

The Coming Crisis of the Family Business

Adapted from an article by Lisé Stewart, Managing Director, Galliard Group, LLC.

The United States is currently facing an unprecedented challenge to our economic foundation. We are a nation of small businesses – 90% or more are family-owned or closely-held (partnerships, private practices, and businesses where the majority ownership belongs to those who are active in the business).¹ Forty-five percent of the United States Gross National Product is generated by family-owned businesses. Although 80% of those businesses have 20 or fewer employees, they generate more new products, create more jobs, and contribute more to local communities than the more visible large corporations.²

So, why is this a potential crisis for our country? The aging baby-boomer generation, the generation that created tremendous growth in both new business generation and innovative product development, is getting tired. They are approaching the age when many are considering their retirement options and are reluctant to stay and fight

through one more recession. Studies conducted in the past few years by Mass Mutual and PricewaterhouseCoopers have indicated that between 40-65% of business owners expect to transition out of their business within the next five years, resulting in an unprecedented large-scale management turnover.³

Why should this cause concern? We know from experience that the transition of ownership often spells the demise of the family-owned business. By some estimates, less than 30% will survive the transfer to the second generation and less than 5% to the third. These transition failures will further undermine our struggling economy.

The first step is to recognize that we need an integrated solution – bringing together business owners, professional service providers, community partners, and active citizens to both understand the problem and begin to work together to build the solutions.

March 2010 Inside This Issue:

Page 2

- The Coming Crisis continued
- Top Strategies for Dealing with Customer Complaints

Page 3

- Leveraging a Legacy

Page 4

- Winning in a Value-Driven Economy
- Five Steps You Need to Take NOW to Maintain Your Edge

Page 5

- Associates' Corner

Page 6

- Save the Dates
- Around the Southern Tier

Page 7

- Mistake-Proofing

["Why didn't they design it so that couldn't happen?"]



What can family business owners do? Develop a well-integrated, comprehensive exit strategy. Almost 85% of today's seasoned business owners want to pass their life's work to the next generation.⁴ But desire alone is not enough; it is never too early in the life of any business to develop a plan to ensure a return on what is often a life-long investment. An owner should determine the current value of his business as well as the desired future value that will meet personal goals, and then develop a strategic plan that will ensure that this value can be attained. The strategic plan should be designed to build the company to reach its potential and increase its ultimate value.

Inevitably, an owner will exit the business, either by default or design. Those companies that survive will do so by planning for the future and having contingency plans in case the desired path gets interrupted. In addition to an exit strategy and a strategic plan, businesses that endure have a process for developing the next generation of leadership. This includes identifying the skills and competencies needed to realize the strategic goals of the company, rather than just selecting leaders by virtue of their birth. Sometimes family members aren't best suited to become the company's leaders. If not, other options should be considered such as finding non-family managers, and positioning family members in other areas of the company or on family councils or boards.

In addition, family business owners need to identify and work in a coordinated fashion with professional service providers they can trust. These may include business process specialists, estate planning attorneys, insurance specialists, and financial planners. Owners should select advisors who have a passion for small business, an understanding of the unique needs of family businesses or partnerships, and who will work diligently, within a budget, to meet the agreed goals of the relationship.

continued on page 2

The Coming Crisis... continued from page 1

To effectively help family businesses protect their assets and secure a return on their investment, professional service providers must:

- Coordinate services – bring integrated solutions to our family businesses by understanding the roles of other specialists and work with them to assist the owners.
- Help match the expert who is the best 'fit' for the client's needs. Not all businesses are alike and not all service providers will be the right fit.
- Take the time to really understand the unique culture of the organization and help find other advisors who can develop the appropriate rapport, and who will design solutions that will work for that particular business.
- Bring practical, customized solutions that meet needs rather than push products that provide returns. Many service providers are pressured to suggest products or services that are most profitable or that simply suit the preferred skill set of the provider – the proverbial 'hammer looking for a nail'. Successful service providers who are dedicated to preserving our family businesses will take the time to truly understand their clients' needs and design solutions that may be less profitable, but are appropriate and sustainable.

When service providers come together to discuss the unique needs of an individual family business, they must identify the best interpersonal fit for the business owner's style and needs, and design solutions that are integrated with the strategic goals of the business and the personal goals of the family. This approach is much more likely to result in sustainable options that ensure both the business and the family will benefit.

Family-owned and closely-held businesses will either endure or fail depending on how effectively they plan for the future. With the help of their professional service providers and community partners, those who survive will have managed to re-create the energy and wonder that fueled the original entrepreneurial spirit that made this nation great.

1. The PricewaterhouseCoopers Family Business Survey 2007/2008; Making a Difference; Family Business Series.
2. The PricewaterhouseCoopers Family Business Survey 2007/2008; Making a Difference; Family Business Series.
3. 2007 American Family Business Survey; interpreted by Kennesaw State University and underwritten by Massachusetts Mutual Life Insurance Company (MassMutual) and the Family Firm Institute.
4. Ibid.

On March 23rd, the author of this article, Lisë Stewart, will lead a workshop that informs family business owners about ways to plan for ownership and management succession.

See additional information on Page 3

Top Strategies for Dealing with Customer Complaints

Football coaches devoted to running games have a saying: "When a quarterback throws a pass, three things can happen – and two of them are bad." When customers aren't happy, three things can happen, and two of them are bad, says William T. Brooks, author and sales consultant:

1. The customer suffers in silence. Not good. The next time the customer is asked to purchase the product or service, he or she will have a negative attitude from the start.
2. The customer switches in silence. Not good either. The salesperson knows only that the customer switched and has no idea why or what can be done to get the account back.
3. The customer talks to the salesperson and explains the reason for the unhappiness. This is the best possible outcome for the customer and the salesperson. It gives

the salesperson the chance to resolve the problem and keep the customer.

The best salespeople encourage customer communication and are immediately sensitive to any problems. Rather than waiting for unhappy customers to get in touch, they actively seek them out. They pinpoint the reasons for the unhappiness and fix the problems so they don't recur.

Building bridges provides the salesperson with measurable objectives, such as:

- Encouraging customers to voice any complaints at any time
- Responding to complaints immediately and taking appropriate action to resolve them
- Determining the causes of the recurring complaints and recognizing customer needs that aren't being addressed

Leveraging a Legacy

Success Strategies for Family-Owned and Closely-Held Businesses

This half-day workshop covers six practical steps a family-owned or closely held business can take to increase the success, trust, harmony and productivity in the organization. Challenging economic times can often cause confusion and serious concern about how to manage effectively and ensure the sustainability of the company. Discover how family-owned businesses can capitalize on their flexibility and responsiveness to weather the current storm.



Lisë Stewart, Managing Director of Galliard Group, a consulting firm specializing in working with family owned and closely held businesses, will draw upon her 20+ years of experience to share some practical advice for ensuring the sustainability of a family business as it passes from one generation to the next.

In addition, Lisë will discuss the various steps that any family-owned or closely held business owner should undertake to plan for their future – including the key components of an exit strategy, incorporating the family plan into the business plan, and when to consider outside management or other options for non-family management of the business. Lisë offers case studies, humor, and practical, no-nonsense activities that make the information accessible and realistic for audience members.

- Workshop Title: **Leveraging a Legacy**
- Expected Outcomes: **Participants will learn 6 practical steps a family-owned or closely held business can take to increase the success, trust, harmony and productivity in the organization.**
- Who Should Attend: **Owners, Family Members, & Managers of closely-held businesses; Consultants who work with them**
- Date & Time: **Tuesday, March 23rd, 2010 – 8:00 am to noon**
(Sign-in and continental breakfast at 7:30)
- Location: **The Owego Treadway Inn, Owego, NY**
- Cost: **\$75 (\$60 for AM&T Associate Members)**
- Registration Deadline **March 16, 2010**
- Registration Contact: Norma Cushner at AM&T
607-774-0022 ext. 302 or
ncushner@amt-mep.org or www.amt-mep.org/events/family_business.htm
- More Information: Michael Meador
607-342-3208 or
mmeador@amt-mep.org

Winning in a Value-Driven Economy

You've already:

- Cut all the expenses you could
- Focused on satisfying the needs of your current customers.
- Identified new markets/segments to expand into.

What else can you do in today's value-driven economy?

- Make sure your target prospects "get" your value!

How do you do that?

1. Get through to your highest-payoff prospects

- Generate clear target prospect criteria and ensure all sales and marketing efforts are focused on those prospects that will most value your solution.
- Ensure the sales team is equipped to identify target prospects quickly and be very credible with them.

- Use new software tools to conduct automated lead ranking, rule-based lead flow and tracking.

2. Clearly articulate your value

- Revitalize your value proposition, ensuring it has the following characteristics:
 - Attention-getting
 - To-the point
 - To-the point
 - Credible
- How do you set your offering apart from the rest?
 - Use something unexpected!
 - Make it simple and concrete.
 So many value propositions are either too complex, claim too many value points, are esoteric or in techno-speak.
- How can you make your audience believe the claim- amidst all

of the hype?

- Refer to a respected expert, the reader's own experience or a metaphor they relate to.

3. Sell your value

- Train your team to ask probing questions to identify buyers' critical needs you meet better than your competition and to demonstrate the impact of solving these problems. Make sure hard-hitting white papers, ROI calculators, web-base videos, etc. are at their finger tips ready to send to an interested party.
- Implement targeted nurture marketing campaigns regularly via your marketing/sales force automation tools so you are top of mind when the buyer is ready to buy.

Five Steps You Need to Take NOW to Maintain Your Edge

Here are five ways to stay ahead of the curve in a saturated marketplace and boost your closing rates while competitors are struggling:

- 1. Develop your own competitive analysis:** Today's prospects have unprecedented access to lowball offers and online discounts. If they haven't done their own research prior to meeting with one of your salespeople, they definitely will before making a final buying decision. Control the process by developing your own competitive breakdown of price, features, benefits and potential ROI. It's a proactive approach that earns buyers' trust, while highlighting all of the areas where you offer superior value. It also allows salespeople to see — at a glance — what they can offer that an incumbent supplier can't.
- 2. Embrace new modes of communication:** Cell phones, text messaging, Twitter, LinkedIn, e-mail, instant messaging, Web conferencing ... these are just a few of the ways today's prospects communicate. Salespeople who ask prospects how they prefer to communicate early on are in a better position to maintain contact. Train salespeople to use as many modes of communication as possible, and encourage them to master any new modes as soon as they become available.
- 3. Determine who your high-probability prospects are:** The marketplace has changed dramatically over the past three years and so has the type of prospect who can benefit from your products the most. Perform an audit of

your sales from the past year to determine what types of prospects are most likely to buy now (e.g., title, industry, size of company, region, etc.). Once you've developed a "prospect profile," frontload your lead pipeline with those types of leads to give salespeople the best opportunity for success.

- 4. Update your marketing message:** As a result of the economic downturn, most buyers' needs and challenges have changed. Partner with Marketing to recast your e-mail copy and marketing collateral (as well as advertising slogans) to ensure they address what buyers are up against now.
- 5. Use your company's Web site as a resource:** Having visitors register on your site before they can access company blogs, online articles, or customer reviews is a great way to generate leads. And it also allows companies to track how often prospects visit the site and which product pages they're clicking on the most. Work with IT to create a system where that info is immediately forwarded to a sales rep. That way the salesperson can follow up ASAP, answering any questions the prospect has before he/she buys from a competitor. Allowing buyers to post reviews of your products and services is also a great way to gain feedback and learn how prospects are benefiting from your products the most.

Call Jim Cunningham at AM&T for help - 607-725-1225

Source: "Smart Selling on the Phone and Online" by Josiane Feigon



CORNING

Corning Incorporated is the world leader in specialty glass and ceramics. They create and make keystone components that enable high-technology systems for consumer electronics, mobile emissions control, telecommunications, and life sciences. Success is driven by their sustained investment in R&D, more than 150 years of materials science and process engineering knowledge, and a distinctive, collaborative culture. Corning works closely with their customers to solve complex problems that others can't, or won't, solve. Time and again, their breakthrough, life-changing innovations have proven that, if it is possible, Corning will make it real.

Driven by imagination, a passion for science, and an unwavering belief that they can solve the toughest problems, Corning never stops asking: "What is possible?" Corning has been developing and commercializing revolutionary innovations since 1851. Thomas Edison came to Corning in 1879 to create the glass bulb for his incandescent lamp. In 1947 Corning helped make televisions affordable for millions with their mass-manufacturing processes for cathode ray tube (CRT) television glass.

In more recent years, Corning developed the high-technology glass used in active matrix liquid crystal displays

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(LCDs); ceramic substrates and filters to remove harmful emissions from diesel- and gasoline-engine exhaust; and the first commercially viable, low-loss optical fiber for use in telecommunications systems. Corning's ingenuity has been recognized with many prestigious awards, including four National Medals of Technology.

Today, Corning is a global leader in five vital business segments: Display Technologies, Environmental Technologies, Telecommunications, Life Sciences, and Specialty Materials. They are focused on putting their scientific and problem-solving capabilities to work to enable their customers' success. Corning has a proven track record of being first to market with cost-effective innovations and ongoing product improvements.

Quality, Integrity, Performance, Leadership, Innovation, Independence, and "The Individual": these are Corning's Values that have endured throughout Corning's history and are the moral and ethical compass that guides everything they do. As a global citizen, Corning lives their Values through meaningful acts of social responsibility, supporting community development and, along with their employees, helping to improve the quality of life in the communities they call home.

For more information, visit www.corning.com.



Crowley Fabricating & Machining

"... the Fabricating and Machining company to handle your needs, from your simplest to your most complex jobs."

AM&T Associate Since 2/2008



Crowley continues to grow at a steady pace by focusing on good customer relationships, high quality, quick turnaround, on-time delivery, and competitive pricing. Tom Crowley states, "We have some of the best people in their field working for us which has helped us grow as a company". Incorporated in Johnson City in 1986, Crowley has moved their headquarters to Endicott, NY and uses the Johnson City facility for warehousing and new product development.

Today, Crowley Fabricating & Machining is actively pursuing certification to the AS9100 standard and is in the process of expanding their Sheet Metal operation as part of their growth plan.

Services include R&D, Tooling and Fixturing, Waterjet Cutting, CNC Turning, CNC Milling, Wire Work, and Sheet Metal Fabrication. Crowley also provides advanced inspection services, and has the ability to work with a wide variety of materials, including plastics, aluminum, brass, copper, crs, stainless steel, tool steel, alloy steels, casting, carbon spring steels, from .004 thickness on up.

For more information, contact
Tom Crowley at 607-484-0299, or visit
www.crowleyfab.com to learn more about their machining capabilities.

Metal Finishing Workshop

March 4, 2010

This workshop will present a system-wide approach in metal finishing operations, including a focus on: energy usage, water consumption, chemical usage, and wastewater reduction & recovery

Platers, powder coaters, and painters of metal products are encouraged to attend to gain ideas on reducing costs and their environmental footprint.

Case studies of companies that have already implemented solutions resulting in cost savings and environmental reductions will be featured.

RSVP to Erica at exfasp@rit.edu or call 585-475-2512

For the agenda visit:
www.nysp2i.rit.edu/PublicDocs/Training/MetalFinishingWorkshopAgenda.pdf

2010 SmartStart UNYTECH

Venture Forum

May 17-18, 2010

This is the largest event for early stage companies and entrepreneurs in Upstate. It showcases local innovation before the entire Northeast investing and technology community. Every year, the forum provides a snapshot of the entire spectrum of New York state's latest emerging technologies and insights into future markets.

Since its inception 220 high-quality companies have presented and 62 have raised over \$390 M in equity financing, including over \$71 M directly attributable to their participation in the forum.

For more information, contact CEG at 518-465-8975 or visit:
www.smartstartvf.com

2010 CCMR Symposium

May 18, 2010

Research within the Cornell Center for Materials Research focuses on developing a fundamental understanding of advanced materials to predict and improve their properties. The materials and methods developed within the center have applications across a broad range of disciplines, with many related to energy and sustainability. This year's program will reflect the current interest on the design of functional materials via the controlled assembly of nanostructured building blocks.

The symposium will include presentations showcasing recent advances at Cornell and in industry and will also feature the ever-popular poster session.

www.ccmr.cornell.edu/symposium

Around the Southern Tier 2010

Call number or visit www.amt-mep.org/events.htm for details

- Feb 19** Today's Business Plan & Raising Money — Cornell Ctr. for Tech. Enterprise — aa627@cornell.edu
- Feb 24** Women Owned Business Roundtable — Binghamton Small Business Development Ctr. — 607-777-4024
- Feb 24** Networking Luncheon — Otsego County Chamber — 607-432-4500
- Feb 25** Business After Business Reception — Chemung County Chamber — 607-734-5137
- Feb 26** Economic Roundtable — Corning Area Chamber — 607-936-4686
- Mar 4** Metal Finishing Workshop — NYS Pollution Prevention Institute — 585-475-2512
- Mar 5** Microsoft Community Connection Seminar — Otsego County Chamber — 607-432-4500
- Mar 17** Business After Hours Mixer — Watkins Glen Chamber — 607-535-4300
- Mar 17** Business After Hours — Otsego County Chamber — 607-432-4500
- Mar 23** Leveraging a Legacy — AM&T — see page 3
- Apr 7** Business Expo Mixer — Watkins Glen Chamber — 607-535-4300
- Apr 7, 14 & 21**
Small Business Training Program-Parts I-III — Binghamton Small Business Development Center — 607-777-4024
- Apr 8** Mistake Proofing - open enrollment class — AM&T — see page 7
- Apr 9** Annual Dinner Celebration — Corning Area Chamber — 607-936-4686
- Apr 10** Annual Banquet & Celebration of Business — Otsego County Chamber — 607-432-4500
- Apr 15** 14th Annual Regional Leadership Conference — So. Tier Central Reg. Planning Bd. — 607-962-5092
- Apr 21** Business After Hours Mixer — Watkins Glen Chamber — 607-535-4300
- Apr 22** Business After Hours — Otsego County Chamber — 607-432-4500 ext. 201
- May 15** 2010 Catskill Region Business Expo — Delaware County Chamber — 607-746-6268
- May 17** 2010 SmartStart UNYTECH Venture Forum — Center for Economic Growth — 518-465-8975
- May 18** 2010 CCMR Symposium (*formerly POP Symposium*) — Cornell Ctr. for Material Research — 607-255-0633

Mistake-Proofing

“Why didn’t they design it so *that* couldn’t happen”?

This is a question that’s frequently asked when we encounter products that don’t function as expected, or that fail, or that even causes injury. Sometimes it’s obvious what kind of design change would have prevented the problem; but often the question goes unanswered.

It’s almost second nature for us to ask that question about finished products in the consumer and industrial markets. However, that type of thinking is often not applied to a manufacturing production process. Instead, when a mistake happens or a customer returns a defective product, often the response is only to remind the worker to be more attentive or careful, or to remind a vendor to pay better attention to the quality of raw materials or components.

The shortcomings of this approach are:

- 1) even if the response creates corrective action, it is usually short-lived, and
- 2) nothing is identified that will prevent the mistake from happening again. In other words, the mistake will

continue to be repeated unless changes are made to the process that actually prevent it from occurring. When humans are involved, unless some kind of preventive element is embodied in the process, mistakes will occur.

Fortunately, this isn’t the end of the story. There are well-established methods used to identify the elements of a process that enable mistakes to occur, and to introduce changes to that process that actually prevent the mistake from happening again. These methods are known as “Mistake-Proofing” and are the focus of an upcoming workshop offered by AM&T.

The workshop focuses on how to make inexpensive changes to your production systems -- changes that can virtually eliminate errors and mistakes, thus increasing quality and customer satisfaction. Workshop participants will become familiar with how to use these powerful techniques to reduce costs and dramatically improve quality.

Workshop details:

Workshop Title:	Introduction to Mistake-Proofing
Key Topics:	What is Mistake-Proofing <ul style="list-style-type: none">• Everyday examples• Mistake Proofing device types• Mistake Proofing methods and tools
Expected Outcomes:	Participants will learn how Mistake-Proofing can be applied to improve productivity and quality, and reduce waste
Who Should Attend:	Production Support Personnel including Quality, Engineering, Supervisors, and Managers
Number of Participants:	Maximum of 20
Date & Time:	Thur., April 8th, 2010, 8:00 am to 4:30 pm (Sign-in and continental breakfast at 7:30)
Location:	The Owego Treadway Inn, Owego, NY
Cost:	\$200 (\$100 for AM&T Associate Members) Includes lunch
Registration Deadline:	April 1, 2010
Registration Contact:	Norma Cushner at AM&T 607-774-0022 ext. 302 or ncushner@amt-mep.org or www.amt-mep.org/events/mistake_proofing.htm



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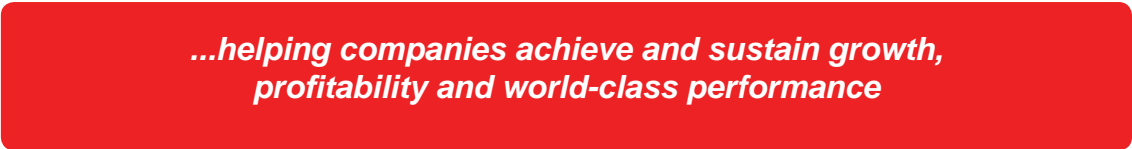
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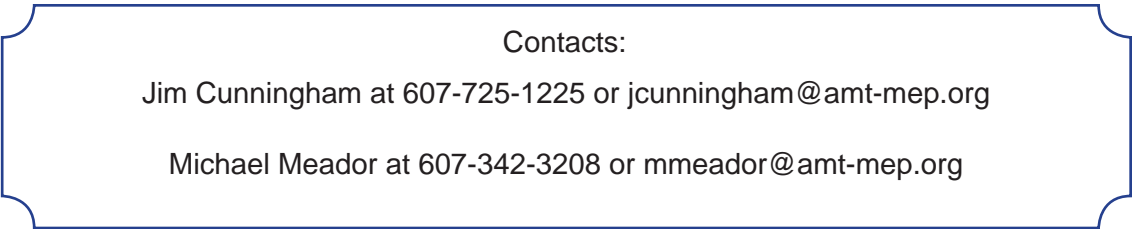
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- ✓ **Grant Assistance**



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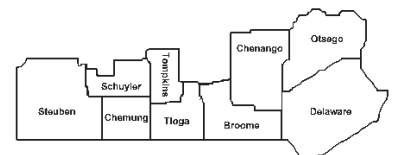
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AM&T, as a NYSTAR® designated Regional Technology Development Center for the Southern Tier, is one of nearly 60 MEPs nationwide working directly with regional companies to increase their competitiveness and profitability.

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Southern Tier Region of NY