

Create Sustainability through Effective Communication



The Dunleavy Family Enterprise* is about to enter its third generation. CEO Sandra (67) and CFO Sarah (66) are sisters whose sons in their early thirties both hold MBAs, have ten years' experience in allied fields, and now wish to join the business. There are five other G3s in unrelated fields with no interest in the business. Stock ownership is widely dispersed among all. Sandra and Sarah each believes her son to be the heir apparent, and they are now grappling with a plan for leadership transition and consolidation of ownership. Whenever they try to talk about it, however, the conversations are contentious, emotions rise, and a laundry list of prior misdeeds begins to surface.

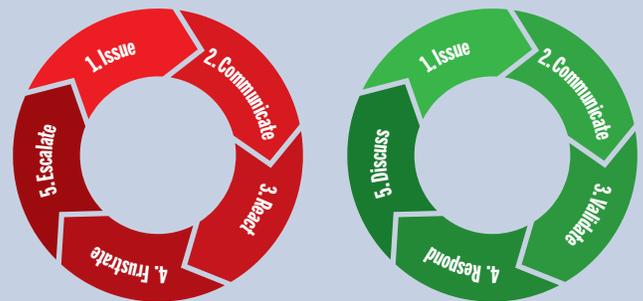
Sandra called Transition Consulting Group's David and Paul Karofsky. A close friend and previous client referred her to them. And thus began a typical engagement for the Karofskys. Their work with families runs the gamut from helping families create rules for engagement and criteria for entry to achieving clarity on roles and responsibilities, resolution of conflicts, and transition of leadership and ownership. At the foundation of all of their engagements is the challenge of communication. In some families, there is a culture of silence, in others a culture of conflict, and the challenge for the Karofskys is to help their clients learn to have difficult conversations without being difficult. Through a series of individual and facilitated family meetings with the Dunleavy family, Paul and David proceeded to unravel and clarify the issues and help family members achieve alignment on the transition of leadership and the consolidation of ownership. In doing so, the Dunleavy family was able to create a sustainable enterprise for present and future generations.



TRANSITION CONSULTING GROUP
CATALYSTS FOR CHANGE IN FAMILY BUSINESS

In their book, which will be available this summer, *So You're in the Family Business: A Guide to Sustainability*, Paul and David present a model for effective communication. Its goal is to minimize the emotion in difficult conversations and help family members with differing perspectives validate, yet not necessarily agree with one another.

KEYS TO EFFECTIVE COMMUNICATION



The key to achieving effective communication is to first feel like you have been heard. All too often, difficult conversations escalate because one side does not truly hear what the other side is saying. This is where validation is critical to achieving effective dialogue. Once a person feels validated, i.e. he or she has been heard, that person will be far more open to hearing the other person's perspective. This does not mean the two sides have to agree on the issue, but it will lead to a far more productive conversation yielding a higher likelihood of building alignment on a solution.

There is little that surprises David and Paul. They've structured buy-outs with "Texas Shootouts," where one family

member sets the price and terms and the other decides who is the buyer and who is the seller. They've dealt with the unexpected death of a principal, life threats on a family member, parents having to "fire" their children, referring out, as appropriate, family members dealing with addiction issues, and a father who said, "I'm not sure how comfortable I am with my son's success; look at what it says about what I couldn't do."

The roots of Transition Consulting Group run deep—from the early 1900s in wallpaper retailing to wholesale distribution. When the industry peaked in the late 1980s, Paul, having previously acquired the business, opted to sell and returned to graduate school focused on intergenerational relationships. He helped to launch and ran one of the first centers for family business in the country and started writing, speaking, teaching, and consulting to business families. A member of YPO/WPO, he did a round-the-world speaking tour and was hailed an "Outstanding Resource."

Meanwhile, David, who grew up in the world of family business, armed with graduate degrees in counseling psychology and business administration, has over twenty-five years of professional and consulting experience. As Paul and David chose to work together as a dual generation father-son team consulting to other business families, their own business ultimately morphed into a unique professional practice.

Paul and David have effected their own transition plan where David leads the company. As a father-son team, they pride themselves in living the life they work so hard to help their clients achieve—with open, candid, and respectful dialogue and to accept the challenges, seek the opportunities, and savor the joys of working together to build a sustainable enterprise.



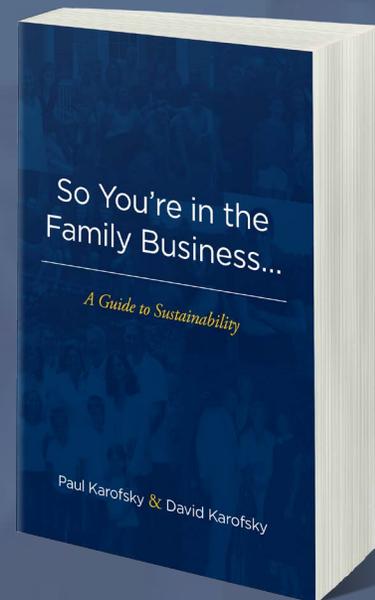
For more tips and resources from David and Paul, visit www.fambizconsulting.com.

**Out of respect for their clients, the Karofskys have altered the names and personal facts of their clients.*

AVAILABLE THIS SUMMER FROM
PAUL AND DAVID KAROFSKY

So You're in the Family Business...

A Guide to Sustainability



Communication is the secret sauce, the critical factor that dictates whether a family business thrives or flounders. Throughout this book, Paul and David Karofsky address the challenge of good communication, and share case studies of what happens when it fails.

Not everyone is at the same place on a family business journey yet the fundamentals are the same. You'll learn how to effectively manage conflict via communication – and to make it possible for members of the family business to enjoy Thanksgiving dinner together.

To reserve your preview chapter of the book, visit
www.fambizconsulting.com