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FAMILY BUSINESS NEWSLETTER

A publication of the Delaware Valley Family Business Center



Brad Hams

Great Game Associates, Lakewood, CO

It was a revolutionary concept in 1982, but now it has proven itself many times over. Training everyone in the company to start thinking – and acting – like an owner. **Call it capitalism at the grass roots.**

Hams, 46, is president of Ownership Thinking, a Lakewood, Colorado-based firm that takes its name from the book he wrote in the mid-1990s. Hams will be the featured speaker Thursday, November 15, at the DVFCB Forum at Indian Valley Country Club, Telford. His topic: **“The Great Game of Business: Teaching Your Family & Employees About Business.”**

Hams and his wife, Carmen, a CPA, work together in their family business.

Ownership Thinking is a consulting and training organization whose mission is to guide and educate clients “to unleash their potential and control their financial destiny.” He adds that OT has “worked with hundreds of companies, nearly all of which have had significant improvements in both financial and human performance.”

The Amazing Missouri Blueprint

Before 1982 Springfield Remanufacturing Corporation was owned by International Harvester, which went belly up during that era’s farm crisis. Facing the closure of their engine manufacturing facility, 13 managers pooled their resources and made a bid to buy SRC.

Believing that actively involving all the workers in the firm’s financial performance was the only way to survive, the managers put into practice what is now known as the Great Game of Business.

The rest, as they say, is history. SRC went from \$17 million in annual revenues to \$170 million projected for this year. Further, SRC is now nearly debt-free and has seen its stock increase in value by more than 80,000%.

Truly, necessity is the mother of invention. And now we are the beneficiaries.

The Great Game of Business: Teaching Your Family & Employees about Business

Thursday, November 15, 2001

7:45 to 11:15 am

Indian Valley Country Club, Telford, PA

Hams sees capitalism as “a powerful mechanism for innovation and opportunity,” adding that his vision is to help create organizations of employees who:

- **Think like an owner** – through strategic planning.
- **Act like an owner** – through financial acumen.
- **Feel like an owner** – through compensation incentives.
- **Innovate like an owner** – through entrepreneurship.
- **Perform like an owner** – through leadership development.

“Ownership Thinking is the North American licensee for the Great Game of Business process implementation,” says Hams, “which will be my topic November 15.” The three key components of GGOB are:

- **Create a “financial literacy program”** to teach employees the fundamentals of business.
- **Identify key financial and operational measures**, build scoreboards and teach organization members to forecast results in an environment of high accountability. “Huddles” often are used to help workers anticipate trends that will affect the bottom line. But individual initiative also is encouraged; Hams likes to say that GGOB people usually find answers “by looking in the mirror.”
- **Provide employees a stake in the outcome** in the form of incentives tied to key measures.

Along with Hams’ book *Ownership Thinking*, the Great Game of Business approach stands on the shoulders of two powerful progenitors: a book called *Open-Book Management* by John Case, a Harvard faculty member (who now recommends Hams’ book), and the Springfield Remanufacturing Corporation (SRC). **See sidebar on this page.**

In the 1980s Hams had been in senior management with PepsiCo. In 1990 he started his own consulting company, The Americas Consulting Group, with offices in Lakewood and Mexico City.

This Forum will be valuable for ALL family members and employees!

Corporate Sponsor of this Forum



Delaware Valley’s leading Home Builder

Hams obtained his master’s degree in Organization Development and Human Resources from the University of San Francisco; he is now an adjunct professor at the University of Phoenix.

In the early ‘90s Hams implemented the Great Game of Business at Mrs. Fields Cookies, helping to create “a very successful company that has become a market leader.”

Based on Hams’ track record, you can expect him to deliver an engaging and interactive program that will provide you with an overview of the Great Game of Business, as well as tools you can immediately put to use with your family and business.

As the subject matter implies, *everyone* at all levels of family business is warmly invited to attend the November 15 forum.

Also on November 15...



Taming the Compensation Tiger in a Family Business



Mike, Joan, Joanie & Tom McVaugh (left to right)
Laboratory Testing, Inc., Hatfield, PA

Compensation is one of the most sensitive, highly volatile issues in a business family. At the November 15 Forum, the **McVaugh family** will share how they have adopted a **company-wide compensation philosophy** along with a **market-based salary administration system**, as well as a thoughtful **“Ownership Compensation Policy.”**

Scenes from Our September 20, 2001, Family Business Forum

The Eldest Son's Dilemma in a Family Business: Honoring Thy Parents

with Hank O'Donnell, O'Doodle's, Chestnut Hill



Over 100 persons gather for a dynamic morning of learning and sharing about the unique dilemmas and challenges faced by the lead sibling(s) in a family business. A surprise guest, a **Recovering Hero, Superman**, shares some pointers including how to be *Victim Detectors*.



Dan Jones, Philadelphia Scientific, and Jason and Dave Hollinger, Four Seasons Produce, Denver, PA.

Members Comment on Forum . . .

"Hank's presentation had great content. The hero, victim, persecutor triangle was interesting; interesting to see movement by each of us in and out of each role. *Telling the truth in love* as a message was meaningful."

David Thompson, Sr., Laminators, Inc., Hatfield

"The panel was very open and honest. As a father, I got some firsthand insights into the thinking of daughters and sons."

John Strong, Lenape Valley Swim Club, Chalfont

The Perils & Pearls of the Lead Siblings: Honoring our Parents, our Siblings and Ourselves



Joining Hank O'Donnell on this diverse panel of "lead siblings": **Phyllis Mann, E & M Insurance Associates, Montgomeryville;** **Julia Klein, C. H. Briggs Hardware, Reading;** **Peter Wright, Keystone Helicopter, West Chester.**



Dan Jones, Philadelphia Scientific, Montgomeryville



David Thompson, Jr., Laminators, Inc., Hatfield



Rich Souder, Richard B. Souder Masonry, Telford

"The **honesty** of responses from both the panel and the audience was exceptional. I think many family businesses harbor some resentment, but it is not discussed. It's very **helpful** to have a forum to talk about these issues without feeling like you're betraying your family."

Lisa Donnelly, M & C Specialties, Southampton

Hank's wife, **Terri O'Donnell**, shows how families can capture their legacies through scrapbooks. Terri is a consultant for Creative Memories.



Welcome to NEW Forum Members



A. V. Weber Co., Inc., North Wales, PA
Dave & Steve Weber.



McMahon Leasing Inc., Norristown, PA
Joseph & PJ McMahon.



Laurie Hartman and Nancy Linberger, Reube's Plastics Co., Hatfield, PA.

The Weaver family from Weaver Companies, East Earl, PA: **Larry, Ken, Melvin, Randy, and Dale.**



News & Notes from Our Director

Congratulations to the following Forum Members ...

◆ **Gorski Construction Company, Colledgeville**, received three industry awards: two for project quality, one for business operations.



◆ At our September Forum, **Dave Landis, Landis Supermarket, Telford**, was recognized for his recent "hole in one"!



Sally Derstine
Forum Director

Unable to Attend September's Forum?

___ Please send me the audio tapes (set of 2) of the last Forum featuring Hank O'Donnell, "The Eldest Son's Dilemma in a Family Business: Honoring Thy Parents" (\$20)

Name _____

Address _____

Please add 6% sales tax and \$3 shipping to the total and make your check payable to Delaware Valley Family Business Center, 1011 Cathill Road, Sellersville, PA 18960, (215) 723-8413.

Rational Approaches to Compensation by Barbara Spector, Managing Editor, Family Business Magazine

Family Business Magazine has just published *The Family Business Compensation Handbook*, a 172-page reference offering perceptive and practical advice on rewarding and motivating family and non-family employees.

Written expressly for company owners, managers and advisers, the *Handbook* fills a critical information gap. Traditional compensation resources don't address issues that commonly arise in family firms, where questions about proper pay structures are intertwined with concerns about inadvertently fostering family rivalries or the desire to distribute wealth to loved ones.

The *Handbook* brings together for the first time an abundance of information and advice on family business compensation to help resolve emotionally charged compensation issues. It addresses a family business's most crucial questions:

- How can we openly discuss our family members' expectations

and jealousies about compensation so a fair, rational pay system can be developed?

- Is there a method of rewarding family members for their contributions to the business that won't result in charges of favoritism from non-family

business compensation specialists, attorneys, accountants and psychologists, as well as real-life stories of family business owners who revamped their companies' pay policies. Among the more than 50 contributors are Henry Landes, president of the Delaware Valley Family Business Center, and Karl J.

Buehler, a compensation consultant associated with the Center. Most of the articles have never been published before; others are drawn from *Family Business Magazine* or other publications that address the concerns of family companies.

The *Handbook's* eight sections demonstrate how to go beyond seat-of-

the-pants compensation decisions to develop comprehensive pay policies geared to your company's strategic plan as well as your family's values:

- **The basics: Understanding family business compensation**
- **Strategies for success:** Implementing a new compensation system
- **Managing emotional issues:** Families, values and money
- **Enter the second generation:** Challenges for siblings and cousins
- **You can't do it alone:** Attracting, retaining, motivating non-family employees
- **Bringing out the best:** Developing an incentive compensation system
- **Sources of help:** Obtaining compensation advice

- **Rewards of ownership:** Pay for family stakeholders

The Family Business Compensation Handbook, which includes an index and is designed for quick and easy reference, is available for the special price of \$95. An order form is enclosed for your convenience, or pick up a copy at the November 15 Family Business Forum. To view a complete table of contents, visit the *Family Business* bookstore at www.familybusinessmagazine.com.

Advance praise for *The Family Business Compensation Handbook*

"This is by far the strongest compensation book I've seen in this area, but it's also far more. It incorporates the 'human' issues surrounding compensation in family businesses. These articles get at the issues behind the numbers, which is critical to implementing successful systems. In many ways, the book is a great human resources guide as well. The format features small, contained and well-defined articles that are very accessible to readers."

Quentin J. Fleming

Author, *Keep the Family Baggage Out of the Family Business*



employees?

- What kinds of incentives can we design to attract top talent without giving away the family legacy?

The *Handbook* includes recommendations from family

Included in *The Family Business Compensation Handbook* is an article by Henry Landes and Karl Buehler, a compensation consultant with the DVFCB, *Choosing a Family-Friendly Compensation Consultant*.



Karl Buehler
Compensation Consultant

How Can Family Business Forum Membership Help MY Business Family Thrive?

1 Quarterly Forum Meetings. Learn from successful business families and experienced family business advisors. **Member companies receive one FREE registration to EACH Forum (\$200 value).**

4 Get instant answers to almost 100 family business topics through an exclusive on-line library housing hundreds of articles (www.dvfambus.com).

NEW!

2 Policy Handbook for Business Families. A practical, how-to handbook designed to educate and help business families meet together to develop their OWN family business policies and plans. **Members receive new Handbook inserts at each meeting!**



5 Estate Planning Fire Drill. A quick, concise process designed to identify and resolve problems associated with your untimely death, culminating in a valuable written report (\$500 value).

NEW!

3 Family Business magazine annual subscription. Written exclusively for the owners and managers of family companies focusing on the tough issues virtually all business families must face (\$95 value).



6 Introduction to the Family Meeting Process. An individual meeting with your family to introduce the family meeting process, how to use the *Policy Handbook* and other resources.

7 2001 Membership Directory, which facilitates member-to-member learning.



Annual Membership Fee.

Thanks to the generous support of our partners, the annual membership fee is \$500. Limited to family firms; subject to review by our Membership Committee. Membership is on an annual basis.

WHAT is the Family Business Forum?

An association of over 100 business families which meets quarterly for educational, informative, interactive programs to help strengthen families and build high-performing businesses.

Our FAMILY BUSINESS CENTER

Since 1989, our clearly defined process helps families beat the odds through **The Succession Zone**. Our team of experienced consultants, educators, and speakers helps business families:

TALK about the real issues,
WORK TOGETHER in teams, and
PLAN for the future.

To Register for Upcoming Forum



Please note that Forum registrations are limited to Member firms. Non-members may attend once as a guest.

Business Name _____
Address _____ City _____ State _____ ZIP _____
Phone _____ Fax _____ E-mail _____ Website _____



Nov 15 The Great Game of Business: Teaching Your Family & Employees about Business - Brad Hams

Name(s) _____
Total Registrations (less one FREE) _____ X \$50 = \$ _____

NEW MEMBER \$ 500

Draw check and mail to: Delaware Valley Family Business Center, 1011 Cathill Rd., Sellersville, PA 18960
Cancellations must be made 2 days prior to event. The registration fee cannot be refunded or waived when cancellations

Total \$ _____



Hamburg, Rubin, Mullin, Maxwell & Lupin is one of the premier Montgomery County law firms serving the community for more than 30 years. Our areas of specialty include Business Law, Corporate Law, Health Care Law, Taxation, Estate Planning, Estate Administration, Family Law, Real Estate Law, Commercial Litigation, Personal Injury, Environmental Law, Products Liability and Labor and Employer Law. For further information, contact **Jonathan Samel** at (215) 661-0400.



Success is about results, not just about goals. For business, it's knowing what questions to ask, understanding your customers, using technology effectively, and improving your bottom line. For individuals, it's evaluating future needs, knowing your options, designing a plan, managing risk, and improving performance. Are you ready to unlock your potential? Our team of Certified Public Accountants, Management Consultants, and Certified Valuation Analysts holds the key. After all, at **Detweiler, Hershey & Associates, P.C.**, your future is our business. Contact **Bruce Detweiler, Bob Schoen, or Jim Rittenhouse** at (215) 723-8901 or on the web at www.detweilerhershey.com.



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Family Business Magazine is written exclusively for family company stakeholders. Subscribers have full access to the publication's on-line library, housing hundreds of articles at www.familybusinessmagazine.com. Contact **Patricia Nelson** at (800) 637-4464.



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Mennonite Foundation and MMA Trust Company are dedicated to helping families make a difference in the world by incorporating their goals and values into their estate planning. They assist families with charitable/noncharitable estate planning and trust administration. Contact Arlin Lapp or Steven Hunsberger at (800) 332-4141.

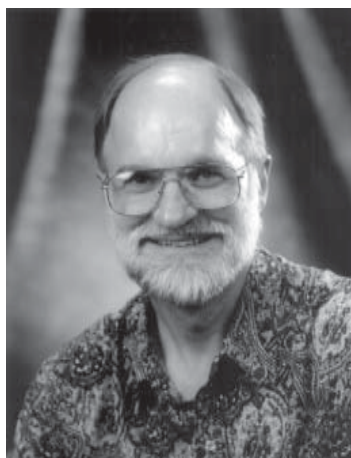
The Family Business Forum is underwritten in part by the generous support of our partners.



Thanks to **T. H. Properties**, Corporate Sponsor of our November 15 Forum featuring Brad Hams, "The Great Game of Business: Teaching Your Family & Employees about Business."

The President's Corner ... Henry D. Landes

A Father and a Son Show How It's Done



My first contact with Tripp Davis was in October 1998. He sent me an e-mail saying he wanted to explore succession issues. At that point his father, Louis D. Davis Jr., had tapped him to become president of the family-owned business in three years. Tripp was looking for an outside mentor in the succession process; I was more than happy to work with him.

Tripp Davis and I thus began a professional relationship, which also became a personal friendship. In this young man I soon detected an exceptional commitment to growth – for his company and for himself. He observed and learned at work. He joined the Forum. He read books and listened to tapes on the subject of succession. He interviewed CEOs. We dialogued extensively. In short, Tripp did his homework.

After only a year and a half, it became clear that, at age 36, he

was ready. So on May 18, 2000, his father's 66th birthday, Tripp Davis became president of L.D. Davis Industries, a Huntingdon Valley-based firm that manufactures glues and resins. The company has 60 employees and annual sales of \$15 million.

There's a saying that it takes two to tango – or is that tangle? The same is true in family businesses, especially during the oft-volatile succession period. In the case of the Davises, Tripp's father, Louis, deserves tremendous credit for helping to prepare Tripp, then gracefully stepping aside when the time came. That grace shines through in Dad's May 18, 2000, letter of blessing to Son, excerpts of which are printed on this page.

Peter Drucker hits the nail on the head when he says that successful transition is the final test of greatness for the one passing the torch. Here's a father with a commitment to growth – for his company, yes, but more importantly for his son ... and himself. Already 12 years ago, Louis attended a two-day family business seminar to start preparing himself and his company for the transition.

In the intervening years Louis modeled, supported and mentored. In stepping aside he showed uncom-

mon wisdom by saying, "I will be there to help and support you *when asked*."

Yes, the Davis family has a strong commitment to growth: a strong family; a profitable, well-positioned company with a strong management team; and (now, under Tripp's leadership) significant growth in the ownership circle. The first meeting of Davis Industries' outside board of directors convened in October.

Only one-third of family businesses make it to the second generation, and only one-sixth make it to the third (as the Davises have done). Tripp says he's looking forward to fourth-generation Davis involvement in the family business. Time will tell, but he's clearly on the right track.

For me, it has been an honor and a sacred privilege to walk with Tripp and many other families like



Tripp & Louis Davis with Henry Landes.

the Davis family. They're far from perfect, as they would be quick to say, but they are thriving – both as businesses and families.

For a copy of this letter in its entirety, please email hlandes@dvfambus.com or call us at (215) 723-8413.

A Father's Blessing (Excerpted)

Dear Tripp, 5/18/00

Today is a very important day for us both.

I have been looking forward to the day I stepped down as president and have you assume these duties. **You have prepared for this day for quite some time now** and both your mother and I are elated that you will be taking over both the ownership and presidency of the family business.

I have no regrets in stepping away from the 40 years I have been associated with the business ...

Now that the responsibilities have been passed on to you, you must always know that **I will be there to help and support you when asked**. I will have minor financial interest, but in no way will it diminish my interest in the future of the company nor my wanting you to succeed ... not just in business but in all endeavors.

In closing, Tripp, I wish you great success in all things, and know that I **admire, respect and love you, not only as father to son, but as an individual who admires you for your great character and fortitude**.

Love, Dad

November Forum ... Mark Your Calendars!

Thursday, November 15

7:45-11:15 am, Indian Valley CC, Telford

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Brad Hams

Great Game Associates, Lakewood, CO



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