family business matters

The Newsletter of the Family Business Center of Hawai‘i

UNIVERSITY OF HAWAI‘I AT MĀNOA SHIDLER COLLEGE OF BUSINESS | VOLUME 8 NUMBER 1 | **FALL 2013**

IN THIS ISSUE

MESSAGE FROM THE FACULTY DIRECTOR

The FBCH celebrated its 18th birthday on November 13, 2013. Recently, I attended a conference for family business center directors at the University of Alberta where one of the presenters highlighted the survival record of family business centers. As you can see from the map below, 76 family business centers started in the U.S or Canada. Thirty of them failed and no longer exist and an additional six are in hiatus status. Although it is hard to pin down the starting dates for some centers of the 46 currently operating family business centers, ours is about the fifteenth oldest in the United States and Canada.

I think the members should be proud of this accomplishment. Most of the centers that have disappeared did so because they were unable to maintain their membership base. This is one of the reasons why we encourage members to invite prospective family business members to come to our meetings. Our records clearly indicate that this has been the best course of new members. Let us look forward to seeing our FBCH on this map if they decide to redo the survey in another 18 years.

John Butler

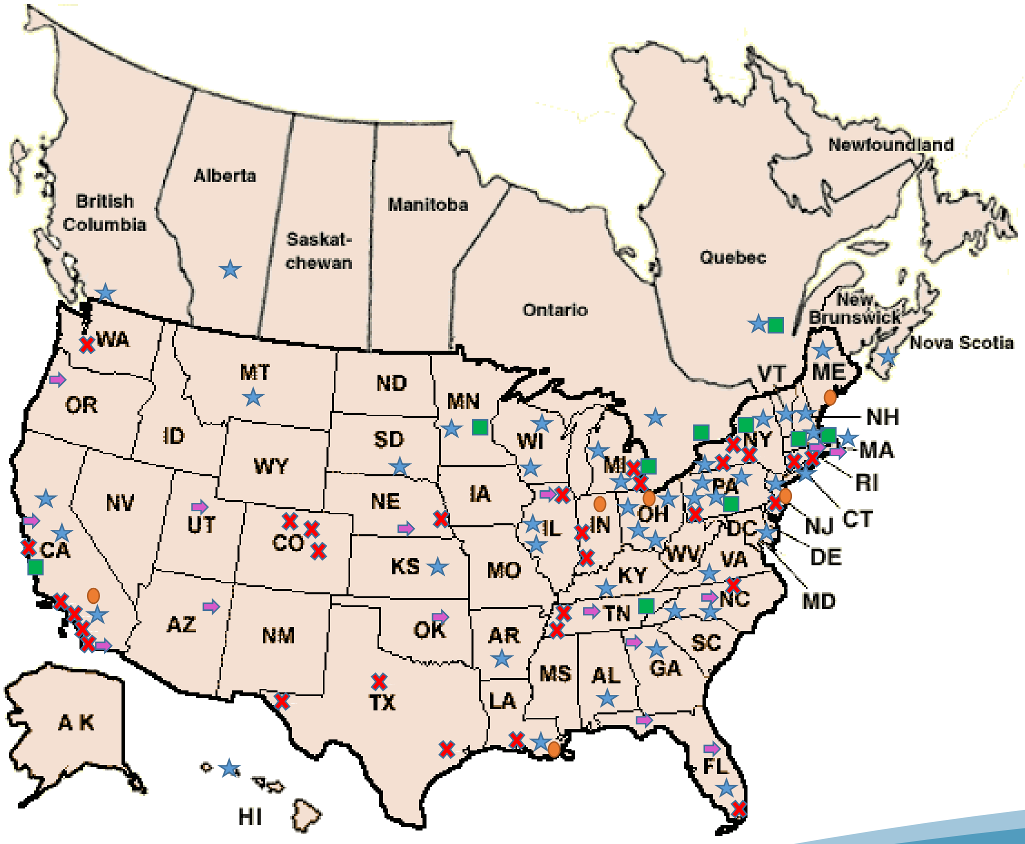
FACULTY DIRECTOR

FAMILY BUSINESS CENTER OF HAWAI‘I

Associate Dean

Harold and Sandy Noborikawa Endowed Chair in Entrepreneurship

Shidler College of Business
University of Hawai‘i at Mānoa
Email: jebutler@hawaii.edu
Phone: (808) 956-7446



A Map of Existing Family Business Centers and Programs in the United States and Canada

Key:
Traditional Family Business Centers
Family Business Programs
Hiatus
No Longer Exist
Courses Available to Students

2013 FAMILY BUSINESS CENTER OF HAWAII ANNUAL RETREAT

"BEYOND SUCCESSION PLANNING: BUILDING UNITY WITH A FAMILY STRATEGY"

A record 104 members attended the 2013 FBCH Annual Retreat at the Outrigger Reef on the Beach. The retreat was held on September 27 and 28. The format was a little different, with two retreat leaders. Andrew Keyt, executive director of the Loyola University Chicago Family Business Center and president and founder of a private consulting firm, Keyt Consulting, teamed up with Greg McCann, founder and director of the Family Enterprise Center at Stetson University and founder of McCann & Associates, to lead the retreat.

The highlight of the retreat was the presence of Fred Sasser, CEO of Sasser Family Holdings. Fred was the third generation CEO of his family firm, which is 100 percent owned by family members. Fred talked about the decision to step down from active management and to turn the reins over to his son-in-law who had worked for the firm for a number of years. None of Fred's, his brother's or sister's children had any interest being involved in the firm's operations, which focuses on leasing railway rolling stock, automobiles and light trucks in America and Australia.

Fred said one of the motivations to pass on the firm was because he realized he was not going to live forever and it is better to pass on succession while you are still alive and can provide some assistance, if needed. Fred did point out that he has tried to step back since giving up the presidency of the firm so that his son-in-law can begin to make decisions without feeling that he is being second guessed.

WELCOME NEW MEMBERS

- PACIFIC CONCRETE CUTTING & CORING, INC.
- AMERICAN CARPET ONE
- PEMCO, LTD.
- MASSMUTUAL
- THE PACARRO GROUP

GRETCHEN VOXLAND LEADS SUCCESSION PLANNING DISCUSSION IN MAUI

Gretchen G. Voxland was the featured speaker at the FBCH Maui meeting on November 12. In addition to having her own firm, Horizon Financial, she is a financial service professional for the MassMutual financial group. She focused on the use of buy-sell agreements related to the death, disability or retirement of owners.

She used a number of professionally produced video cases to illustrate some important issues related to family business and as a way to stimulate discussion. The first case involved a fourth generation retail hardware store where one of the fourth generation members saw herself as the potential successor while many in the third generation had doubts. The case highlighted the fact that they had not yet sat down and talked about succession.

The second case involved a financial service firm where the owner suddenly died of a heart attack. Yes, death and disability are issues that many owners do not consider. It is not just the young who consider themselves invulnerable. This story had a happy ending for the firm and the owner's spouse because they had a buy agreement in place that was funded by insurance, which meant the surviving spouse was able to quickly receive funds for the business and the surviving managers were able to assume ownership and keep the business running without interruption.

Both cases generated a large number of questions and a good deal of discussion, which is always enhanced by the smaller spaced setting at the King Kamehameha Golf Club.

MIKE NIETHAMMER PROVIDES A SON-IN-LAW'S PERSPECTIVE

Mike Niethammer

Mike Niethammer, president of King Windward Nissan, spoke at the July 30 meeting of the FBCH in Maui and at the November 20 meeting on Oahu. Mike started his career in commercial real estate in Santa Clara, CA. He moved to the islands in 2003 after marrying his Honolulu-born wife, Sherry, in 2002 to learn a little about his father-in-law's auto dealership business. He worked his way up the ranks holding various positions in the company. Eventually, Mike purchased the business. The emphasis is on purchase because in many cases, relative-successors may miss that little point in the succession process. This is one of the few times we have had a speaker deal with the in-law issue, and this presentation sparked a lot of discussion. It was especially nice to hear Mike attribute some of the success in the transfer of the family business to an exercise that members did at one of our annual retreats.

CAPTIVE INSURANCE FORUM

The FBCH held a forum on captive insurance at the Oahu Country Club on Wednesday, October 23. Geoffrey Seaman, vice president and senior wealth management director for BNY Mellon-Wealth Management, provided an overview of captive insurance and the conditions under which a firm might consider setting up their own captive insurance company. Sanford Saito, captive insurance examiner for the State of Hawai'i outlined the role the state plays in ensuring that the captive insurance firm has really been set up as an insurance firm and has sufficient funds to pay any insurance claims. The final member of the presentation was Cory Kubota, assurance principal with Accuity LLP. Cory raised a number of issues related to the impact of a captive insurance firm on the parent organization. Hawaii is the second state, after Vermont, to permit captive insurance companies and has attracted a number of mainland and a few Japanese firms to establish their captive insurance firms here. One thing the speakers did point out is that starting a captive insurance firm requires a great deal of expertise and is not something that one should rush into.

L to R: Geoffrey Seaman, Sanford Saito and Cory Kubota

MISSION OF THE FAMILY BUSINESS CENTER OF HAWAI'I:

Equipping, Educating and Celebrating Families in Business

The Family Business Center of Hawai'i is a nonprofit, member-based forum, housed within the Shidler College of Business at the University of Hawai'i at Mānoa. Administrative support for the FBCH is provided by the Pacific Asian Center for Entrepreneurship and E-Business.

SHIDLER COLLEGE OF BUSINESS
PACE PACIFIC ASIAN CENTER FOR ENTREPRENEURSHIP

Family Business Center of Hawai`i
Shidler College of Business, 2404 Maile Way, Honolulu, HI 96822
Phone: (808) 956-5092 • Fax: (808) 956-5107
Email: fbch@hawaii.edu • Web: www.fbcofhawaii.org