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A Family's 50th

Father and daughter reflect on Ahola Corp.'s 50th anniversary

BY JEFF and SONYA AHOLA

SA Fifty years is such a milestone for any company but it's especially rewarding to see the success continue across multiple generations of family ownership at Ahola. So much can change in 50 years, and it's incredible to see the resilience and tenacity that Ahola has had. Our family is Finnish, and one of our four pillars at Ahola is "sisu," which is a Finnish word loosely translated as stoic determination, bravery, guts and resilience. We owe more than a few years of our success to this determination and resilience.

JA This is a very proud moment to remember the sacrifices that my parents and siblings made to start, ignite and perpetuate this business. I was 11 years old when my parents started the business and I remember my mom saying that if you want anything you have to work because there won't be extra money for "stuff." So I got a paper route with the *Lorain Morning Journal* and mowed lawns and shoveled snow to get extra cash for a new baseball glove and spikes.

SA I remember as a kid stopping at Ahola with my dad after school, making my rounds through the office. I would stop by my aunt and uncles' offices, grab candy from the receptionist and say, 'Hi,' to our employees whom I considered family (many of whom are still at Ahola today). I always grabbed some paper from distribution and drew pictures for my dad, one of which is still framed in his office today.

JA In real estate, it's location, location, location. In family business it's communication, communication, communication. Utilize written, video and verbal communication tools to express your feelings and concerns surrounding the people issues in a family business. Especially when your business is approaching major stage changes, tools like a family constitution can be very important to create the rules of engagement before it becomes personal. Even though leading and managing a family business is the most challenging type of business to lead, the rewards far outpace the costs.

SA A highlight for me has been seeing the evolution of our business and our services over the years. As the payroll market shifted and technology changed in the last 10 years, Ahola updated our core service platform to cloud-based software and evolved to offer more than just payroll, our core and original service, so we can offer a complete suite of human resource information system solutions.

JA Fast forward to 2017, it's amazing to see the state-of-the-art data center we operate from as a national payroll company, with north of 70 employees, having served more than 10,000 businesses and currently paying nearly 50,000 people.

SA There are big shoes to fill here. My family created this living, growing business that I have the honor to



Jeff Ahola and his daughter, Sonya

work at and carry on for years to come. I'm excited to contribute and grow the business in my own way. There is a great deal of pressure to succeed but it's a good kind of pressure, pressure that pushes you to work hard and exceed expectations. It helps that we have a great team of leaders at Ahola that I lean on for direction.

JA Sonya's grandparents would have been ecstatic that she is interested in continuing on from the foundation that her ancestors laid. The way I view our family's legacy is, I'm sure, the way a lot of family members do — The Ahola Corporation is the vision and the dream of Chet and Rheta Ahola. The author Napoleon Hill once wrote, 'cherish your visions and your dreams as they are the children of your soul.' If I can keep the vision and dream of Ahola Corp. alive and thriving, I am keeping the soul of my ancestors alive. There is no better calling in life.



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Monumental Success

Three generations of Milanos offer family comfort in times of grief

By BARRY GOODRICH

When grief-stricken families walk through the doors of Milano Monuments, they experience a warm, welcoming environment that only a family-owned business can provide.

But five years ago, the Milano family was confronted with a different kind of grief — its own. Maria Milano, daughter of the company's founder, passed away from cancer at only 47, a tragedy that stunned the close-knit family. Eventually, that experience enabled them to gain a more empathetic insight into the feelings of the families they serve.

“My sister’s passing affected all of us here,” says president Jim Milano. “I realized I didn’t really understand grief. For myself, that level of grief brought me to the understanding of what so many families go through. In another way, it was also a spiritual awakening for me about the power of love, faith and hope.”

Today, Maria’s legacy lives on through her daughter Alecia and son Michael, who serve as vice presidents. Founded by Vincent and Marie Milano in 1968, the company is the state’s largest cemetery memorial facility, but it has maintained the personal touch that lies at the core of its success.

The 53-year-old Milano spoke with *Family Company* about the unique experiences of working in a family-owned business and how they have shaped the firm.

Q: You have a loyal staff that has helped the company expand over the years. How do family and non-family members join forces to help you thrive?

A: Our employees have been here an average of 15 to 20 years but they’ll always be kids to me. I’ve never been a big person with titles ... they’re not a part of our culture. I never introduce myself as the president of the company. We all do whatever it takes and everyone here is



Three generations of the Milano family comfort other families in times of grief, including (from left) Michael, Jim and Marie Milano and Alecia Milano-Michitsch.

treated like family. My father needs home care 24/7 right now and a lot of them have stepped up and offered to help with him, which is very kind.

Q: How have you dealt with the changes in your industry?

A: I was at my dad’s side [in the business] as soon as I could walk. When I started, only 5% of families used cremations but now it’s 50% and that’s affected us. My vision has always been to give families more options with memorials at all price points and educate families on the value of what they’re purchasing. For years I saw it all in my head and what I saw has come to fruition.

Q: Your sister encouraged you to come up with a succession plan when the two of you assumed control of the business in 2001. How important was that?

A: Maria was adamant that we did our

planning as soon as we bought the business. I wasn’t thinking about that. I thought we had all the time in the world. Having that conversation makes it so much easier on the survivors.

Q: Has your leadership style changed over the years?

A: I’ve learned how important communication is, getting everyone on the same page. I’ve learned to be a better listener, to think before I speak and to give things some time to digest. I’m not saying I’m a pro at it yet.

Q: How do you deal with the emotional aspects of the job?

A: I’m very passionate about my business but this job is not for everybody. It’s a lot to carry every day. In my 20s, I was thinking about making X amount of dollars ... now it’s become more of a calling. One of the best compliments anyone can tell me is “you made this a lot easier than I ever thought it could be.”

YOUR FAMILY BUSINESS TOOK YEARS TO BUILD



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TAX REFORM MORE LIKELY THAN HEALTH CARE

"In the last decade, there have been so many rules and regulations passed that it becomes increasingly difficult for family-owned businesses that have been dealing with all the complexity," says Tracy Monroe, tax partner at Cohen & Co. "Family-owned businesses should be taking whatever tax opportunities they can while making sure they are applying the existing rules properly."

Monroe is a proponent of deferring income and accelerating deductions. "There's no reason not to do either one of these things now," she says. "I've been telling my clients, whether or not we get tax reform does not change their planning. This is not a time for sitting



Tracy Monroe

back on your heels."

The current federal tax rate of 39.6% for firms showing a profit of \$500,000 and up could fall to between 15 and 20% if tax reform comes to pass this year or next.

"We could have tax reform by the end of the year but it will be difficult to implement it retroactively," Monroe says. "There is across-the-board support for some form of tax reform."

As for the Affordable Care Act, Monroe feels it may never be replaced under the current administration: "I would bet on tax reform before health care reform and I'm not a betting girl."

Regulation Nation

Must-watch rule changes on the horizon for family businesses

By **BARRY GOODRICH**

Staying in compliance with the Affordable Care Act, Fair Labor Standards Act and Internal Revenue Service can be complex and time-consuming concerns for family business owners. The good news is that many of the pending regulations once fast-tracked for 2017 and 2018 have now been moved to the back burner.

While the Trump administration has failed for now in its attempts to repeal and replace the ACA, and proposed regulations from the FLSA and IRS have bogged down, now is the time for family businesses to be proactive in their tax, legal and insurance strategies.

LABOR PAIN PRECAUTIONS

Compliance with the Fair Labor Standards Act — which governs minimum wage, overtime, record-keeping and other labor regulations — should be a top priority for family-owned businesses according to Rob Gilmore, labor and employment partner at Kohrman Jackson & Krantz. "The FLSA is not easy, not simple and not always common sense," he says.

A proposed regulation that would greatly expand who is eligible for overtime is in the pipeline but he feels "it won't be going into play any time soon." Still, Gilmore says family businesses should be sure to update handbooks and policies regularly and evaluate which employees are exempt from overtime benefits and which aren't.

Family-owned businesses considering transferring the business to another family member should be aware of last year's U.S. Treasury Department proposal to eliminate nearly all valuation discounts typically applied for estate tax purposes. This regulation, like the proposed overtime pay scale, is currently in a holding pattern.

"The number one risk on the employment side is an FLSA case, which has become the claim de jour," says Gilmore. "There are lots of lawyers out there looking for FLSA wage and HR issues. It's something to be careful of."



Rob Gilmore

NOW'S THE TIME FOR PLANNING

"Succession planning is always an important issue," says Jeff Wasserman, executive vice-president and director of specialty life for Oswald Companies. "A lot of family-owned businesses do a great job of building a company but fail to have a plan in place to grow the business going forward."

And just like insurance policies, succession plans should be updated. "In our business we see it all the time," says Wasserman. "You know you have (a plan) but you may not have what you thought. People have good intentions and they put something in a deposit box and then decades go by."

Wasserman also suggests family business owners review their life insurance policies, making sure beneficiary designations are set up accurately and current payments are in line to ensure the policy's full value.

For family businesses with buy-sell agreements, company valuations are critical. "They aren't always where they should be," says Wasserman. "It makes sense to dust off those old agreements."



Jeff Wasserman



Ted Arslanian and nephew Don sustain a strong connection between their family and their company's brand, which paid dividends in goodwill when a fire destroyed their facility in 2007.

Branding Your Family

Touting family ownership can
bring big branding benefits



By ANNIE ZALESKI

When Ted Arslanian opened Arslanian Brothers Carpet, Rug and Upholstery Cleaning in 1959, it was a given that the company would tout itself as a family business.

Not only had Ted learned the workplace ropes from relatives, who owned and operated a similar company in Camden, N.J., but he also co-founded Arslanian Brothers with two of his brothers, Henry and Armen.

Decades later, maintaining a family-oriented brand has continued to benefit the thriving Warrensville Heights company. It's helped the company cultivate an overall culture where employee turnover is low — one truck driver has been there nearly 50 years — and relationships run deep.

Ted's nephew, Don Arslanian, recalls how he bonded with repeat customers after visiting their homes year after year while doing in-home cleaning.

"They knew me," says the 47-year-old, who now does double duty overseeing the Arslanian Brothers plant and tending to the company's IT needs. "They were comfortable with my family; I was comfortable with their family. [My customers] grew up with me."

Such familiarity extends to the company's back office customer service. "You're not talking to a computer menu," Don says. "Sometimes you're getting an Arslanian

doing the work for you, too.”

This kind of personal touch is one advantage of companies adopting a family business-oriented brand, says Lisa Zone, managing director at Dix & Eaton.

“Increasingly, consumers prefer the whole idea of shopping local,” she says. “Many family business owners live in the communities that they do business in. They become a part of the fabric of the community rather than a faceless corporate entity. ... People feel a connection to that family brand.”

Arslanian Brothers enhances this connection by using advertising to position itself as a trusted source. Spots feature family members talking about the company’s services, for example, or doling out cleaning tips in order to demonstrate expertise.

“We do a lot of advertising,” says Ted, “but we don’t do it in such a way where we’re being pushy about it.”

Such built-up goodwill came in handy in May 2007, when a fire destroyed the original Arslanian Brothers building at



East 100th Street and Miles Avenue, taking trucks, office space and hundreds of customer rugs along with it.

Not only did other area family companies come to their aid, donating desks and even a warehouse Arslanian Brothers could use for temporary storage, but customers also pitched in to keep the business afloat.

“We were getting sympathy calls from customers, just to come out to clean carpet,” Don Arslanian says. “They really didn’t need their carpet cleaned. It was

really cool and heartwarming.”

That time period also strengthened the family’s internal bonds, as they took an all-hands-on-deck approach to keep the business going.

“We were young; we had families,” Don Arslanian says. “This was our life too, so we had to make this thing work, even if at the time we weren’t sure what my dad and uncles were going to do.”

Arslanian Brothers ended up moving to a bigger space that has allowed it to grow and diversify, and younger generations are taking on more responsibility at the company.

In addition to Don, Ted’s daughter and granddaughter, two other nephews and son-in-law all work in the business — a total of 11 family members. Two of the three founding brothers are also still involved with the business: Henry Arslanian runs the rug repair and restoration department, and, at age 79, Ted Arslanian is still involved in day-to-day operations as well.

“I’m not ready to step down yet,” he says.

90%

US businesses that are family-owned

64%

US GDP that is generated by family businesses

62%

US population employed by family-owned businesses

34%

US family firms involved in international trade

Family business is our business.



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People Person

Tackling tough HR issues unique to family businesses

By JENNIFER KEIRN

Plenty of privately held businesses struggle with creating and sustaining best practices in human resources, but when family is involved, the challenges can be uniquely magnified.

“Some of the things that are big challenges for family businesses are big challenges for all companies, especially small privately held ones, which is what family businesses tend to be,” says Jeanne Coughlin, president of The Coughlin Group, a consulting firm that has worked with family-owned businesses on business planning and management for more than 20 years. “The stakes are higher in a family business. It’s their family legacy, their family wealth and their family relationships.”

Family businesses do face some unique HR challenges that other businesses don’t necessarily face. Here are Coughlin’s top tips on how to identify those challenges and overcome them.

INTEGRATE FAMILY INTO HR STRUCTURE

“Family businesses tend to lack good hiring systems and opportunities for feedback,” says Coughlin. “It’s a matter of making sure family members are integrated into the business and are part of the broader structural need to have clearly defined job descriptions.” In family businesses, as with many small businesses, people tend to wear many hats, and it’s often the family members who move from role to role.

Coughlin says family members should have clear job descriptions, an established role in the company structure and a clear process for performance review. Then when a family member isn’t performing well, the structures are in place to address it.

“Small businesses in general tend to figure things out as they go,” she says. “In a family business, there’s a familiarity with family members, so it tends to happen that much more when it should be happening that much less.”



Business planning consultant Jeanne Coughlin has worked with family-owned businesses for more than 20 years, and says they often fail to fully integrate family members into HR structures.

APPLY HR RULES FAIRLY

“I’ve heard [non-family members] say, ‘I’m never going to have an opportunity to have a real leadership role here because I’m not family,’” Coughlin says. “There’s a perception of insiders and outsiders, family and non-family.”

When HR rules aren’t applied fairly, non-family employees may develop resentment or a feeling that they can’t get ahead in a company without the right last name. That’s when a business can face declining morale and increased attrition. Family companies should be sure to employ best practices in HR, but also apply those practices to family members as consistently as you do non-family members.

MAKE A PLAN AND REVISIT THE PLAN

“The single biggest business mistake any family business can make is not making a plan, or not coming together on a regular basis to revisit, review and revise that plan,”

says Coughlin. “The problem is that they create a plan, they agree on what they want to do, then there’s no connection between that strategy and day-to-day implementation.”

She says trust is the most important factor in family business success, which can be eroded when business plans are created but not adhered to. A planning process has to include clear and tangible metrics with a documented strategy for follow-through.

The same applies to small day-to-day decisions too, she says; disregarding a scheduled meeting because “it’s just family” or failing to prepare for important projects degrades trust both within the family and with non-family employees.

That planning process can also be an opportunity for members of the family to discuss where they really want to be in the organization, as opposed to being wedged into finance, for instance, when their heart is in marketing. “There needs to be clearly defined roles, and good communication,” Coughlin says.

THE FEMALE PERSPECTIVE: Next-Gen Women in Family Business

"I HOPE/EXPECT TO MANAGE THE COMPANY ONE DAY."



"I EXPECT TO BE MANAGING THE COMPANY ONE DAY AND THIS HAS BEEN AGREED."



"THE CURRENT GENERATION HAS CONFIDENCE IN MY ABILITY."



"Generally speaking next-generation males are more likely to be expected to run our business than next-generation females."

45%
OF WOMEN
AGREE

HOW TO SUPPORT NEXT-GEN WOMEN

FLEXIBILITY IS KEY

Women want to work for employers with a modern approach to work/life balance.

TONE AT THE TOP

Create a positive culture and express confidence in talented women.

SUPPORT AND STRUCTURE

Work with women to develop clear career paths and provide training and mentoring.

POLICY AND PRACTICE

Make sure your policies encourage diversity and equality.

SOURCE: PwC Next Generation Survey 2016: The Female Perspective

CREATING A FAMILY CONSTITUTION

FREE WEBINAR
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Hear from the experts during our Family Company magazine's FREE Webinar on 'Creating a Family Constitution'. Dr. Kathy Overbeke, founder of Generation Planning Strategies, and Jeff Ahola, CEO of The Ahola Corporation, will delve into the reasons why a family business should have a written family constitution.

Did you know that nearly half of family business owners have no succession plan in place (PWC 2016 Family Business Survey)? Sign up today to ensure successful generation planning and family business continuity.

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