

Economy Helps Family-Run Firms Survive

by Lisa Morris Josefak
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Continually clashing, the sisters Sugarbaker of the hit 1980s sitcom “Designing Women,” worked together in their interior design firm. The siblings got on each other’s nerves but were able to iron out differences for the sake of family and business. But that’s TV. No doubt, family businesses are strewn with daily emotional landmines. But really getting down to business when it comes to family accounting firms, means keeping the peace with each other while trying to surf safely through a rough economy, as well as riding out the upsurge of mergers and acquisitions rolling through the industry.

According to managing partner Robert Mayer of family-owned Mayer & Co., family businesses are the backbone of the entrepreneurial society and will continue to have a clear presence in the business landscape. Founded in 1992, the Woodbury-based company has three partners and a staff of 15 professionals. Mayer and his son, Stuart, are partners with Mayer’s wife, Esther, and daughter, Hayley also on board. Hayley runs the lifestyle management practice area and Esther is office manager. “By being a family business we are able to relate to our clients who also are family businesses,” Mayer said. While the interfamily relations are sometimes challenging, the end result is usually a closer family tie, Mayer said.

No matter the individual positive vibes, the fate of family businesses might be up for grabs. A PricewaterhouseCoopers 2010/2011 Family Business Survey asked 1,600 family business owners about current conditions, challenges and intentions with nearly half the businesses saying they believe their companies will change hands over the next five years and expect them to be passed on to the next generation. About 21 percent are likely to sell to another company and the remainder have other plans. The survey also revealed nearly 90 percent of family businesses in the United States are concerned about market conditions for the upcoming year. With this in mind, coupled with the active movement of M&As, are family owned CPA firms in crisis?

“I don’t think family businesses are in crisis any more than businesses in general,” said Ellen Cooperperson, CEO of Corporate Performance Consultants, a business consultant in Hauppauge. **“They are all under pressure for a number of reasons including increased operational costs, regulatory compliance, taxes and certainly uncertain health care costs.”** In fact, Cooperperson believes the family business is sitting more solidly than ever, and, surprisingly, credits the economy. **“Because of the economy and the inability to find jobs in the professions they have chosen, more young people are coming back to work in the family business,”** she said. But to keep the open sign flashing on companies for generations boils down to honesty among family members, she added. What Cooperperson described as **“courageous conversations”** must occur immediately, when stakes are high and emotions are running strong.

The fall of many family firms derives from what financial planner Henry Montag, a partner with Hauppauge’s Financial Forum, labels **“planning deficit disorder.”** The common problem always seems to revolve around, **“No need to do it today”** or **“I’ll take care of it tomorrow,”** Montag said. Financial Forum of Hauppauge, which has a strategic partnership with Corporate Performance Consultants, encourages family businesses to have a business plan and hold regular family meetings to address complex personal and financial issues, ensuring their business runs well into the future. **“See whether you are on track or whether you see any smoke on the horizon,”** Montag said. Family meetings are critical and should occur a minimum of once a year and be revisited throughout the year when issues arise, Cooperperson said. To withstand the merger activity, family firms should assess what their individual strengths are, Montag said.

Family accounting operations that don’t heed this advice may be forced to look at merger options in their future, says Joel Ackerman, director of Fuoco Group in Hauppauge, an accounting firm with a history of merger activity. **“Through our firm there have been mergers from small family practices and I think that is what is going to continue to happen,”** Ackerman said. **“These smaller firms work their tails off January through April and then they slow down for the rest of the year – they just can’t survive.”** To remain strong, family firms must create alliances with other accounting firms, Ackerman said. **“They must have other resources and must have an open mind and say, ‘Who can I work with so my clients get big firm service, even though they are with a small firm like me.’”**