

USA Gymnastics Webinars

Mentoring the Future: Transitioning Family Owned Clubs

With Guest Speaker Elaine Jewart

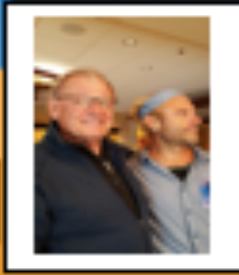
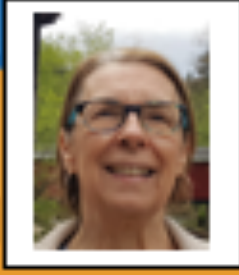
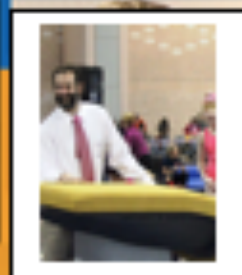
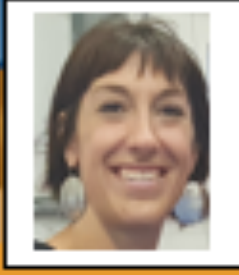


1999 Family Business of the Year



The logo features a stylized graphic of three human figures in green and orange on the left, followed by the word "Family" in large white letters and "BUSINESS" in smaller orange letters below it, all on a blue background.

Family BUSINESS

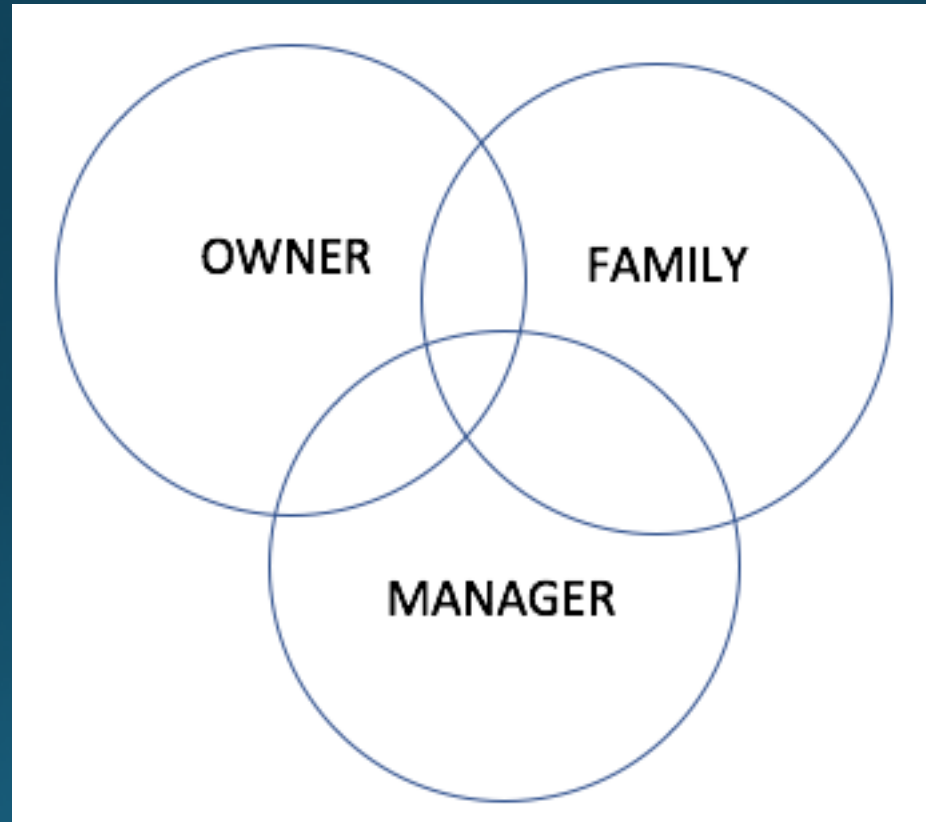


Family Business Perspective

- Why family harmony ?
- Businesses come and go but families are forever.
- When the family is in conflict, the family business is adversely affected!
- “You must never stop trying to achieve balance, even after you think you have it. The minute you stop, you’ll lose it” (Doud, Hausner, 23)

Business Prosperity, Family Harmony, Personal Well-Being

Competent Owners + Informed Owners = Responsible Owners



The Hats We Wear

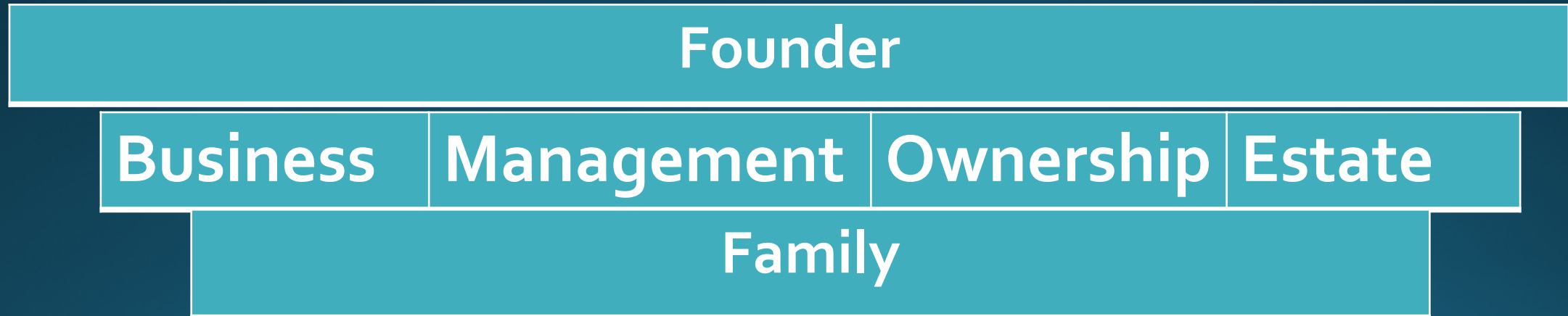
- What kind of decision am I making?
- Do I own the right hat?
- Am I wearing the right hat?
- Do I have a voice or a vote?

Identify which hat you are wearing

The Six Transitions

Balanced Succession In Family Business

According to Douds, Hausner from *Hats Off To You 2*



Brien's Second Law of Business

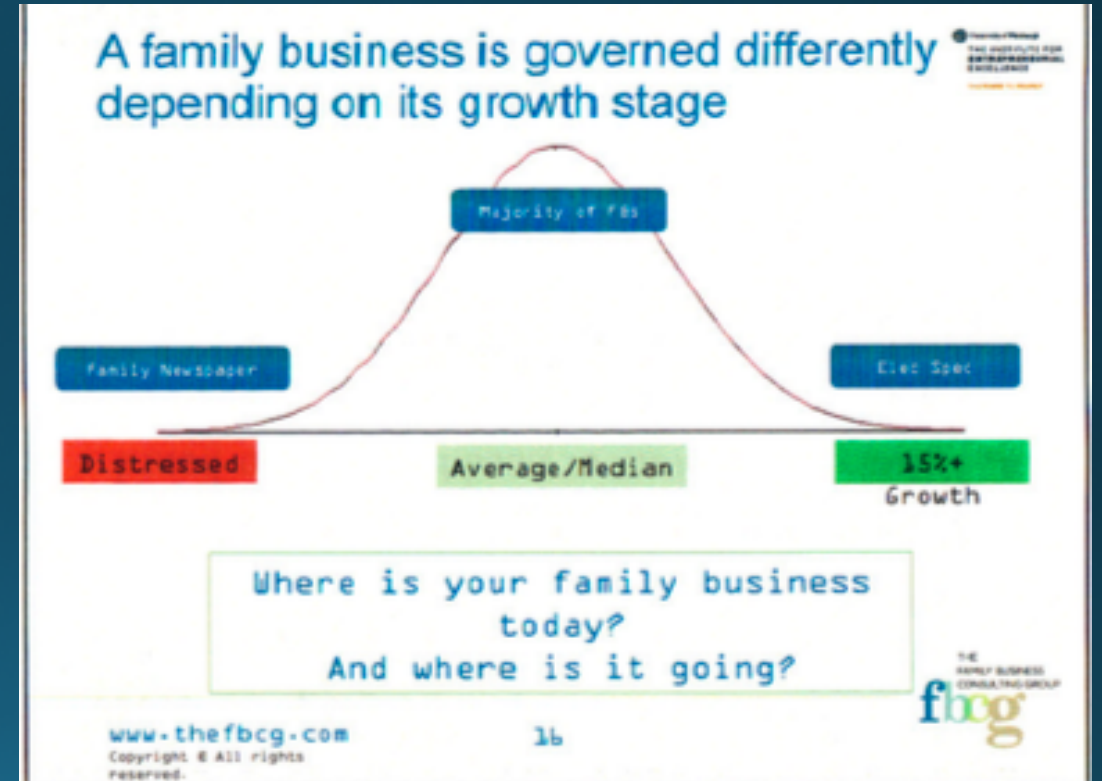
- Sooner or later, the ability of any business to succeed in spite of itself runs out!
- “If the founder is not prepared to make a graceful exit, by planning for and implementing, the remaining transitions can be a frustrating proposition” (Doud, Hausner 29).

Founder

Business Stage	Founder's Role
Start Up	Initiator/Doer
Growth	Builder/Student
Professionalization	Manager/Teacher
Maturity	Mentor/Door Opener

Business Curve

- Understand the business cycle
- Changes to developing effective and efficient operations
- Craft a strategic vision for the future
- Communicate and plan
- Make clear financial assumptions



Essential Elements of the Founder's Transition

- Understand the evolution of the founder's role
- Decide what life will be like after the business
- Transfer power effectively
- Achieve financial independence
- Conduct a checkup of other aspects of the transition
- Organize your team

- Doud, Hausner 31

Top 10 Reasons Founders Can't Let Go

- Too many people die after retirement
- Without me the business is nothing
- Without the business I am nothing
- I hate gardening, cruise ships, etc.
- I need somewhere to go everyday
- Doud, Hausner 40-42
- The kids want to change the way the business operates
- I need a successor but I don't want to choose between my kids
- The business is my primary income source
- No one can run the business as well as I can
- The new owner may run the gym better than I did

Family

Workshops and family sessions centering around:

Values, Conflict Resolution, Problem Solving, "And/Both instead of Either/Or", Empowerment, Ability to apologize, Forgive and forget, Family Ground Rules, Accountability, Rights and responsibilities of the hats we wear.

Biggest obstacles to Successful transition are
failure to train successor and poor communication

- Education
- Practice what you learn
- Build models for conflict and problem solving (Structure)

THINK

BEFORE YOU SPEAK

T is it TRUE?

H is it HELPFUL?

I is it INSPIRING?

N is it NECESSARY?

K is it KIND?

Business Job Descriptions

- Vision and Mission and Values
- Strategic Plan (Short and long term for each program)
- Human Resources, Staff, Legal and Compliance
- Insurances
- Database Management and Record Keeping
- Marketing and IT, Social Media
- Finances (compensation, benefits, bonuses, incentives)
- Profitability

Management

Who will control the business in the next generation?

- Assessment of current management
- How do you pick the ideal candidate?
- Who is helping you decide?
- Management is a learned skill

Clear strategic vision = rational, responsible decision.

Customize your plan to meet unique needs of the individual.

Develop an advisory board to help manage the business.

10 Roles Every Leader Must Fill

- Coach
- Facilitator
- Strategist
- Visionary
- Change Agent
- Decision Maker
- Influencer
- Team Player
- Delegator
- Listener

- Eichenberry, Kevin

Statistics

Intangible Assets

Liabilities found in family business

Commitment	Failure to adapt to existing business to change
Long-term perspective	Failure to manage family/business dynamics
Knowledge	Failure to cultivate a professional management team
Loyalty	Failure to resolve ownership issues
Sense of history, continuity, legacy	Failure to engage in open, honest, communication
Opportunity for family connectedness	Failure to complete planning the estate transfer
Stable culture	Failure to resolve interpersonal conflicts
Reliability	
Pride	

Three Ownership Transition Plans

- Sailing into the Sunset Plan
 - Wheelchair Plan
 - The Drop Dead Plan
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- To prevent hard feelings, plans should be clearly written, transparent, and understood by the entire family.
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- Doud, Hausner, 109

Ownership cont.

- Business Appraisal
 - Legal team documents (get this in plain English)
 - Who is making the decision to buy or sell?
 - Deciding who will buy? Do we sell?
 - Voting and non-voting stock
-
- Ownership Transfer before death - Transfer After Death

Estate Plan

- Estate plan and Ownership plan are not the same.
- A succession plan – specific steps to transition to the next generation.
- Ownership plan - who will be shareholders
- Estate plan – transfer of entire estate including properties, insurances, personal items and business assets.
- 60% fail because of a breakdown of Communication and Trust
 - Reliability, Sincerity, Competence
- Best success when everyone is involved. Learn together. Unifying mission.

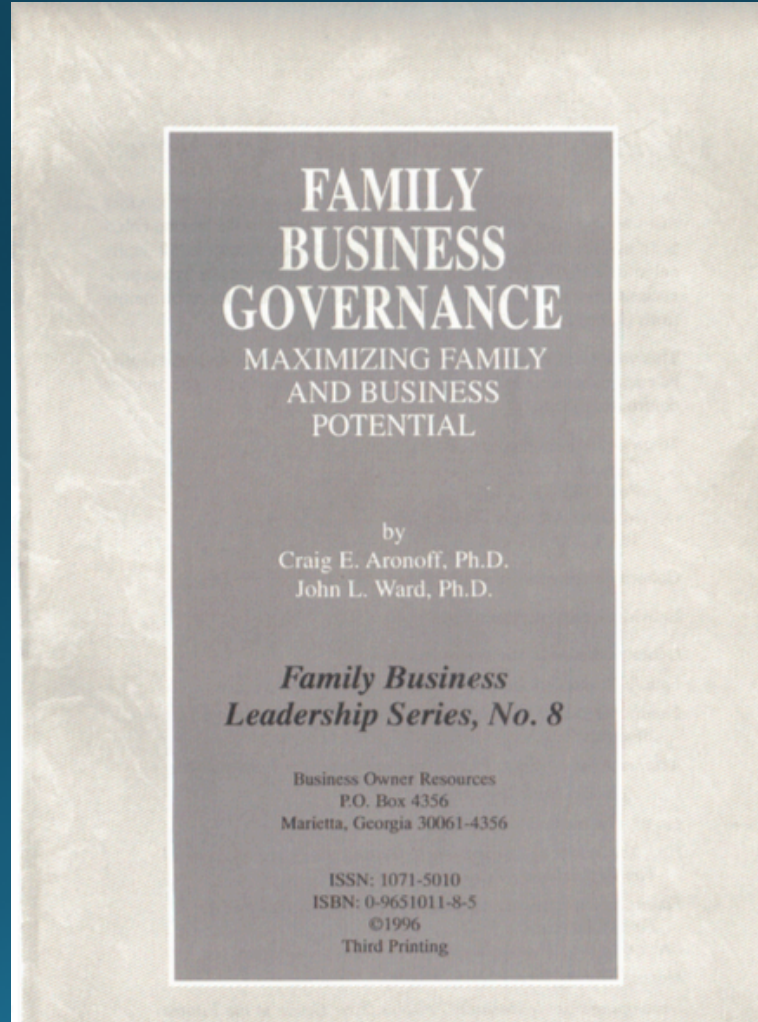
Jewart Family Milestones 1969-2017

- 1969 Started dance school in our basement, substituted PE
- 1972 Move from the house to the basement of a drug store. Paul becomes a partner
- 1976 Opened 2nd location. Nick joins business.
- 1980 Build a 7000 sq. ft. building (recession and Olympic boycott)
- 1984 -92 Two additions to the gym and a house for Paul, Nick and Brian join the team.
- 1993 Opened Climb North
- 1994-1996 3 brothers and 3 sons as Randy, Alex and Ben join the coaching staff
- 1999 Family Business of the Year Award
- 2000 Lainy comes and Brian and Kathy leave - First 2 grandchildren arrive.
- 2002-04 I start to work from home and Paul retires
- 2008 Build 2nd adjoining gym. 14,000 additional sq. ft.
- 2012 Ben opens Jewart's Northwest in Wilsonville, OR
- 2015 Tom and I celebrate 50th wedding anniversary . 9th grandchild arrives.
- 2017 Sign on with Bridgewater Wealth to strengthen communication skills and build succession plan.

Special thanks to my Resources:

- Doud Jr. , Ernest A. and Hausner, PhD. Lee, Hats Off to You 2. Santa Barbara, CA, 2000
- Aaronoff, Ph. D., Craig, Ward Ph.D, John L., Marietta, GA: Family Enterprise Publishers, 1997
- Robb McKinney , Bridgeview Wealth, Wexford, PA 15090
- McKinley Carter Wealth Services , Debbie Moses and Brian Gongaware.
- Energy Leadership Report
- Robert Stein, Institute for Entrepreneurial, Family Business Center, University of Pittsburgh.
- Kevin Eikenberry Group, 8021 Westover Drive, Indianapolis, Inc. 46268

Family Business Governance



Additional Resources



The Next Generation



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