

THE ACADEMY OF ELECTRICAL CONTRACTING

**Paper Presented by
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**An Overview of Business and Family Relationships
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It is indeed a pleasure to address such a distinguished group.

When Leo Weber called me about preparing a paper dealing with business and family for this, my first meeting with the Academy, my initial reaction was one of surprise—I've never had a family business! I'm sure many of you have had much more experience in this area than I. However, I trust that my thoughts and observations, coming as they do from a different perspective, may bring some fresh insights to the subject.

There are four specific areas of involvement that I hope to emphasize. First, the desire to participate in a family business. In a number of cases, the second generation is not enthused about taking over the business. Training is another vital concern. Businesses cannot survive unless family members are adequately prepared to assume the responsibilities of ownership. Family relationships within a business can also pose problems when specific roles are not carefully defined. And finally, there is the commitment of time and energy required to support a successful enterprise.

Since I am not the owner of a family business, I would like to share some personal background that has influenced my own career development. After serving in the Navy during WWII, I started work as an apprentice electrician. And this is probably the closest I ever came to family involvement. My bachelor uncle, who was an electrician and an officer in the Local IBEW, asked my older brother if he wanted to be an electrician. He declined. I was asked next, and I accepted. I'm glad my brother made that decision, or I would not be here today, nor would I have enjoyed such a good and satisfying career.

In this country, small business has been, and is expected to continue to be, the driving force of our economy. John Naisbitt and Patricia Aburdene in their book, *Re-Inventing the Corporation*, have some interesting observations on the subject:

"Family business, which is hardly a new work model, is making a strong comeback in this new information

economy. This is the age of the entrepreneur. Children of successful business owners, who previously might have entered medicine, banking, or law, have now caught the entrepreneurial fever."

Psychologist Harry Levinson, president of the Levinson Institute in Cambridge, Massachusetts, offers another view:

"Family business is the most difficult business in the world, and no family ought to be in it."

There is both truth and humor in his observation, but millions of people thoroughly ignore his advice. Experts estimate that between 12.1 and 14.4 million of the nation's 15 million businesses are family owned. Family businesses contribute half of the GNP. They also employ half of all workers in the non-farm private sector. They account for 99 percent of all construction firms, 94 percent of all wholesalers, 96 percent of all retail and distribution companies, and 94 percent of all manufacturing firms.

Family business is a world apart with its unique set of advantages and its equally compelling set of problems. Clearly, the greatest attraction is the sense of freedom and flexibility. Without stockholders, family-owned businesses are free to follow long-term strategies that build successful futures, rather than being held slave to quarterly profits, and are in a favorable position to take advantage of market opportunities.

But in many cases, the advantages are wiped out by the tangle of personal and emotional problems that destroy relationships among parents, children, and other family members along with their dream of a successful business empire. Only 30 percent of all family businesses survive into the second generation. Family business consultant Leon Danco thinks it is because so many founding fathers—and, increasingly mothers—commit the number-one sin in family business—failing to plan for the CEO's succession.

Genuine interest and enthusiasm coupled with sound preparation and training are the building blocks for success in any career. But when young people are not wholeheartedly committed to taking their place in a family business, the results—both in terms of personal satisfaction and the impact on the lives of others—can be disastrous. I have observed this from personal experience.

So it is important that children are able to make an informed decision. They may see you tired, discouraged at times, perhaps irritable. But expose them to the good side of your business. Take them into the office on a Saturday morning, give them the opportunity to take a summer job where they can observe first-hand the workings of the business. Take them to trade shows, and encourage them to take classes that will complement their experience. Dr. Wolf J. Rinke wrote,

"For success in all areas of life attitude is much more important than aptitude. People who cultivate consistently positive attitudes expect great things, work hard for those things, and are likely to achieve them. The world stands aside for the person who knows where he or she is going."

It is equally important that immediate family members are able to accept appropriate assignment of duties. Tensions may occur when questions of salary and position must be resolved, but when the choice is based upon performance and experience—even among family members of similar age and educational backgrounds—then decisions must be made in the best interest of the company. Sharing a common goal and vision for the future will be a uniting factor as family members work together to achieve success.

Multi-owned family business enterprises often bring together many facets of training and expertise that work to the mutual benefit of all involved. But there are pitfalls to be avoided, as well. It is important to have a solid shareholders

agreement, and to decide up-front who will be responsible for each phase of the operation. The principals must be well trained and have the initiative and energy to compete coupled with the business sense to operate within their means. Family enterprises based on sound ethical principles and mutual respect have a solid foundation for growth and development.

In terms of education and training, I am continually impressed with the wealth of information offered by NECA on almost any subject related to electrical contracting. Having access to these excellent resources can go a long way in teaching our potential replacements about the industry.

This is my first Academy meeting, and it is a pleasure to be associated with the elite of our industry, especially because you have been selected by your peers. There is no better endorsement. I intend to work hard to further the purposes of the Academy and to maintain its dignity and honor.

May you be blessed with prosperity, good health, and the wisdom to ensure the continued growth of the electrical contracting industry.

Donald G. Surnbrock has been involved with NECA since 1947. He was affiliated with the Cincinnati Chapter for 26 years and served as chapter governor and president. He has been affiliated with the Michigan Chapter for eight years and is a member of its board of directors. Surnbrock was affiliated with Wray Electric for 26 years and became the company's executive vice president. Later, he held the position of vice president with Hatzel & Buehler Electric in Lansing, Michigan.