



Family Business on the Couch

Think it's hard to live with relatives? Try working with them. Specialized therapists can help sort things out.

By Gloria Hochman

Ah, the Family Business, that icon of all that is possible in America.

When it is good, it is very, very good.
When it is not. ...

My kid isn't working out. How do I fire him?

My father says he's going to wind down and he doesn't do it. Where does that leave me?

How do we get through Thanksgiving dinner after that screaming match at work?

Ouch! The emotional inventory in family businesses is staggering. "It has every crisis, every difficulty, every joy, every celebration that every family does," says Henry Landes, president of Delaware Valley Family Business Center in Sellersville, "and it has it in spades."

That's a major part of why only 30 percent of family businesses make it through the second generation and only 10 percent through the third. When there is big money involved, these intriguing sagas often burst into the headlines and shock an astonished public.

Remember the Sebastiani soap opera? In 1986, it created a sensation in the wine industry. August Sebastiani, owner of the largest winery in Sonoma, Calif., had died in 1980, leaving majority ownership to his wife, Sylvia, and management to his older son, Sam. Six years later, Sylvia, after a clandestine meeting with her other two children, Mary Ann and Don, fired Sam. She cited his extravagant spending and showy promotions. But observers of the scene insist it was her jealousy of Sam's wife, Vicki, who had usurped her former role as head of the winery's food preparation, that triggered the split.

In New York, the colossal Milstein family feud has turned into a brutal ballet. Brothers Paul, 78, and Seymour, 80, who preside over a \$5 billion family

fortune in prime real estate and banking, are tangled in a battle so vicious that each side has hired public relations consultants, in part to destroy the credibility of the other. Their properties include three million square feet of office space, 8,000 apartments, the Emigrant Savings Bank, and the Milford Plaza Hotel.

Closer to home, Lou Duva, a renowned boxing trainer and manager of a fistful of champions, and his daughter-in-law, Kathy, widow of Duva's son, Dan, were about to duke it out in the New Jersey courts when they reached a settlement early in November through a court-appointed mediator. Before Dan's death from a brain tumor five years ago, the three worked together in the Totowa-based business that Duva founded in 1960. "Kathy and I continued to work together," says her father-in-law. "We were successful, everything was going well, we had six world champions at one time. Then the internal problems with Kathy started. She wanted more of a say in the business. Then she wanted full ownership of the company. I tried to talk to her. I tried to make a deal. I got nowhere."

Lou Duva says he is heartbroken. "There wasn't a happier, better-functioning family than the Duvas. Our logo is 'Duva Boxing - A Family Affair.' When in-laws get involved, it's no good. ... Wouldn't it have been better if the million dollars we spent in legal fees could have gone to the grandchildren? It makes me very sad."

While these fiefdoms shatter in the spotlight, the dynamics are remarkably the same as those of the family-run corner grocery store in South Philadelphia or the real estate brokerage born in the postwar migration to the suburbs.

And just as it is for dysfunctional families, assistance is available.



Illustration by Joseph Daniel Fiedler

This being America, where library shelves are crammed with self-help volumes and daytime talk shows take a run at deconstructing a grab bag of intimate conflict, it seems only natural that a new discipline, family business therapy, has emerged.

The premise is that the dismal track record of family businesses is not inevitable, that there are ways to attack conflict before it escalates into irreconcilable combat.

Even when the brouhaha is already under way, the experts insist there are strategies for putting out the fires. Sometimes it is one-to-one counseling for each family member. It may be a series of group meetings to tackle sticky issues or a weekend retreat where, with painstaking guidance and time-outs for discharge of anger, participants begin to see that problems in the business have their roots in complicated, unresolved family conflicts that may stretch back to childhood. They are the unspoken conversations, the unexpressed opinions, the never-acknowledged betrayals that have lain in wait for decades.

A lawyer for a prominent family embroiled in legal wranglings over vast holdings in the Philadelphia area summed up his case - and, by extension, many others - this way: "Don't think that

this is only about money. It really has to do with who stole the kiddie car when he was 3."

The dispensers of family-business therapy may be psychologists, psychiatrists, attorneys, social workers, even psychoanalysts whose Freudian fairy dust helps bring about those "aha-ha" moments that can keep a teetering business from toppling. Since 1995, the Wharton School of the University of Pennsylvania has been doing research and developing seminars around the world for family-business owners. And Temple University sponsors the Family Business Alliance, a peer-driven organization through which people who operate family businesses come together periodically to share their stories and learn from each other.

"We were surprised," says lawyer Norman Leibovitz, whose firm, Fox, Rothschild, O'Brien & Frankel, supports the alliance, "when those who came to meetings said, 'We don't want to hear about technical stuff. We want to hear about conflict resolution, about communication.'"

The typical family business is created by a visionary, entrepreneurial, stubborn, hard-driving individualist, often an immigrant, who devotes extraordinary time, love and labor, under tremendous pressure, to the growth and survival of his "baby." It is not unusual for him to work 70, 80, 90 hours a week. Sometimes, his wife becomes his clerk or secretary. His children get involved early, sweeping floors, emptying trash, licking envelopes. There are no lines between family and business, and as children grow older, they and their mothers often lament about the absent father they hardly know.

It is no wonder that resentment builds, anger grows and communication lags. Sibling rivalry intensifies as children vie for what they crave most - the time, attention and approval of their father.

When they join their father's business, their family dynamics shadow them all the way.

Daniel Tabas, an imposing man with a strong, steady voice, a father of six, grandfather of 19, sees himself in the image of his father - sturdy, tenacious

and driven, with a work ethic as formidable as the structural steel with which he erected buildings.

He loves to tell the rags-to-riches story of Samuel, who came to this country from Russia in 1904, not speaking a word of English. From hawking tomatoes and watermelon on the streets of South Philadelphia, he went on to amass a fortune. His holdings included a textile processing plant, a junk and scrap-metal business, real estate, and hotels, first in Atlantic City and later in Downingtown, including the Downingtown Farmers Market and the Downingtown Inn.

Dan Tabas hands me a book titled *Mulke*, written by his father, detailing his life from his early years in Russia through to the struggles he endured as he constructed his empire. But Samuel Tabas could not have predicted the postscript, the riveting, real-life drama of a celebrated \$100 million family business gone haywire.

The current players: Daniel M. Tabas, chairman and chief executive officer of Royal Bank of Pennsylvania and owner of the Twelve Caesars Radisson Hotel; his wife, the former Evelyn Rome, daughter of a Brooklyn rabbi; their six children - Lee, Linda, Joanne, Carol, Robert and Susan; his sister-in-law Harriette Tabas, widow of Charles L., and her three children, Nancy, Andy and Richard.

Charles, the elder, and Daniel labored in their father's business from the time they were children. "My brother, Charles, never had a childhood," Daniel Tabas muses, over dinner at the elegant Delmonico's Steak House in his Radisson Twelve Casesar's Hotel on City Avenue. "He always worked; he was my father's right-hand man. I was the *shtarka* [the one with the physical strength]. I bundled old newspapers, baled cardboard and other stuff, and stacked them in little bins to be resold. When I was old enough, I loaded the trucks, hauled the scrap, and prepared it for shipping to the mill. I was driving trucks all over."

As Samuel aged, he allowed his sons to make decisions that were once his to make. "Charles and I had different roles in the business," Tabas says. "I was in

the spotlight, the aggressive one, the forerunner, the one who negotiated the deals. Charles could have been, but he didn't choose that way. He was the follower, content to be in the closet. He was happy. He knew he had me. It couldn't get any better."

In 1964, while their father was still alive, the brothers signed an agreement stipulating that when one of them died, the surviving brother would distribute income from any of the properties or businesses equally among the heirs.

Charles died in 1983, at age 67. Three years later, his widow and children instituted a suit against Daniel, which was settled out of court a year later with an agreement to liquidate their jointly held properties, to pay "damages" to Charles' estate, and give it "complete access to all properties, books and records." In 1991, they sued Daniel again - under the civil section of the Racketeer-Influenced and Corrupt Organizations Act - accusing him of cheating his brother's estate of millions through a racketeering scheme. That suit also was settled before going to trial.

Tabas says he is appalled by the "disgraceful" behavior of his brother's family.

"They had everything. They were not deprived of anything. They had limousines, all kinds of house help on the payroll of the businesses. Their cup was full. It couldn't hold anymore. And then to get this fire from his family after Charles died. They should kiss my feet. What a fool I was! My brother must be rolling in his grave."

Nancy Tabas, Charles' daughter, is outraged. "Before my father died," she says, "he was making plans with his brother to liquidate the business. He had a heart condition and he told my mom that Uncle Dan was killing him with aggravation.

"It started at my father's shivah," the period of mourning in Judaism, Nancy recalls. "My father couldn't have been dead more than a couple of days when Uncle Dan came in waving a paper which stated that the surviving brother becomes the manager of the business. My brothers and I looked at each other. We had barely buried my father in the ground. But it shouldn't have surprised

us. When Dad was still alive, but near the end of his life, my uncle told my brother Andy that he hated all of us. He didn't like the way my dad had raised us.

"It didn't take long for him to show up at my mom's door with an accountant, trying to get her to take less than her fair share. He would walk into her apartment and say, 'You don't need these phones. You don't need these cars. They are too expensive.'"

Then Nancy said the words that keep surfacing when family businesses go sour.

"But this whole thing ... is not only about money. There's more than enough to go around. It is about family and feelings, and it goes back a long way.

"It's about jealousy. It's about power. It's about sibling rivalry."

Oh yes.

Daniel Tabas: "My sister-in-law, Harriette, was motivated by jealousy. I have a beautiful family, and she couldn't have a family. [Two of Charles and Harriette's children are adopted.] They live in an apartment house. I built a home. They could have. They just didn't want to."

Nancy Tabas: "Aunt Evelyn was so competitive with my mother. She wanted everything my mother had. When my parents were married 25 years, my mother went to a custom designer to have a dress made for the party. Do you know that my aunt showed up at the party in the same dress?"

Andy Tabas: "Money is power and it is an ego trip. My uncle's ego is so big you couldn't fit it into Veterans Stadium."

Daniel Tabas: "Charles was a good person, too good, he would give you the shirt off his back. I loved my brother. I never had any lengthy argument with him."

Nancy Tabas: Daniel "hated my father and he hated us because we were his children. Everyone who knows them knows that."

"There is, obviously, a lot of anger here," says Caryn Stark, a psychologist who practices in New York and has shepherded many family businesses

through troubled times. "Whenever there is a problem in a family business, it always reflects a problem in the family. ...

"I bet the younger son [Daniel] is a lot like his father," Stark reflects. "After all, that's his model. 'Why can't I control everything? I'm in charge. I do it well.' It is about power. He is understandably baffled why his brother's family doesn't appreciate it."

While the uneasy passage of power from father to children was not a player in the turmoil in the Tabas dynasty, it is the culprit in most family-business breakdowns. Indeed, if Family Business 101 were listed on a college syllabus, it might be called Passing the Baton.

How does the entrepreneur, the powerhouse of a company, let go, give his children the room to make their own choices, and design a plan that may prevent the rancor that tore the Tabas family apart? "*Succession* is a polite word that translates to *death*," says Ed Monte, a family-business consultant and founding partner of Family Solutions Group of Philadelphia and South Jersey. "In family businesses, it means that the son or daughter moves up to power because the father is going to die. Families do not like to talk about it. So some founders never make plans to retire. I have a patriarch in his 80s who has a 15-year business plan ... and he is essential to it."

Psychologist Moss Jackson describes a business in which the two major players were a 72-year-old father and his son.

The father, says Jackson, was egomaniac, self-centered and cutthroat. The son had tried, in vain, throughout his life to win his father's approval and, in fact, had joined the business against his better judgment to please his father. On the eve of the son's 40th birthday, his father confided that he had a wonderful gift for him. The son eagerly anticipated the announcement that his father was naming him president of the company. He was mortified when the gift turned out to be a set of Lionel trains that he had wanted as a child. Within two years, the son left the business.

"Families tend to be hierarchal," says Timothy G. Habbershon, director of

Wharton Enterprising Families Initiative, "but for a business to be successful, there must be a peer relationship. If every time a father gives his son advice, the son has his 'kid hat' on and he hears his dad saying, 'Be in by midnight,' there's going to be trouble. If every time a son brings a new idea to his father, his father sees him as a snotty-nosed kid who thinks he knows best, there's going to be a problem."

Even when the founder is willing to step back, as Samuel Tabas did, there are unsettling issues to be addressed. If more than one child is in the business, who runs the show? What happens to the others? How do you determine their compensation? What if a child has no skills suited for the family business? How does a father whose chief asset is his business make an equitable inheritance plan for children who choose to be teachers or architects?

"Making a retirement plan is worse than euthanasia," says Leon A. Danko, 78, an author considered to be the leading guru in the field of counseling family-owned businesses. "But an entrepreneur who fails to do so will often destroy on the way down what he has built on the way up."

It was not an easy day for Ken Clemens. After almost 50 years of working with his family - his grandfather, John C.; his father, John S.; three uncles, Abram, Lester and Ezra; his brothers, John W., Butch and Dick; cousins, including CEO Phil - after putting his heart and soul into the business that his grandfather started in 1895, he was going to a retirement lunch and not coming back. "Don't ask me today how I feel," Clemens said at the time. "Ask me in about two months."

Clemens' departure, as senior vice president, was part of a plan that he helped design, one that mandated that employees of Hatfield Quality Meats retire at age 65.

It was not the only emotional decision in which Clemens participated recently. Several months ago, he was part of a succession planning group that decided, unanimously, that two family members would serve themselves and the business better if they were to leave the Hatfield, Montgomery County,

company for a time, learn new skills elsewhere, and perhaps - if there were an opening and they were interested - return to the family business. One of the casualties was Clemens' son, Michael, who had been director of operations.

Was it a wrenching decision? "Of course," Clemens says, "but we were at a place in our family business where in order for us to achieve more, to go to a higher level and continue to be successful, we needed to make some difficult changes. My son recognizes that it was necessary for him to go away and enhance his skills."

Michael wrote a letter to his father that was read out loud at his retirement luncheon. "No one could see my tears," Clemens says, "but they were there." The letter read, "Probably the most difficult job my father performed was as a member of the succession group. ... He performed as a trouper to the end. He knew which hat to wear. Father and team member - he never confused the roles."

A year and a half ago, Phil Clemens, Hatfield's chairman and chief executive officer, called on John Ward, director of the Center for Family Enterprises at Northwestern University's Kellogg School of Management, to advise and validate some of the company's governing policies. Phil Clemens and Ward join in conducting family business seminars throughout the country.

Hatfield Quality Meats is not just a business to Clemens and the other 30 family members who work there, including one from the fifth generation, and to the 180 relatives who hold company stock. "It is very intentional that we want to remain a family-owned business," Clemens says. "This is our heritage, our heirloom, something of unique value that has special meaning to our family. It is something we protect and do not allow to deteriorate, so that succeeding generations can experience what their forefathers had birthed. We steward this asset for future generations."

No matter that there may be sharp differences of opinion about the direction and management of the company. "That's healthy," Clemens says. "But here, we work out our

differences to reach united decisions. The goal is not for any individual to be the star, but what is best for the whole. We may argue about something in the office, then go hunting together the next day. The hats we wear for business and family are separate."

Building the company to sell it for a large windfall is not an option, Clemens says. Preserving the heirloom is. To that end, the job of chairman and CEO will always go to a family member, and it is his or her job to begin grooming a successor. There is no room for envy and mistrust. The person who can do the job best, the one whose leadership will ultimately benefit everyone, will be chosen by the successor team.

"It is the family businesses that try to make everyone equal that get into trouble," Clemens says.

The McVaugh family - Tom, Michael and Joan, owners of Laboratory Testing Inc., also in Hatfield - are gathered around the table in the airy Sellersville offices of Henry D. Landes. They are here to work on the blue circle.

This is one of the levels in Landes' family-business metaphor; blue is the business circle, and it stands for the strategies and operation of the company. The family circle is red and stands for blood; the owners' circle is gold, as in money.

"Families get caught," Landes says, "when their expectations about someone as a family member conflict with expectations about him as an employee or owner. An easy example is the son who is reprimanded by his father at work, then complains to his mother that he is being mistreated." Landes' job is to get people communicating. Those who can't talk about their goals and values in the family circle are stuck in the business circle, too.

While business therapists are often consulted in times of crisis, the McVaugh family, despite some rocky times, is basically healthy and comes in for tune-ups, especially during times of transition. They have been consulting with Landes since September 1998.

Today, Joan's eyes tear up as she relates how her two brothers took her into the business six years after their father died

and made her part of the gold circle, with equal ownership rights. "We felt," company president Michael says, "that it was our father's intent that Joan be provided for, even though he didn't specify it in his will. So we did it for him."

The siblings talk about a painful episode when another brother, Robert, who once was part of the business, left abruptly without explanation. The situation got "ugly," Michael says, "and we all went through a lot of pain." Now, after a period of estrangement, Robert wants to be closer to the family (the red circle) and is asking that the business use him as its insurance agent (the blue circle). Joan and Michael want to do it. Tom isn't so sure. The next step, they decide, will be for Robert to meet with Landes. It will be a red circle meeting.

Joan and Tom challenge Michael. They believe he needs to be out in the field more, cultivating customers and making contacts. The company is growing rapidly and they want to hire a plant manager. Michael disagrees; he doesn't want to grow too quickly, but he is willing to listen. "I admit that I sometimes get obstinate when I really want to be a good listener," Michael says. "But, I'm learning when to talk and when to cut it off."

Later, Landes says, "We provide an arena where issues like these can be discussed, then worked out. Listening is the most critical part. Then comes asking questions. Speaking your truth is difficult but important. If you do that, you're going to shake a little. You might cry a little."

In their session with Landes, the McVaugh siblings express their feelings about the kinds of situations that, if not confronted, could be inflammatory in family businesses. "But this is a \$6 million company," Landes says, "with a \$100 million attitude."

Could a skillful family-business therapist have made a difference in the outcome of the Tabas Enterprises struggle?

"It depends," psychiatrist Craig Lichtman says, "on the coping ability, past history and personal resources of the people involved."

Daniel Tabas: "You have to want to communicate. They [Charles' wife and children] would never have done it."

Nancy Tabas: "Uncle Dan communicate with us? You must be kidding!"

The Tabas epic has almost ended. The agreement between Daniel Tabas and his brother's estate specified that each party would have a term of three years and three months to unload jointly owned properties. Tabas' term is over; the estate's is in its second year.

Evelyn Tabas still hopes for reconciliation. "The kids remember great times together with their cousins," she says. "It would be lovely if we could do it again. To this day, if they offered one kind word, if they said they'd like to get together, we'd do it in a minute."

"We've been angry for years," Nancy Tabas says. "The thing I'm most angry about is that he [her uncle] stole the golden years from my mother ... and he stole his own. But the pain is starting to ease because we see the light at the end of the tunnel, we know we'll be out of it soon and that our golden years won't be destroyed.

"It is a great lesson we have learned. Like my grandfather used to say [after he retired], 'Now that it's time to live, it's time to die.' We don't want that to happen to us."
