

Tough Choices for Succession in the Family Business

By [Paul Sullivan](#) June 12, 2015

Adam Brewster has been helping to run his family business since 2006 but has recently begun to pursue his passion of becoming a health and wellness coach. Matthew Healey for The New York Times

SHARON MADISON was enjoying a successful career in marketing and advertising at Verizon Communications when she took a leave of absence to work for her family's business, United Building Maintenance. She joined her twin brother to help their father, who was ill. When their father died a few years later, she found herself running a company she had little interest in.

Jeffrey Wolf never worked anywhere other than his father's company, which manufactured private-label suits in New York for stores like Macy's, Jos. A. Banks Clothiers and Men's Wearhouse. But at the end of 2010, finding it tougher to compete against companies abroad that made suits more cheaply, Mr. Wolf's father decided to close the business. It took Mr. Wolf more than a year and a half to find a job, at a far lower salary.

Adam Brewster's situation falls somewhere between Ms. Madison's and Mr. Wolf's. His parents' business — which represents manufacturers of wood stoves, fireplaces and alternative fuels — is not as lucrative as it once was. Mr. Brewster, the oldest of three, is expected to take it over. At 37, he is not sure he wants it, but he also has no clear alternative for earning a living.

Founders of family businesses who are nearing the end of their run generally have two options: Sell it to someone or bring in family members to run it. While the first pays the founders for their work, it denies them the legacy of keeping it in the family.

Yet founders don't always consider what their adult children might want. Is running the family business something they are interested in or would be good at? Should they join the business at a young age or be encouraged to find work elsewhere first and apply to the company later? And how can children who do not want to be in the family business tell their parents without seeming ungrateful for all that the business has afforded them, or worse, being shunned?

"What amazes me is the number of families that get to the designation point and the person looks up and says, 'I don't want it,' " said Stephen Salley, a partner at Banyan Family Business Advisors. "Even the most successful of businesses have these blind spots. It's shocking how many

families don't talk about this."

There are consultants who advise families on their businesses, addressing, among other topics, how to have the open discussions. Their recommendations are sensible.

The first step: talk early and often about the business.

These conversations are not just about what parents do and what the businesses produce; they are about how founders think about the future of their businesses — what will happen after they retire — and about the roles, if any, children want or are suited for.

"The best-case scenario is parents say, 'This business may or may not be an opportunity for you; you have to earn it and maybe come back after having been successful in another business,' " said Michael A. Klein, a clinical psychologist who works with family businesses and the author of "Trapped in the Family Business: A Practical Guide to Uncovering and Managing This Hidden Dilemma."

"This is hard to do," he added. "It can conflict with the parents' needs or egos. Their identity is too wrapped up in the business."

Some families have these discussions and set parameters for children who want to be in the business as well as give reassurances to those who want to do something else. But

then there are families that are not proactive.

It's easy to avoid a conversation about parental expectations or children's desires. Children may be concerned about coming across as thankless, and parents may fail to imagine their children passing on the business that was their life's work. Too often, advisers say, this reaches a peak when a decision about the company must be made.

"If you think about it, if you were my father and had raised me in a very affluent environment with a business that has our name on it and I say, 'That's the last thing I want to do,' I look like an ingrate — and the father thinks, 'I have been betrayed,'" Mr. Salley said.

"If you think about that same conversation but five years earlier," Mr. Salley added, "when the son says, 'I'm not really interested in this; I'm interested in social work,' the dad may be disappointed, but he has time to think about it."

Mr. Brewster says this is the situation he has found himself in with his father, who plans to retire next year and turn the business over to him.

"I blame myself for a lot of this," he said. "I never said this is what I'm going to do, this is my passion. In some ways I fell back on the family business. But the real reason was loyalty

and taking care of my family.”

But having that conversation to leave a family business, especially when the child has been successful in it, can be difficult and requires delicate planning.

“If you’ve been the No. 2 guy at the company for a couple of years, finding a new No. 2 is not all that easy,” said Mark Elefante, a partner at the law firm Hemenway & Barnes. “You need to be thoughtful and careful about how you extricate yourself from that situation.”

Amy Zehnder, a strategic wealth coach with Ascent Private Capital Management, says she advises all family businesses, even well-functioning ones, to create a diagram that lays out everyone’s responsibilities and authority.

“It outlines the whole process,” she said. “It gives the family member very clear guidance as to where they need to move. They’re not stepping on toes.”

Ms. Madison said two of the things she took from her time at Verizon and applied to her father’s business when she joined were maintaining her sense of professionalism and drawing on the key things that had made her successful in her previous career.

“I was used to all the different levels of authority, but in a family business, the buck stops with you,” she said. “I never

changed who I was or how I performed or the quality of the work I did."

And when Ms. Madison decided to leave after six years, she said she used the skills she acquired as chief operating officer to move into a similar position at a nonprofit organization.

Her role today is as a board member and trustee of the trust that owns the company. She would not discuss the state of her relationship with her brother, who is the company's chief executive.

Mr. Wolf said he regretted never working anywhere other than his father's company and has advised other children to work somewhere else, even if they wanted to be in the family business. When his father closed the business, Mr. Wolf struggled mightily, he said.

"I was left high and dry with a wife and two kids and a [mortgage](#)," Mr. Wolf said. "I'd never worked anywhere else in my life."

He said he wished his father had pushed him to do something else, yet acknowledged that he enjoyed the many privileges of being the boss's son — until he lost that role at 44.

"What boss's son has a résumé?" he said. "What boss's son

has ever been on an interview? The boss's son is used to asking the questions, not having to answer them. The learning curve was steep."

Today, at 49, he works for an intellectual property company but says he feels a decade behind in his career.

For Mr. Brewster, the toughest part now is being in limbo. He once briefly left his father's company to work in the fitness industry before returning, and said he is now working a second job as a fitness coach.

"I want to be able to say to my dad, 'This is what I want do,' and with an amount of success he can visibly see, so he won't have an argument anymore," Mr. Brewster said. "If I've ever wanted to do anything, I've had to have the answer — if not this then what? This is what I want to do, and this is my answer."