



Volume 9, Issue 2  
April 2001

# FAMILY BUSINESS NEWSLETTER

A publication of the Delaware Valley Family Business Center



**Jim Bleech**

Leadership Development Center  
Atlantic Beach, Florida

**E**xcuses...excuses. We've all made them and, heaven knows, we've all received them. Sadly, excuses don't accomplish anything nor do they advance the work we're trying to do in our businesses. Even distinguishing an excuse from a legitimate reason proves nothing. The end result remains a failure of some form. Everyone loses.

"The *excuse equation*," says James M. Bleech, President/CEO of the Florida-based Leadership Development Center, "requires two parties, a maker and a receiver. But," says Bleech, "in business even more critical than the two parties is the corporate culture that *allows* excuses in the first place. **Eliminating excuses and converting the *excuse pattern* into one of accountability and results are learned behavior as is most good management.** If we don't teach it, require it, and reward it, we won't get it. It's that simple," says Bleech.

There's a psychology that drives an excuse-style of behavior. Only part of that psychology belongs to the individual employee.

*Jim Bleech*

Each registrant will receive Jim Bleech's 15-page ***Let's Get Results, Not Excuses*** implementation guide. This presentation will provide you with:

- A process for defining values, standards of behavior, and codes of conduct
- A method for assessing the *Three Dimensions of Culture Alignment*
- A review of 9 key processes, with pragmatic suggestions for improving these processes to insure compatibility with culture and values
- A 5-step 1-to-1 personal coaching system designed to eliminate up to 40% of excuses before they are made, thereby significantly increasing levels of responsibility
- A 4-step process for moving from *past-tense management* to *future-tense management*
- A weekly *Action Plan* that will enhance retention and application of the material presented

## Let's Get Results, Not Excuses: *Building Accountability into Your Family Business*

Thursday, May 10, 2001

7:45 to 11:45 am

Cedarbrook Country Club, Blue Bell, PA

Join fellow Family Business Forum and area TEC members for this special joint program to hear Jim Bleech explore the merits and benefits of an excuse-free culture in the workplace. The date is **Thursday, May 10, 2001, at 7:45 A.M. at the Cedarbrook Country Club** in Blue Bell, PA. for this provocative presentation and discussion that will help you take *excuses* out of your company's lexicon.

Trained as a CPA, Bleech also holds credentials as a Certified Professional Consultant to Management. Prior to his present position, Bleech was Chairman of the former Leadership Development Center, a national consulting practice serving senior management in areas of corporate culture and strategic planning. When Bleech and his partners sold the majority interest in the company, there were 65 professionals working with large and mid-sized companies across the country.

"There's a psychology that drives an excuse-style of behavior," indicates Mr. Bleech. "Only part of that psychology belongs to the individual employee. Every business, every top executive must own some responsibility if too often too many people play the game of 'pass the buck.' It is, after all, a behavior syndrome learned and honed early in life, as early as four years old. It's as natural as breathing because we believe it's nearly as necessary when it comes to sustaining our respective business lives when we've dropped the ball. There's something wrong with this picture and it's within our ability to correct it," says Bleech.

"At the core of any company are its values. Values drive behavior and behavior produces results. **A company's core values tell the tale. But, values alone are inert. If we don't define them, clarify them, and communicate them relentlessly they cease to really be our values,**" Bleech continues. "Our customers want what they value. So do we. Our customers are quick to tell us what they value.

Special Joint  
Meeting with

TEC

AN INTERNATIONAL  
ORGANIZATION OF CEOs

If we cannot meet those expectations, they'll find a vendor that will. In a very real sense, we're our employee's customer. If we value results, not excuses, it behooves us to say so. How we say so makes all the difference."

Business advisor Peter Schutz observes "that it's difficult to achieve success in business by relying on superstars. Instead, **we need to inspire ordinary people to do extraordinary things.**" It starts by creating an organizational culture, structures, and processes that bring our corporate values to life. That's how we can affect people, their behavior, and shape the results that will bring life to our corporate mission and vision statements. It's heady stuff, and Jim Bleech will make it come alive for us and move us to take action.

Handbook Highlight

### How WE Are Using the Policy Handbook

The Rauch Family, M & C Specialties  
Southampton, PA

Learning from other member firms is at the "heart" of our Forum. On March 15, the Rauch family will share how they have used the **Policy Handbook for Business Families** over the past year in their monthly family meetings.

Our **NEW Handbook inserts** will include:

- The Rauch Family Meeting 6-Month Plan, which includes *minutes* and an *actual policy* developed
- The Process for Developing Policies through Family Meetings



Rauch Family Meeting Participants: Don Rauch, Michelle Higginson, Lisa Donnelly, Chris Rauch at a recent Forum.

For more information about our services, call the Delaware Valley Family Business Center, 1011 Cathill Rd, Sellersville, PA 18960

PH 215-723-8413

email hlandes@dvfambus.com

FAX 215-723-8351

# Scenes from our March 15, 2001, Family Business Forum

## The Rosenberger Family: Five Generations of Entrepreneurial Spirit with Henry Rosenberger



**Kevin Hoover, Hoover Steel, Inc., Schwenksville; Dan and Steve Kendra, Precision Solutions, Quakertown.**



Over 120 members of the Family Business Forum gathered for the March 15 Forum at Indian Valley Country Club to hear **Henry Rosenberger** share his story and learnings.



**Bob Wieand, Quakertown National Bank; Tom Gorman, Rosenberger Companies; and Steve Miller, Miller Tire & Auto Company, Blooming Glen.**



**Nick Begovich, Electronic Systems Company, Allentown, and Diane Foxman, Hamburg, Rubin, Mullin, Mawell & Lupin.**



**Jill Clemens, Clemens Markets, Kulpville, and Patricia Nelson, Family Business magazine, Philadelphia.**



**Karl Buehler, Compensation Consultant, DVFBC, and Mark Hinsworth, Hamburg, Rubin, Mullin, Maxwell & Lupin.**

**Rosenberger brothers—Mark, Bill, and Henry.**



## What I'm Learning About Being a CEO . . . in OUR Family Business

**PANEL: Marty Roark, David Thompson, Laminators, Inc.; and Henry Rosenberger (left to right).**



### What Does a Successful CEO Do?

- Asks the best questions
- Keen observer of leadership/CEO behavior
- Seeks out a learning environment and accountability
- Focuses on vision, architecture, and strategies (important, non-urgent issues)
- Communicates inside and outside the organization (builds trust)
- Decides about change – what, how much and when
- Celebrates successes

Presented by:  
**Marty Roark**, Family Business Consultant  
Delaware Valley Family Business Center

**Henry Landes, President, DVFBC, presents the NEW Handbook inserts during "Spotlight on the Policy Handbook."**



**Terry Leidy, Leidy's, Inc., Souderton, picked up his new Handbook inserts. Members also received their first edition of Family Business magazine.**



**Joe and Tim Ernst, Ernst & Ernst Building Contractors, Inc., Colmar, and Mike McVaugh, Laboratory Testing, Inc., Hatfield.**

## Welcome to NEW Forum Members



- ◆ **Penn Valley Bottled Gas, Inc., Telford, PA (Dale & Duane Balmer)**
- ◆ **Peragine Incorporated Enterprises, Ocean View, New Jersey**

## Unable to Attend March's Forum?

\_\_\_ Please send me the audio tapes (set of 2) of the last Forum featuring Henry Rosenberger, "The Rosenberger Family: Five Generations"; David Thompson and Marty Roark (\$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.

## Congratulations to Cedars Advertising, Inc.!



**Arthur & Barbara Bustard, owners of Cedars Advertising, Inc., Cedars, PA, received the promotional products industry's Distributor Family Business of the Year award from the Advertising Specialty Institute. The Bustards, now in their third generation, have been active members of our Forum since 1995.**



## New IRS Regulations Simplify IRA and Retirement Plan Distributions



by  
**Jonathan Samel,  
Esquire**

Qualified retirement plans, such as 401(k) and profit sharing plans, and IRA accounts (collectively, "plans") offer valuable income tax deferral. It often makes sense for a plan participant or an owner of an IRA (a "participant") to delay withdrawing funds from a plan as long as possible so that plan assets can continue to be invested on a tax deferred basis. However, the Internal Revenue Code requires that most participants must take annual "minimum distributions" from the plan starting at age 70½. If a required annual minimum distribution is not made, the participant will be subject to a 50% excise tax in an amount equal to the excess of the funds required to be distributed, over the funds, if any, actually distributed.

In 1987, the IRS issued complex proposed regulations ("1987 regulations") establishing detailed minimum distribution rules. The 1987 regulations were never finalized. Recently, the IRS issued a new set of proposed regulations ("new regulations") which will simplify the original 1987 regulations, and in many cases, dramatically reduce the annual minimum amounts which must be taken out of a plan.

The 1987 regulations were very difficult to understand and apply. They forced a participant to make complicated irrevocable decisions on or before age 70½, which affected all future distributions from the plan. If the wrong decision was made, or if a participant did not understand the minimum distribution rules, significant tax benefits might be lost and the 50% excise tax might apply. If a decision was not made

by the participant in a timely manner, the decision would be made by default under the provisions of the plan, and application of the default provisions often resulted in adverse tax consequences for the participant and his or her heirs.

Under the 1987 regulations, a participant who wanted the opportunity to "stretch out" plan distributions had to decide by the "required beginning date" (RBD) whether minimum distributions would be calculated based on (i) the participant's life expectancy, (ii) the joint life expectancy of the participant and his or her spouse who is the designated beneficiary (if the participant is married), or (iii) the joint life expectancy of the participant and another designated beneficiary who is not the participant's spouse.

The "designated beneficiary" is the individual or individuals who are named as the recipients of the plan assets in the event of the participant's death. The RBD is generally April 1<sup>st</sup> of the year following the calendar year in which the participant reaches age 70½. In the case of qualified retirement plans, if an employee continues to work after age 70½ and does not own 5% or more of the employer that sponsors the plan, the RBD will be the date such employee terminates employment. Distributions from a plan must begin by the RBD.

Under the 1987 regulations, the identity of the designated beneficiary on the RBD, or the lack of a designated beneficiary on the RBD, would determine how minimum distributions would be calculated for the balance of the participant's life, and in many cases, after the participant's death. The participant could change the designated beneficiary

after the RBD, but any such change would not reduce the required minimum distribution, which was permanently established on the RBD.

The new regulations now provide a simple, uniform table that all participants must use to determine the minimum distributions required during their lifetime. As a result, a participant will no longer be faced with any complex decisions on the RBD. The identity of a participant's designated beneficiary on the RBD will no longer have any significance in determining minimum distributions.

The required minimum distribution for a particular year will now be determined by dividing the balance of the plan account as of the end of that year by the applicable "distribution period" determined from the uniform table. The distribution period for a particular year will be based solely on the participant's then current age.

An exception applies if the participant's sole designated beneficiary is the participant's spouse, and the spouse is more than ten years younger than the participant. Under these circumstances, the participant is permitted to use a longer distribution period measured by the joint life expectancy of the participant and the spouse.

The new regulations also simplify the calculation of the minimum distribution after the death of a participant. The designated beneficiary for this purpose is no longer determined on the RBD, but rather is determined at the end of the year following the year of the participant's death.

This change means that a participant who is over age 70½ can, at any time, replace an existing designated beneficiary with a younger designated beneficiary. Then, after the participant's death, minimum withdrawals from the plan can be calculated based on the younger beneficiary's life expectancy. For example, if a participant names his or her spouse as designated beneficiary, and the spouse dies before the participant, the participant would then name his or her child as beneficiary.

Under these circumstances, withdrawals after the participant's death can be based on the child's life expectancy even though the participant was over 70½ at the time of the spouse's death. The participant is not "stuck" with the deceased spouse's life expectancy, as would be the case under the 1987 regulations.

Under both the 1987 regulations and the new regulations, if the deceased participant's spouse is the designated beneficiary and survives the participant, the spouse can "roll over" the amount he or she receives to his or

her own IRA account. Thereafter, the spouse will be treated as the original owner of these funds, and can name new designated beneficiaries.

The new regulations are effective for determining minimum distributions for calendar years beginning with 2002. For determining required minimum distributions for calendar year 2001, IRA owners may rely on

the new regulations or on the 1987 regulations. The new regulations can be used for 2001 distributions by a participant in a qualified retirement plan, such as a 401(k) or profit sharing plan, only if the plan documents are amended by the end of the year.

Finally, the new regulations require IRA custodians and qualified plan trustees to annually report to the IRS the minimum distribution required for each account. As a result, there is likely to be much greater enforcement of the rules by the IRS.

**Jonathan Samel** is a partner in the law firm of **Hamburg, Rubin, Mullin, Maxwell & Lupin**. Jon has helped dozens of family businesses with tax, estate and succession planning. Forum members meet with Jon and Brian Middleton for a complimentary **Estate Planning Fire Drill**—a quick, concise process which identifies problems associated with untimely death (includes a written report).

### Family Business Magazine 2001 Conference Workshop Managing Transitions in the Family Enterprise

May 6-9, 2001

South Seas Resort, Captiva Island, Florida

Featuring Conference Leaders:  
**Ivan Lansberg, Ph.D. & Katherine Grady, Ph.D.**

Please contact Patricia Nelson at 800-637-4464.

## 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](http://www.dvfambus.com)).

NEW!



**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!



**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 Forums



Please note that Forum registrations are limited to Member firms.

Business Name \_\_\_\_\_  
Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_  
Phone \_\_\_\_\_ Fax \_\_\_\_\_ E-mail \_\_\_\_\_ Website \_\_\_\_\_



**May 10 Let's Get Results, Not Excuses: Building Accountability - Jim Bleech**

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



**Sept 20 Preparing Successors for Success! - Brian Middleton**

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

Total \$ \_\_\_\_\_

Cancellations must be made 2 days prior to event. The registration fee cannot be refunded or waived when cancellations are made after that date or when the registrant does not attend.

Proceed with Caution: You Are Now Entering *The Succession Zone!*



A friend of mine tells the story of being “handed the wheel” a little too soon. He was 3 years old, and he was with his family on a trip in the American West. With great energy, the boy in the front seat was simulating “driving,” manipulating an imaginary steering wheel, complete with sound effects, no doubt.

The father, who was driving on a straight stretch of deserted highway, smiled and said, “Here, Son, how would you like to drive the real car?” The boy could hardly contain his exuberance; a moment later he was perched on his father’s lap. His little hands grabbed the wheel and gave it a hard yank to the right, just like he had been doing with his “pretend” steering wheel.

The car careened toward the ditch, raising a cloud of dust as the dad quickly regained control while braking. Amid laughter, the boy was evicted from the driver’s seat and relegated once again to his imaginary world of fire engines and race cars.

On the other hand, I recall how a 75-year-old client responded when asked when he planned to relinquish the title and responsibilities of president—“I don’t think my son is quite ready yet.” The son was 55!

Somewhere between these two extremes is a *balance* in personal growth, development and a *readiness to take over*. Indeed, timing is of the essence in *The Succession Zone*, that pivotal period in a family business when the older generation passes on the primary duties of running the business to the younger generation.

We believe that one of the most effective ways to prepare for this vital time is to talk with and learn from other families who already have successfully navigated the oft-turbulent waters of *The Succession Zone*. Dealing with this type of issue represents the “heart” of our **Family Business Forum**. While each family is unique and must do its *own work*, our members find many issues and challenges in common. “You are not alone” rings true.

Like many of our **Forum** members and clients, the Rauch family of M & C Specialties, Southampton, is using our *Policy Handbook for Business Families*, a practical, how-to handbook designed to help business families develop their *own* policies and plans.

Since I helped the Rauches launch their family meetings last year, they continue to use the Handbook effectively—along with Ivan Lansberg’s book *Succeeding Generations*—as they gather monthly for

“second moving to third generation” meetings. Join us on **May 10** to hear how the Rauch family is finding *their* way through *The Succession Zone*.

That’s what the Forum is about—business families learning from each other. Tell us what *you*

are learning about succession through your family meetings. What has been useful to *you*? What can we highlight from *your* business family?



Will Scott

The Delaware Valley Family Business Center has helped our newly formed sibling partnership navigate the transition from parental control and ownership. We continue to make good use of the Forum and its many pertinent consultants and materials during this difficult process.”

Meg Schell & Will Scott  
Electronic Systems Company, Inc.  
Allentown, PA

2001 Program...Mark Your Calendars!

Thursday, May 10 - Joint TEC Event

7:45-11:45 am, Cedarbrook CC, Blue Bell  
**Let's Get Results, Not Excuses: Building Accountability into Your Family Business**  
Jim Bleech, Leadership Development Center, FL



Thursday, September 20

7:45-11:15 am, Indian Valley CC, Telford  
**Preparing Successors for Success**  
Brian Middleton  
Brian Middleton & Associates, Chalfont



Thursday, November 15

7:45-11:15 am, Indian Valley CC, Telford  
**Honor Thy Father & Mother: Siblings in the Business Family**  
Hank O'Donnell  
O'Doodle's, Chestnut Hill



Delaware Valley Family Business Forum Partners



**Brian Middleton & Associates** is dedicated to providing the owners of family businesses with continuous estate and succession planning. Our targeted focus and combined experience in helping over 400 family businesses gives us a unique understanding of the financial and family dynamic issues of succession planning. For further information, contact **Brian Middleton** at (800) 338-5650.



**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.detweilerhershhey.com](http://www.detweilerhershhey.com).



Founded in 1896, **DVC** is a private, state-aided, coeducational, four-year college enrolling approximately 1,400 undergraduate students in the day program and over 700 in the Evening College. The **Sigety Family Business Program** at DVC provides professional assistance to growing, entrepreneurial, family businesses so they can realize success by being better prepared to meet the challenges of today's marketplace. Contact **Dave Beck** at (215) 489-2349.



Founded in 1877, **The Quakertown National Bank** is an independent community bank providing a full range of banking services to business organizations and families. With seven offices located in Bucks, Montgomery and Lehigh Counties, QNB strives to be the financial service provider of choice to our clients within the markets we serve. For further information, contact **Bob Wieand** at (215) 538-5600, ext. 5611, or visit our website at [www.qnb.com](http://www.qnb.com).



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

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