achieve a smooth and uncomplicated transition of ownership and control of the successful, niche sporting goods equipment and apparel enterprise. Not wishing to recreate the diluted ownership structure that occurred during previous transitions of the family business, they weigh their choices, including the options of selling the company, or taking it public. They must acknowledge the fact that no family members are currently suitable to assume the company's leadership. Edward's son Chuck, having spent the last fifteen years in the business does not display the management or leadership skills necessary to assume the role as head of the organization. In spite of this realization, family ties, loyalty and deference to Chuck's fifteen-year tenure at Wright, Inc. has Andrew and Chuck Sr. experiencing a feeling of uneasiness not easily dismissed. There is no serious consideration that the current President, Paul Spinoza, a professional outside manager, would be in the running as a candidate for the leadership role.

The lack of clarity regarding the choice of a successor is exacerbated by the fact that Andrew's son, Evan, having recently graduated from college, and now working at another sporting goods retailer, has recently expressed his interest in joining the family business. Not withstanding the haziness surrounding the succession issues, Wright, Inc. has a seemingly bright future as a supplier of sporting equipment and apparel since participation in the soccer, volleyball, and lacrosse is increasing. Product liability lawsuits emerge as one of the areas that the brothers believe could threaten the bright future of the Wright enterprise. More dangerous than lawsuits however, is the possibility that the transition of the company will falter as neither Andrew nor Edward seem ready to make the tough decisions that are necessary to insure the continued viability of the company their grandfather founded.

Commentary: Wright, Inc. is a classical family business succession drama. It is filled with anecdotal stories about the ownership and management dilemmas of the past and how previous generations of Wright's wrestled with but never successfully resolved these issues. Despite a resolve to wrestle with the mistakes of the past, ambivalence surrounding the succession of management control and ownership within the family business are clouding the possibility of resolving with satisfaction, the leadership of the company and securing the future for this successful third generation enterprise. There is ample material for an animated discussion regarding equity and fairness issues involving ownership and management control in the context of family business succession planning.

Key Words: Estate Planning Ownership/ownership control /Succession Planning /Retirement /Next Generation Transitions

Abstracted by: Carrie Seligman and Spike Ely

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Case: **The Holts (A)**

Source: Harvard Business School

Length: 4 pp. text and exhibits

Industry: Advertising

Abstract: In 1983 Louise Holt began a successful tabloid classified advertising business. She was soon joined by her husband Bill who was responsible for sales and distribution. Because of industry consolidation, in 1998 the Holts received a lucrative $100,000,000 offer for the business. The Holts have been living the good life. One of their children was active in the business, but had different views on its direction, seeking to make the business more compatible with the Internet age. Their daughter's possible fiancée has also expressed interest in applying his MBA skills to the running of the Company. The Holts now had to decide whether to sell or retain the business. The Holts were concerned about numerous factors such as the impact on their own lives, succession and taxes. Their main concerns, however, involved the ability of their children to deal with wealth.

Commentary: This thought-provoking case describes the personal and family intergenerational issues arising from the rapid accumulation of wealth in a family business. It is clear there are no obvious answers.

Key Words: Succession Planning/ Personal Growth/ Managing Wealth/ Next Generation

Abstracted by: William C. Ely and Jeffrey S. Wolfson