

The Raymond Report

News from the Raymond Family Business Institute

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Focus on the American Family Business Survey:

Trend toward co-CEOs may signal belief that shared leadership can work – if managed properly

Among respondents to the MassMutual/Raymond Institute American Family Business Survey, 13 percent report their family firms have two or more CEOs. And 35 percent of respondents say they believe their companies may have co-CEOs in the succeeding generation.

“The data suggest that family-business leaders are realizing that shared power can work,” says Joseph H. Astrachan, Ph.D., a Raymond Research Fellow and principal researcher for the survey. “The openness toward co-CEOs also signals a move away from primogeniture and is more in keeping with our country’s democratic principles.”

But a move toward democracy in the corner office also raises challenges. Stephen Spinelli, Ph.D., director of the Arthur M. Blank Center for Entrepreneurship at Babson College and a survey researcher, cautions that this trend requires “developing a leadership structure that can accommodate diverse and often divergent views, yet has the effective decision-making capabilities that are required in a chief executive position.”

With co-leadership, decisions can take longer. Breakdowns are more likely.

Astrachan adds: “When set up and managed ideally, co-leadership allows the team to accomplish more: The CEOs can be in several places at once, they have more information available, and they can help support one another – relieving the chronic loneliness at the top.”

Co-leadership also can ease some succession difficulties. One leader may stay as the other leader retires, allowing greater continuity as the team is replaced gradually. Among survey respondents, 9 percent report two co-CEOs and another nearly 4 percent cite having more than two CEOs.

The survey found that co-leadership also may be good news for women. Among the respondents expecting their companies to be run by co-CEOs, nearly half indicate one of the CEOs may be a woman. “Because the trend toward shared leadership offers at least twice as many opportunities, it opens the door wider for aspiring women,” says Astrachan says, who also directs the Cox

Family Enterprise Center at Kennesaw State University in Georgia.

But co-leadership has its drawbacks. Decisions can take longer. As with any system of greater complexity, breakdowns are more likely. “The leadership challenges that co-CEOs face are significant,” says Spinelli, who is also the Co-Founder of Jiffy Lube International. “This is especially true regarding vision for the company. The more entrepreneurially minded leader will look for growth and new ventures, while the more conservative leader will attempt to maintain and sustain. The two different perspectives could be explosive.”

Not all co-leadership springs from enlightened decision-making. In some cases, co-CEOs may be named simply because the current CEO is unwilling to favor one child over another.

In any case, co-leadership will work only if the team members devote real time to exceptional communication and to constantly improving their relationship. Astrachan also advises that:

- The leaders be clear about which decisions will involve the group and which can be made autonomously.
- Co-CEOs not hide behind the team to avoid making a decision.
- CEO teams consisting of more than two operate via voting and pledge to speak and act as if the decision had been unanimous, revealing no misgivings.
- Co-CEOs adopt a rule for breaking logjams, agreeing perhaps to involve a third party.

Contents

[Focus on American Family Business Survey](#)

[Frishkoff Urges Allegany County Leaders to Identify, Promote A Distinctive Niche](#)

[Family Owned Business Institute at Grand Valley State seeks research proposals](#)

[Raymond Institute enjoys increased media attention](#)

[Wittmeyer to present survey findings to Rochester Family Business Forum](#)

[Upcoming events](#)

Frishkoff urges Allegany County leaders to identify, promote a distinctive niche Raymond Lifetime Fellow continues collaborative speaker series

The Raymond Family Business Institute continued its collaborative speaker series on regional economic development on March 3 when Patricia Frishkoff, a Raymond Lifetime Fellow and native of the Batavia area, spoke. She offered suggestions for developing Allegany County, including:

- Finding an underserved niche that makes sense for Allegany County. Frishkoff cited small towns that have built fame on their distinctive flea markets, flower festivals or ethnic themes. Why not a periodic ceramics or farmers market, or a huge car and boat show once a year?
- Pulling together diverse participants to create a draw to Allegany County, perhaps emphasizing recreational activities and the natural environment.
- Developing joint marketing efforts, wherein businesses in the county promote one another.
- Bolstering the county's website presence.
- Leveraging the three universities better. Frishkoff encouraged working together to recruit students to the county, and partnering with the

Raymond Institute to make Allegany County the global hub for research, teaching and learning on family business.

Frishkoff recently retired as founding director of the Austin Family Business Program at Oregon State University and now runs an Oregon-based consultancy, [Leadership in Family Enterprise](#), with her husband, Paul. About family business, Frishkoff noted:

- Properly done, succession is a 10-year process, and even young children should begin learning about their family's business. Frishkoff expressed concern about the data showing the majority of family businesses have not chosen the next CEO.
- Family businesses throughout the county and state need to be actively encouraged to participate in workshops on succession and other relevant issues.
- Family businesses are inclined to financially support a community's good ideas and needs.

Joining the Raymond Institute as co-sponsors of the speaker series are the Committee of 44, a volunteer economic-development effort in Allegany County; the Allegany County Office of Development; and Alfred University's Center for Family Business and Entrepreneurial Leadership.

For more information on the speaker series, contact the Raymond Institute, call 607-587-9695 or visit <http://www.raymondinstitute.org>



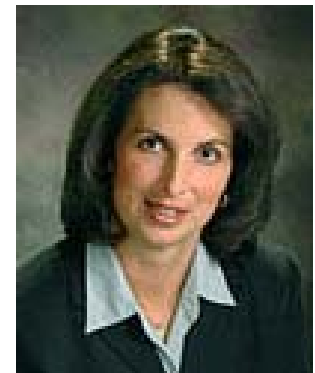
Wittmeyer to present survey findings to Rochester Family Business Forum

The April 2 meeting of Rochester's Family Business Forum will feature Carol Wittmeyer, president of the Raymond Family Business Institute. She will present findings from the MassMutual/Raymond Institute American Family Business Survey and will discuss how the responses from upstate New York firms compare to those of the national sample.

The event, at Locust Hill Country Club, will begin at 5:30 p.m. The cost is \$25 per person. Executives interested in family business are invited to attend.

The Family Business Forum consists of executives in the second or subsequent generations of family-owned businesses who meet 10 times a year to discuss the unique challenges faced by family businesses. The group is affiliated with the Small Business Council of the Rochester Business Alliance.

For reservations or information, contact the Small Business Council at 585-263-3677.



Raymond Institute enjoys increased media attention American Family Business Survey continues to generate coverage

The release of the MassMutual/ Raymond Institute American Family Business Survey continues to generate extensive media coverage.

“Can two chiefs be better than one?” appeared March 9 in *The New York Times* and on NewYorkTimes.com. “US family businesses booming despite economic slowdown” appeared on the Voice of America’s VOAnews.com website on March 7.

“Leadership crisis awaits owners of family firms” appeared in the Wall Street Journal print version on March 6 and in WSJ’s online version Feb.

28. The story had been listed by the Dow Jones wire service.

“Involved board provides guidance to family firms,” written by Carol Wittmeyer, appeared in the Rochester Business Journal on Feb. 21. Read the column at <http://www.raymondinstitute.org/whatsnew.html>.

Previously, articles appeared in the Associated Press, the Chicago Tribune, the Atlanta Journal Constitution, Reuters, the Boston Herald and the Boston Business Journal, and on websites including Heraldnet.com, Forbes.com,

Entrepreneur.com and the American Management Association.

If you’ve seen an article on the American Family Business Survey not mentioned here, please let us know by writing rfbi@Alfred.edu.

Family Owned Business Institute at Grand Valley State seeks research proposals Applications accepted through March 31

The Family Owned Business Institute (FOBI) at Grand Valley State University in Michigan is seeking proposals for its Research Scholars Program 2003.

The program encourages faculty to conduct new, high-quality research with an emphasis on family-business issues. Research may involve a broad range of issues and methodologies including theoretical, empirical and case study. FOBI research scholars will be

expected to disseminate the results of their research through meetings, seminars, publications and the classroom. They also are expected to convert the research into a publishable, refereed article with appropriate reference to FOBI for its support.

FOBI scholars will receive a one-year appointment and a stipend of \$5,000 beginning May 15. Applications will be received until March 31, and notification of awards will occur by April 15.

Inquiries and letters of interest should be sent to: Dr. Thomas Schwarz, Director, Family Owned Business Institute, Grand Valley State University, 386 C DeVos Center, 401 W. Fulton St., Grand Rapids, MI 49504. Phone: 616-331-7200 Fax: 616-331-7583 Email: schwarz@gvsu.edu.

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Upcoming events

JUNE 2003

June 24-30. International Institute for Management Development (IMD) in Lausanne, Switzerland, presents: "Leading the Family Business." Chaired by John L. Ward, Wild Group Professor at IMD and a Raymond Lifetime Fellow. For information, visit <http://www.imd.ch/fbcenter> or call Susanne Hanson, hanson@imd.ch or +41 21 618 01 32.

AUGUST 2003

Aug. 18-22. The Cape Cod Institute Professional Learning Network LLC presents: "Counseling the Family in Business." Conducted by John A. Davis, senior lecturer at Harvard Business School and a Raymond Research Fellow. For more information, call the Cape Code Institute Professional Learning Network at 1-888-394-9293, write prolearning@behavior.net or visit www.cape.org.

SEPTEMBER 2003

Sept. 21-24. Babson College's School of Executive Education presents: "Family Controlled Enterprises." Funded by the Raymond Family Business Institute, the program is designed for owners and managers of family-controlled enterprises who seek continuous growth and family harmony. For more information, call 781-239-4354, write exec@babson.edu or visit www.babson.edu/see.



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