

## Business Better (Episode 27): A "Pandemic Check" on the Strength of Family Businesses

Speakers: Chris Cuneo, Josh Bobich, Jon Keimig

John Wright:

Welcome to Business Better, a podcast designed to help businesses navigate the new normal. I'm your host, John Wright. After serving nearly 15 years as senior vice president and general counsel at Triumph Group incorporated, a global aerospace components supplier, I'm now a member of the securities and M&A groups at Ballard Spahr, a national law firm with clients across industries and across the country.

John Wright:

In today's episode, we feature a discussion of how the stresses of the pandemic economy have affected family-owned businesses. What unique characteristics of family businesses impact their resilience in times of crisis and how family businesses can both build on their positive characteristics and address areas in which they're dynamics are more complicated than their non-family counterparts.

John Wright:

Leading the discussion are Chris Cuneo, senior counsel in Ballard's Minneapolis office. And Josh Bobich, an associate in that office who both are family businesses as part of Ballard's owner-managed business practice group. With them as their guest, Jon Keimig, director of the Family Business Center at the University of St. Thomas in St. Paul, Minnesota, who will describe his work in greater detail in the episode. Let me now turn the episode over to Chris Cuneo.

Chris Cuneo:

Thanks, John. Hello, I'm Chris Cuneo, a senior counsel in Ballard's M&A practice group, and an active member of our owner-managed business practice. Ballard's owner-managed business practice focuses on meeting the unique needs of owners of closely held lower middle market businesses. And by lower middle market, we tend to mean businesses with annual revenues of three to \$5 million on the low end and \$100 million on the high end.

Chris Cuneo:

Operating in this market segment means that we invest a lot of our time and effort in serving as outside general counsel, helping business owners address a wide variety of business issues. And it also means that we've had to build subject matter expertise in the area of business transition planning. And specifically our involvement relates to how to best help owners create transferable value in their businesses so that those businesses can continue to thrive under next generation ownership if that's what's desired or so that they can command strong EBITDA multiples if the intent is to sell the business to a third party.

Chris Cuneo:

My co-host today is Josh Bobich, a key player on our owner-managed business team. Josh, why don't you introduce yourself and talk a little bit about today's topic.

Josh Bobich:

Thanks, Chris. I appreciate the key player plug. Very nice of you to say. Similar to Chris, my practice focuses on advising owner-managed businesses and namely multi-generational family businesses and other established closely held businesses, as well some work with emerging and startup companies.

Josh Bobich:

The topic we've chosen for today is a "pandemic check on the strength of family businesses." There's a solid body of research that suggests the family businesses outpace similarly sized non-family businesses in long-term overall financial performance. But there is also additional research being conducted to test that theory and whether the characteristics of family businesses cause them to be more resilient than similarly situated non-family businesses when it comes to times of elevated risk.

Josh Bobich:

On the other hand, the stress of an abrupt economic downturn on the family component of a family business can create issues that don't typically exist, or at least in the same fashion for businesses that don't include family dynamic. Our discussion today is intended to get some insight into first, what factors contribute to the strength of family businesses. Second, what impact if any, the pandemic economy has likely had on those strengths.

Josh Bobich:

And finally, whether the past year pandemic experiences either changed or reinforced the thinking about the actions that family businesses should be taking to deepen their resilience and further their competitive advantage. And with that, I'll turn it back over to Chris to introduce our esteemed guest for today.

Chris Cuneo:

That insight will be primarily provided by Jon Keimig, who has been involved over the past seven years with the St. Thomas Family Business Center, and is now in his fourth year as director of the center. The St. Thomas Family Business Center is a unique and valuable resource in the upper Midwest for literally anything relating to the health of family businesses, and John has played a huge role in causing that to be the case.

Chris Cuneo:

Let's start talking about the St. Thomas Family Business Center, if we can. Jon, welcome, and can you tell us when and why the Family Business Center was created and what is its primary mission?

Jon Keimig:

Well, thank you, Chris and Josh for having me today. It's great to be here with you. And I love any chance to talk about family business and spread the news about family business education. Our center was created 30 years ago when a family business here in Minnesota was flying around the country to educate themselves on how to be a successful family business. The business had already been successful for a long time.

Jon Keimig:

The field was in its infancy then, and the father of this family was a trustee at the university of St. Thomas and said, "We should start a family business program to impact families in our community." So that family gave a generous gift to start the program, which was one of the first in the country, and 30 years later, we are alive and well. The son of that trustee who now runs the family's businesses is the board chair of our center, so we've been very fortunate to have this family's leadership for three decades.

Jon Keimig:

Our center exists simply to educate business families and we do that in a number of ways. We have a monthly breakfast series of panel discussions and expert-led seminars that is only open to members of family businesses. So, Chris and Josh, you know full well you can not attend it. I call this event, Switzerland, it's our neutral, safe place for families to come together and learn to do family business better.

Jon Keimig:

We average a little north of 200 people at each of these, so it's a really good community-building program. We normalize unique issues that families face, so they can understand that they're not alone in what they're going through, and they can learn from each other and experts. It spurs conversation within families that attend and with people in other family businesses that are there.

Jon Keimig:

Our families range from a handful of employees and less than a million dollars in revenue to hundreds of employees and hundreds of millions of dollars. The common themes though, is that family and ownership are involved. We also offer peer groups or smaller groups of individuals come together monthly to explore issues and challenges with family business peers, get feedback from each other, and challenge each other, and hold them accountable.

Jon Keimig:

We have a group for executives too for members of the next generation and one for women and family business with a second women's group starting this spring. We also teach a multi-day course on governance where entire families come together to learn about how to best communicate around family, business, and ownership issues to learn together and move forward together. It's the most impactful program we have for families.

Jon Keimig:

We teach undergrads and grad students through family business courses to prepare them to be future leaders. And finally, we started a program a couple of years ago that the two of you attend, and that's our advisor series. Because we don't allow advisors to our family programming, I created this series to make sure that skilled family business advisors can come together to learn, network and deepen their understanding on family business issues to better serve family business clients.

Jon Keimig:

So my goal for our center is really to be the hub of an ecosystem of students, families, and advisors, where when all are educated, all are better.

Josh Bobich:

Yeah. The advisor, events that you do are always fantastic. The mix of advisors and a lot of times the speakers that are family business operators and members is incredibly insightful and the stories are just amazing. If you don't gain anything from that as a service provider, you're not paying any attention. They're all really well run meetings and in events.

Josh Bobich:

Jon, the St. Thomas Family Business Center serves as a resource for family businesses and also for service providers who work with family businesses. But the center itself does not provide any services for a fee, correct?

Jon Keimig:

Correct. We have our membership fees and things like that, but to me, the job of a family business center director is to create educational programming that helps family businesses with their unique challenges, and to help family businesses find the right help they need. Sometimes it's pointing them to programming or resources, meeting with them to learn about their needs and challenge their assumptions and connect them to the right advisors when they need it.

Jon Keimig:

I don't have time to be an advisor and do it well. We're fortunate to have a great community of advisors here in the Twin Cities. When a family business needs outside help, I talk with and learn more about their needs and go to a list of advisors on

our website to find three or four I recommend they should reach out to, and I give them a list of questions to consider asking the advisors, really want them to be in control of finding their right help.

Jon Keimig:

The two of you have been referred to families in the past, although I never tell you when a family may reach out. I try to stay neutral there. There's no money exchange, I really want families to find the help that fits their goals and family culture. Your second question about family business centers. Yes. There's probably about 50 or a little more that do varying degrees of what we do. Some are really pure group-heavy, some don't do peer groups at all.

Jon Keimig:

Some are for family and private business, others have large hall of fame events or annual conferences. Just like family business, we have a lot of commonalities, but we're all a little bit different. I get together with directors of these centers on monthly calls, and historically we get together once a year for a self run conference. So if any listeners are curious, if there's a center in their community, they can reach out to me and I'm happy to connect them. There's great programs that can really help family businesses with their different challenges.

Chris Cuneo:

Great, Jon. Appreciate that information. Let's move into today's topic. It's starting with the characteristics of family businesses, or at least well operated family businesses that lie at the core of any advantage that family businesses have over non-family businesses. What do you identify as being the primary general areas where family businesses have developed those deeper strengths?

Jon Keimig:

Thanks, Chris. I think one of the key areas is longevity, they've been around a long time, and there's a lot of lessons learned from that that gives them advantages. We have a family business that's been in our center since before Minnesota was a state, and so you've got history, much, much history there. Recently, these family businesses have been through 2008, 1980s World Wars. So family businesses have been... they have these lessons that have been passed down that stay with them and their stories of struggle, and triumph, and tough times, and learnings from these struggles.

Jon Keimig:

So many of the same players might still be involved, let's say from '08 or even decades prior. They know how to align the family ownership board and management for success. Majority of family businesses that have been around for generations tend to be more fiscally conservative, which helps them weather bad times. They often have less debt on the books, but at the same time have long standing banking and financing relationships that can be leaned on.

Jon Keimig:

Family owners, and I saw this with a lot of different families this last spring and summer with the pandemic is that they came together and decided as a group, they were going to bypass dividends or actually put money back into the business for short term stability. And so you're not going to see that at comparable public companies. And with low interest rates, some who found themselves the "good pandemic industries" actually use this time to purchase more capital expenditures or further save for long-term growth.

Jon Keimig:

There's a saying that in family business, they don't prepare for the next quarter, they prepare for the next generation. Another area is employee relationships with the business. The Edelman Trust Barometer shows trust is much higher in family business than public companies. And the tenure of leadership is four to five times longer, so employees stay longer with less change.

And especially when you look at some of the communities that family businesses are in, they're really the pillars in their communities, and they're really great jobs to have, and people want to be there.

Jon Keimig:

Some families I heard from this year, one works out at the airport, which took a massive hit. And he told me that his employees will work for free as long as we can to keep this going. I don't think you're going to see that in comparable public companies. They're really committed to achieving their goals, the employees are in these companies and with a lot less turnover. So there's a great culture of commitment and purpose.

Jon Keimig:

Many families avoid layoffs during downturns, and I talked to some different advisors who said, "Now's the time a lot of these families should be doing this and they're not. So there's the good and bad of that, but they're very cognizant of trying to take care of their employees. And they've got rallying cries from CEOs who know them. Family businesses, especially the smaller ones, they really know the CEOs and the leaders, and they know that that family takes care of them.

Jon Keimig:

And so many companies I know open their books even this last spring and communicated daily on how things were going and where numbers needed to be for certain decisions. A third area I like to talk about is that they have a great entrepreneurial bent. Obviously, they're started with a founder with an entrepreneur like every company is. And sometimes that person is still part of the business or has helped develop next generation entrepreneurs.

Jon Keimig:

The average third generation business own six entities, so they have a knack for finding problems and creating solutions, and that can help when times get tough. They can start spin off ideas knowing that they might not make money for a long time, but be subsidized by the legacy business for a while. And those spin-offs can be put on hold and challenging times, or maybe they become a moneymaker when the legacy business is suffering.

Jon Keimig:

So there's a lot of different examples during the pandemic of the entrepreneurship that comes alive and we really hope that even if the family business might not transition next generation, that we're transitioning the entrepreneurship and the ability to create new business. And that's what family businesses bring, is just that legacy that we're going to keep creating new opportunities for our family and for our community.

Josh Bobich:

And John, when it comes to transition planning for some of these businesses, how strong does that community component play into those decisions? I've seen this with clients before too where entertaining a possible sale option and then ultimately backing away because of the reluctance of the buyer to secure the employment of the company's employees for a period of time, because it just turns the family ownership into somewhat of a pariah and the local community.

Josh Bobich:

So it's a little bit less about like this maximum gain from the sale than it is about how are you going to take care of this family that I built, not only my immediate family, but my company family?

Jon Keimig:

Definitely a huge concern for family businesses. I can't tell you how many times when I ask a family business about their family, they say, "All of my employees are my family," which is never the answer I'm looking for, but it's always very often

their answer. And so I think that there's a lot of truth to what you're saying there, Josh, and in the last handful of years, there's been family offices that have stepped up to buy family businesses and keep the leadership management team intact, where it's just a way for the owner to exit if maybe there isn't a next generation that that's interested in running the family business, but it keeps things together.

Jon Keimig:

So I think we're seeing a little bit of a change in that, and there's more opportunities, and with the growth of ESOPs again, there are a lot of options for families where they're looking at that sale a little bit differently if there is no next generation. And sometimes it's bringing in a key employee to be an owner in that next generation. A family business doesn't have to stay a family business to really achieve its goals. It's great for a guy like me running a family business center when they do, but really if they can be a pillar in their community and create more jobs, then that's a huge win whether or not they make it to the third, fourth, fifth generation.

Jon Keimig:

And you're right, especially in the smaller communities, there's a number of them that come to mind where when that big employer was sold off, the community had a lot of backlash. And not just because of the jobs, but very often they lose that leader in the community, that philanthropic person, that business leader that no longer has that role anymore.

Josh Bobich:

You mentioned the family office component, which you've seen so much more of, and then for those who don't know, basically it's like family-run private equity investment, and buying companies and running those companies usually without any particular horizon, just into perpetuity until there's an opportunity to maybe sell off. Have you had more of those offices come to the center and be more engaged in the programming that you put together for family businesses? Or is it just a subset of the industry?

Jon Keimig:

It's not our bread and butter. There are certainly a few different organizations out there that do on a more national level. We have some family businesses that attend our programming that have family offices, but we're really focused on a lot of the same clients that you guys have where we're trying to help them figure out those family dynamics, the ownership issues. And in our center just this morning, actually I sent a list of more than 20 topics for next year and I have our audience, our members vote on those topics that they want to hear about next year. So in a way that kind of keeps us narrowed.

Jon Keimig:

We really don't touch on business practices either much because there's a lot of those options around. We're the only family business center in Minnesota, so we really keep our niche on those family ownership, family dynamics, succession type issues, and the family office doesn't fit squarely into that. So at least that's where we're at this point.

Chris Cuneo:

From a pandemic perspective, I've got a couple of questions. One is that the trust and community that you're talking about from especially an employee and in geographical community perspective, I think also extends or at least I've seen it extend to vendors. And that the relationship that companies are forming in their greater community includes vendors, which then create a benefit back to them in times of crisis. So they're concerned about what happens to their vendors, the vendors are concerned about what happens to them.

Chris Cuneo:

And my sense is that that's one of the things that actually benefits a family business when there is times of economic stress and when hard choices have to be made. Is that consistent with what you've seen?

Jon Keimig:

It is. I know of family businesses in our center that have been open about floating loans to other companies that might not be able to meet certain financial needs extending from 30 to 60 to 90 days and being really flexible when they can be. And so I think you're right, Chris that there's this other element to it. And I think there's a knowing that there's going to be some reciprocity if that's ever needed.

Jon Keimig:

When you look at that family businesses, what I love seeing is when a family business and I show up and I visit them and they have the product of another family business that's sitting right there. And I see that a lot, and I look for it, of course. But you start to see those things, and then I always like to connect those families and reach out and say, "Hey, so-and-so I was at this person's business and they've got your product right there." "Oh, that's such a great client of ours. My dad knew them, knew their dad 40 years ago." And so you see these really long-term relationships and they're willing to chip in and help each other out.

Chris Cuneo:

The second question has to do with balance sheets. It seems that family businesses tend... while they have that entrepreneurial zeal that you described for sure, and part of it is just to make sure that the next generation continues to have things to do and people get employed, but there do seem to have a caution about debt, especially wild operated debt, which tends to bode well in times of crisis. Again, is what I'm seeing consistent with what you see on a broader sense?

Jon Keimig:

It is and a lot of what I see is anecdotal, I must say with different families that tell me what's going on in their business. There's one that came to mind this spring and the dad who was the founder of the company said, "We're really positioned to grow and I think we're going to wonder why we didn't make more acquisitions two or three years ago." We had an event last Friday and they actually backed out because they were meeting with a company they were acquiring.

Jon Keimig:

And so some of the family businesses, you're right, they're more conservative and it allows them when the timing is right to really make a move and be very firm with that. And I think families, it's a challenge because let's say there's a third, fourth generation, you're looking back at your grandparents and great-grandparents and you're trying to hold up their legacy. And so wild risks typically aren't part of holding up a legacy. So very often it's a different view of entrepreneurship where it's not taking risks, it's managing risks, and it's really assessing risks and saying, "Where do we go? And why prove it?"

Jon Keimig:

We have next generation members of family businesses that come in and say, "Hey, here's an idea." And what will often happen in a family business is they'll say, "Okay, build this entity and use it as a learning experience or run this new product launch and use it as a learning experience." And that gives them again, that long-term look on, how are we going to do this over the long haul?

Josh Bobich:

Following up on the pandemic topic, when the pandemic hit and as it started to be evident that it wasn't going away anytime soon, I guess, what was the general feeling of the family business owners that you've seen work with, interact with as far as what their next plans were? Was it buckle down, get through this, wait it out or we need to get out of here now? Like we need to figure out how to get what we can and secure our financial future for ourselves and for our children, et cetera? Is it a little bit of both or one or the other?

Jon Keimig:

We have about 70 families that are members in our center and come back every year, and other than them, none of them have sold since the pandemic started so small sample size. But that first weekend, after everything is shut down and everyone was told to stay home, I spent a lot of time communicating family businesses, and everyone almost was in a panic. Fast forward three, four, five weeks and you started to see some families in certain industries going, "Oh, wait a minute. I think we're gonna be positioned well."

Jon Keimig:

Last fall, so probably six months into this, we had an event on positioning for future downturns and we did a very unscientific Zoom poll of our audience and asked, "How many of you are doing worse than a year ago? How many of you were doing about the same? And how many of you are doing better?" And it was about a third, a third, a third. And it's really industry specific.

Jon Keimig:

One thing I did early on with a nod to the family business center at Loyola and some information they share that I then reshared with our audience, was to talk about the strengths of family business and send that out as a confidence booster. And so some of the things I talked about earlier, about looking back at history, looking at your long-term projections, and your debt ratios and things like that. And I heard from family businesses that reached out to me and said, "This helped me get up and stop playing defense and realize we can do this. We have the ability, we have the people. We just can't be scared anymore."

Chris Cuneo:

Now, if there's one place, come following up on Josh's question. If there is a place where family businesses might be more vulnerable in times of crisis, it's in the area of managing relationships, because you're managing relationships, frankly at at least four different levels. Your co-employees your co-leaders of the business, but you're also oftentimes co-directors of the business, you're shareholders of the business and your family members above and beyond anything else.

Chris Cuneo:

If you have a bunch of relationships and they're all critical to your success, especially if success is driven by reputational benefit then and some of these other, the nonfinancial purposes, how tough is it to keep all of those relationships aligned and keep the reactions of a number of family members aligned in the sense that they're not all going off in different directions or actually fighting with each other simply because of the reactions to a pandemic or other economic crisis?

Jon Keimig:

Well, I think one of the key things, and this is always the best answer, in hindsight, if they were working on this prior to the pandemic, things would have been positioned better for them. I think when you look at what we try to teach at family business centers across the country is really, we focus on those family dynamic issues. And so we're trying to give families the tools so that when they learn how to communicate in good times, they're better prepared to communicate in bad times.

Jon Keimig:

Last spring, a company called Banyan Global did a study probably in April and May of a lot of family businesses and asked how they're doing in different areas. And there were two stats that jumped out to me, and one was that they were having more conflict, and two was that they were communicating more. So family businesses were having their hands forced in these areas, and it was about 20 to 25% of families responded on both of those questions. And that's actually what I structured a lot of this year's programming around was those notions.

Jon Keimig:

Our entire season is built on COVID without me using the word COVID, and so in December, we did a session on using family as a team. Trying to really give families the ability to learn together and how to work together. Just last Friday, we had a



session on communication strategies. So we're trying to take some of those things and give them the tools now that they can really normalize those conversations. There are really great vehicles to communicating.

Jon Keimig:

One thing is really when we teach family businesses governance, we structure their family meetings for them, so A, having family meetings, and we're not talking about the day-to-day of the business, but we're talking about family issues. But one thing we do is we have them start with an exercise where they go around the room and share positives that each person brings to the family and business in these different categories. And every year we teach this class, when they show up the second time, there's a family in tears that says, "Nobody ever says anything nice like that to each other."

Jon Keimig:

And so once you start to give them the tools to communicate effectively in a positive way, now when problems arise, we're not just going back to these old memories of what happened when the siblings were growing up. They've learned to communicate with that, and they're better at it, the ones that do it than regular families like your family or my family, because they've taken the time to really put good communication and listening practices in place.

Jon Keimig:

There's also some different vehicles they can use like having a family council, which for a family business, it starts to get a lot of family members involved, either as owners who are in the business, or just part of the family and future owners. It's a way to create one voice for the family and have everybody be heard, but then to talk with one voice. So it's not just 25 family members trying to tell the business what it should do, but it's using a vehicle to say, "The family wants this." And then using that family council then to communicate with the board on what the family would like to see happen in the business.

Josh Bobich:

Jon, I think that's such an important point about the family dynamics part and the interactivity between your family hat and your business hat is so integral. Chris and I deal with this all the time, it's like I always joke about being an amateur psychologist with family business clients, because so much of it is about balancing, not just the business decisions, but the interpersonal decisions and the emotional decisions that go along with it, because the business is deeply personal. Not just on a one person level, but on a multi-generational level.

Josh Bobich:

And I do have quite a bit of firsthand experience with this because I grew up in a family business and my family still operates the business. It's the constant struggle of you're working with your parents, or sibling, or what have you, and the part that I always recognized was that my dad would never say anything exceptional about me to me, but he would not hesitate to say those things to other people within the business and without.

Josh Bobich:

And I think that's really common because I think you don't want to present that air of, I treat my family members better than I treat the rest of my employees, therefore I'm not going to compliment them or give them positive accolades while other people are around, because that's going to be nepotism and people aren't going to respond well to that. And I think everybody needs some level of positive reinforcement in the workplace or in the family and it's complicated. Especially when you talk about the family council aspect, that's a huge portion of it, and having meetings, and talking through those things is pivotal to the family dynamics success as well as the business success.

Jon Keimig:

Josh you're exactly right. There's a transition that happens over time too where the parent-child relationship turns to an adult-adult relationship. And so it can be a little tougher for the members in the family to really feel that moment and give that next

generation their due and their credit. But it's tough. My kids are young, I haven't had to have that conversation yet and I'm still them on the back for everything they do, right?

Josh Bobich:

Right.

Chris Cuneo:

You actually see it in what they call each other, because there comes a point in time where you stop talking to dad or mom, and you start talking to Joel and Sally, and it's awkward. But you can see people transitioning through it when they're viewing each other in different roles.

Jon Keimig:

When I got into this field, that was one of the first shocking things to me was that nobody had a mom or dad in the business. It was Joe and Sally, and it was just this bizarre thing to me as an outsider, but you completely understand why, and that's what Josh was hinting at, that you don't want that nepotism. Dad starts to sound like daddy to the non-family employees.

Josh Bobich:

Probably getting pretty close to the end of our time here so it's a last couple of questions for you, Jon to put a bow on all of this, but do you have any words of wisdom as to what family businesses can do to build out their ability to stay resilient or even thrive in these challenging economic times?

Jon Keimig:

Josh, like I said a couple of minutes ago, I think the key is to start conversations now. And starting conversations is hard, but family businesses certainly have other family business owners that are in their circles. Talk to those people. Maybe there's a family business center in the area, use advisors. Read books about family businesses, there's a lot of great research that's out there that can help family businesses step through this stuff. Family businesses like anything, you don't know what you don't know.

Jon Keimig:

But when I meet with family businesses for the first time, I start to tell them about family business dynamics, and I start to plot their family in some different models, and their eyes are just huge. And so really it's that realization of, there's a better way to do this if we're not practicing these things, and how do I get my hands on that? There's really so much to being a successful family business that they just don't have all the answers. They're often very good at running companies, that's why they've been around long enough to invite other family members and maybe the next generation or two in, but it takes a different skill to run the family and ownership side.

Jon Keimig:

And I can tell you from families that are in our center that have these areas figured out, they were much more prepared when challenges arose last spring. The person who founded our center talks a lot about two things. One is being a business family, and what he means by that is really putting structures around the family and the ownership like you would do with a business. And the other is a parallel planning process, which is something that the first director of our center, Dr. Randy Carlock came up with, and he's one of the world's foremost researchers on family business, but it's, how do you take the values, vision, strategy, investment and governance and align it with the family and the business?

Jon Keimig:

And so how do we take family values, family vision, family mission and embed that on the business side? And that way the family can really unite around why they're in business together.

Chris Cuneo:

That's cool. Since it's really all about us, Josh and me, let me ask you a follow up question to that. What can we do as service providers and specifically as lawyers to help support those initiatives and create the processes that allow a family businesses to plan and succeed?

Jon Keimig:

Every family needs skilled advisors. A good family business advisor is not just an expert in their field, but really understands family business dynamics. And with that, getting to know the individual family, that's their client. By bringing them out to lunch and asking, who are your kids? What are their hopes and dreams? How do you see them falling into the company? Or maybe they have no interest, but have you talked about it? So family members get to know them and multiple generations, and their individual goals, and what they stand for, but really know the family's purpose of being a family business.

Jon Keimig:

One question I've asked over time is, where do you see your family in five, 10, 20, 100 years, your family business? And I've gotten pushed back on the 100 years. Specifically there was a woman in class that said, "That's just ridiculous." And I said, "You guys can do 95 years then." And she said, "That's ridiculous too." And I said, "The point is, I want you to understand why you're really doing this and what you hope to achieve out of it. What do you want your legacy to be."

Jon Keimig:

And families don't often think about that 100-year thing. So for advisors to just use something like that as a framework to say, "What's the real end goal here? Why are we really doing this and how can I support that?" An advisor once pointed out to me that there's a difference between advisors and providers, and he was spot on. And some advisors tell me that they should be a resource for family businesses because they have a lot of family business clients.

Jon Keimig:

Other advisors speak fluently in family business issues like the two of you have done today and talk about how to navigate tricky situations that regular businesses don't face. So they help families navigate family issues, business issues, ownership issues, figure out the governance that's needed right now and for the future. And so those are some big key things that they can do. One other thing with advisors is to know what you're not.

Jon Keimig:

Josh, you joke that you become this untrained family therapist, and obviously, you're joking about that and you full know that if a family needs a therapist, you'll help them find somebody that's going to fit their needs. And the same thing with, you're not going to try to help them with their finances. People have their lanes and the best advisors really know their technical lanes, but have a Rolodex of skilled advisors that can help out in other lanes.

Jon Keimig:

But they're the ones that become the trusted ones because they're able to help provide those other resources. All that being said though, many families are really hesitant to reach out to advisors for help, and that's a hurdle we try to help families with. The right advisors are an investment in the family and the business, and it can be scary and there's a need for really great vulnerability to reach out and ask for help. Families can go through other family businesses they know and see who they've used as advisors, reach out to a family business center, see if there's a list of advisors like the one we have and find that Chris or Josh that can benefit the family and get comfortable with investing in the needs for outside help.

Jon Keimig:

Family business can be a really lonely place, so outside advice is always good. And the better the relationship with advisors, the better the outcomes a family will find. Keep in touch with advisors too, and for advisors, reach out. In normal times, let's not have a virtual meet, but let's get together for a coffee and hopefully do that multiple times a year and really keep those relationships going strong.

Josh Bobich:

What you're talking about with regard to different advisors and the right practice areas is so critical, and that's something that I have come to learn more in working with Chris more than anything of having a very strong stable of different advisors in different capacities. It's invaluable. And that's where you provide value, especially to family businesses and other small business clients as being, you have this problem, you came to meet to discuss it, but you know what? I know who it is that you need to talk to to really get to the root of it.

Josh Bobich:

That's how you build loyalty, that's how you build trust, and you need that. With family businesses, like you said before, it's just pivotal. And just as a disclaimer, legally, I am not a therapist and not professed to be a therapist of any kind, so don't come at me with that. But happy to talk in a therapist-like voice if that's helpful. And it's being resourceful and being helpful. Thank you-

Chris Cuneo:

Knowing the other providers, let me just throw that in as well. Because one thing that happens in building networks and frankly, and attending the kinds of sessions that you put on, Jon is that it gives us a chance to meet other people and broaden those relationships, but also figure out ways that we're lining up with people that we know that we have experience with because not everybody plays so well together. That collaborative relationship, investing upfront in making sure that you have collaborative relationships, we understand what's important to the other service providers.

Chris Cuneo:

And you know that that's going to line up with the way that you want to provide services, and most importantly, it's orienting to the client needs. As long as that's the primary focus, people are going to be able to get along well together, but it takes some time to be able to do that. And for us, it's a benefit in terms of being able to work cost efficiently, and it's also a benefit in terms of being able to do what you described, which is, finding the right person. So if you need somebody who's going to do more the family counseling and the communication dynamics, there's a wide variety of people who do it in a lot of different ways.

Chris Cuneo:

And it's incumbent on us to both know who they are and have working relationships so that when we do get together, we're all on the same team and we're building that level of trust that you described.

Jon Keimig:

And my hope is always that families can have that meeting with that group of advisors all together. So the accountant knows what the attorney is doing, knows who the psychologist is and what they're doing. And so you can all work together and create better outcomes for the families. But again, it's a challenge for families because they're looking at dollar signs and saying, "What's it going to cost me to get all these people together?" And you really have to push back on the families and say, "It's going to cost you X, but that's an investment in the business and the family. You make other investments in those areas and this is one that, that will pay off in the end."

Jon Keimig:

And so really try to push families into meeting with their advisors and doing it on a regular basis. Again, our center, we're a great way to give families the foundational tools to communicate and build community, but we're not doing the advisors. We're not going to take you across the finish line. We're going to tell you, there's a race, it's a really long race, probably a marathon. We're going to show you some places where you can get some water along the side. But you need the other people there it's actually hand out the water.

Jon Keimig:

And that's where we need really good stables of advisors that are going to help the families with those things.

Josh Bobich:

And your center does a great job of that. It's a great resource and there are great options available, and lots of resources, and different ways in which families can get what they need when they need it. With that, Jon Keimig, thank you so much. That was awesome discussion. Thanks for joining us today and thank you to the St. Thomas Family Business Center for allowing Jon to join us today. And thanks to my co-host, Chris, and thanks to everyone who listened, for joining us on the Better Business Podcast sponsored by Ballard Spahr.

John Wright:

Thanks again to Chris Cuneo and Josh Bobich and their guests, Jon Keimig. Make sure to visit our website, [www.ballardspahr.com](http://www.ballardspahr.com), where you can find the latest news and guidance from our attorneys. Subscribe to the show in Apple Podcasts, Google Play, Spotify, or your favorite podcast platform. If you have any questions or suggestions for the show, please email [podcast@ballardspahr.com](mailto:podcast@ballardspahr.com). Stay tuned for a new episode coming soon. Thank you for listening.