



Family business consultants help firms work through relationships
By Angela Tablac; ST. LOUIS POST-DISPATCH; 11/18/2007

John Seiler is preparing to leave his company.

Although he's not selling or closing his family's plastics manufacturing business in Green Park, the owner of Seiler Plastics Corp. plans to retire in five years. His successor: his younger brother David. But the familial relationship doesn't make the transition any easier than handing off control to a stranger.

To navigate difficult conversations with his brother, John Seiler found a solution: hire a family business consultant.

"When people come to (family business consultants), they've come to the realization they can't do it themselves, but they realize their traditional advisers can't do it, either," said Wayne Rivers, president of The Family Business Institute Inc. in Raleigh, N.C., a for-profit firm that counsels family businesses worldwide. He is not Seiler's adviser.

Family business consultants specialize in both the emotional and business aspects of family-owned companies, offering a perspective attorneys, accountants and family therapists cannot. Only a minority of family-owned companies use this type of consultant, and they aren't affordable for "microbusinesses" with less than \$1 million in sales, Rivers said. Plus, just a few of them exist in St. Louis.

Still, family business consultants say their industry is slowly growing, and local companies say they're worth the cost.

A big task for the consultants is helping businesses transition to the next generation, said Dan Bean, partner of CMA, a Clayton business management firm whose clients include more than 50 family businesses.

Bean's firm coaches family-owned companies through identifying a successor. This can be complex when more than one family member is vying for the top spot. CMA also helps with developing the new leader, guiding the current leadership to let go of ownership and adapting the company to the new leadership style. The length of this process can vary, depending on how much time the family has to transition the leadership, Bean said.

John Seiler hired CMA about five years ago. In a meeting with family business consultants about two years ago, David Seiler said he wanted a more active role in the company. Using that information, the brothers started planning for David to take the helm, and David became chief operating officer this year. John Seiler said the consultant helps defuse tension, "getting us to talk about things we wouldn't normally sit down and do."

Although ownership transitions are the greatest time-intensive task for family business consultants, the advisers mostly focus on disputes regarding businesses' day-to-day operations, said Bob Brockhaus, who operates a family business consulting practice in Sunset Hills with his wife, Joyce.

Typical family business conflicts stem from undefined roles for each family member in the company, different members' work habits and salaries for those who work in the business, Bob Brockhaus said. For example, some family business owners believe they should pay their relatives more than the market rate, but others want to pay members based on experience level and job duties.

Once a family business owner hires the Brockhauses, the couple ask the family to select all of the people they want involved in the consulting sessions, which could include key nonfamily employees and family members who aren't employed with the company. The Brockhauses meet with this group and ask them to share, in a group setting, the issues that need to be resolved. Then, the couple meet one-on-one with each person in that group.

These individual meetings last one to three hours per person, Bob Brockhaus said.

The Brockhauses regather the group and share the worries expressed in the individual meetings, without identifying what

individual had those concerns. The family and the Brockhauses then determine who needs to be involved in the resolution, and they meet with that group.

Bob Brockhaus said there's no typical timetable from the initial call to the resolution.

Some consultants, like Rivers of The Family Business Institute, ask for financial statements and tax returns to understand the company's business situation, and they write a report with their recommendations. The Brockhauses, however, normally don't ask for financial data because "those aren't usually the issues," Joyce Brockhaus said, but they do want a chart of the business ownership to understand the family members' roles in the company. They also orally present their findings, instead of writing a report.

Bob Elsperman's family business, St. Louis-based Tarlton Corp., hired the Brockhauses about 10 years ago to facilitate yearly family meetings. His children, now leading the company, continue to ask the Brockhauses for advice.

"We probably could have done it on our own, but having the Brockhauses made it simpler," said Elsperman, the former chairman.

Most family business consultants, including the Brockhauses, have advanced business or counseling degrees, but no official certification is needed. Bob Brockhaus earned a business doctorate and started what is now the Smurfit-Stone Center for Entrepreneurship at St. Louis University, and his wife has a doctorate in counseling.

About 15 years ago, the couple began providing business consulting in one of a few local practices devoted exclusively to family companies. Their revenue increased 20 percent this year, Bob Brockhaus said, but he declined to give specific figures.

National numbers show industry growth, too. Membership in the Family Firm Institute, an international trade organization for family business services, has jumped 25 percent in the last three years to more than 1,500 members, Executive Director Judy Green wrote in an e-mail.

Yet family business consultants said their services can be expensive for small businesses. The average hourly fee is \$200 to \$250, but some consultants charge daily rates, according to Joseph Astrachan, executive director of Kennesaw State University's Cox Family Enterprise Center in Georgia.

Rivers estimated the average daily rate at \$2,500 and said a typical client requires at least one meeting a month. Most companies that hire family business consultants should expect to pay \$25,000 to \$50,000 a year, Rivers said, and businesses with \$1 million or less in sales generally can't spare that much money.

Dan Bean of CMA said family business consultants best serve larger companies that have long-term plans to survive.

"If the family business owner views the business as a business or job, they're less likely to use our services," he said. "If they're trying to build an organization that will function after 'my time,' then those family business owners are more likely to use our services."

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