

SPRINGER BRIEFS IN BUSINESS

Alan L. Carsrud  
Malin Brännback

# Understanding Family Firms

Case Studies on the  
Management of  
Crises, Uncertainty  
and Change

 Springer

# SpringerBriefs in Business

For further volumes:  
<http://www.springer.com/series/8860>



Alan L. Carsrud • Malin Brännback

# Understanding Family Firms

Case Studies on the Management of Crises,  
Uncertainty and Change

 Springer

Alan L. Carsrud  
Ted Rogers School of Management  
Ryerson University  
Toronto, Ontario, Canada,  
Canada  
alan.carsrud@ryerson.ca

Malin Brännback  
School of Business and Economics  
Åbo Akademi University  
Turku, Finland  
malin.brannback@abo.fi

ISSN 2191-5482 e-ISSN 2191-5490  
ISBN 978-1-4614-0865-9 e-ISBN 978-1-4614-0866-6  
DOI 10.1007/978-1-4614-0866-6  
Springer New York Dordrecht Heidelberg London

Library of Congress Control Number: 2011935144

© Alan L. Carsrud and Malin Brännback, 2011

All rights reserved. This work may not be translated or copied in whole or in part without the written permission of the publisher (Springer Science+Business Media, LLC, 233 Spring Street, New York, NY 10013, USA), except for brief excerpts in connection with reviews or scholarly analysis. Use in connection with any form of information storage and retrieval, electronic adaptation, computer software, or by similar or dissimilar methodology now known or hereafter developed is forbidden.

The use in this publication of trade names, trademarks, service marks, and similar terms, even if they are not identified as such, is not to be taken as an expression of opinion as to whether or not they are subject to proprietary rights.

Printed on acid-free paper

Springer is part of Springer Science+Business Media ([www.springer.com](http://www.springer.com))

# Acknowledgments

We are grateful to the Price Center for Entrepreneurial Studies in the Anderson School at UCLA for their support in the early development of some of the cases in this volume and to the Ewing Marion Kauffman Foundation of Kansas City, MO for their support in the development of those cases developed at Florida International University. Without our students at the University of California, Los Angeles, Florida International University, Ryerson University, Pepperdine University, and Åbo Akademi University, it would have been impossible to bring these cases to life and to make these stories available to a wider audience. We are also indebted to the family firms who allowed us to observe them and contributed their time and energy so others might gain insights.



# Contents

<b>1 Introduction</b> .....	1
Background on the Cases.....	2
Managing Crisis, Uncertainty, and Change .....	2
<b>2 Reading a Family Business Case</b> .....	5
About Case Types .....	6
<b>3 Case One: Today’s Paint and Body – Different Views of Finding a New President</b> .....	9
Introduction.....	9
Chronology of Events .....	10
Individual Perceptions of Family and Management .....	12
Bringing in an Outsider to Become President.....	12
Organizational Structure .....	13
Family Dynamics .....	14
Value of Outside Expertise in the Family Business .....	14
Future Direction of the Firm .....	15
Background Information.....	15
Bringing in an Outsider to Become President.....	15
Family Dynamics .....	16
Future of Today’s .....	16
Background Information.....	17
Bringing in an Outsider to Become President.....	17
Family Dynamics .....	18
The Future Direction of Today’s.....	18
Bringing in an Outsider to Become President.....	19
Outside Advisory Board .....	19
Family Dynamics .....	20
What Is Best for the Company? .....	20
Next Stage.....	21

- 4 Case Two: Neptune Enterprises – Dealing with Loss, Turmoil, and Technology Change** ..... 23
  - Rough Seas Ahead? ..... 23
  - The Neptune Adventure: Setting Sail ..... 24
  - New Product Development ..... 25
  - Tragedy Strikes ..... 25
  - A Wise Alternative? ..... 26
  - Calling in the Coast Guard ..... 26
  - Clear Sailing: For a While ..... 27
  - Changing Tides in Education Publishing ..... 28
  - Rip Tides at Neptune ..... 28
  - Exhibit ..... 30
    - Biographies of Key Players in Neptune Enterprises ..... 30
  
- 5 Case Three: Michael Window & Shutter Company – Disputes in Running the Family Firm** ..... 33
  - Introduction ..... 33
  - The Family and the Family Trade ..... 34
  - Birth of the Family Business ..... 34
  - The Early Years ..... 35
  - The Company Expands ..... 36
  - Current Situation ..... 38
  
- 6 Case Four: Barton Springs – When Family Members Leave the Business** ..... 41
  - Introduction ..... 41
  - Background ..... 41
  - The Products ..... 43
  - The Industry ..... 43
  - Competition ..... 44
  - Personalities: First and Second Generations ..... 45
    - The Players ..... 45
  - Personalities: The Third Generation ..... 47
  - Thinking Succession ..... 49
  
- 7 Case Five: Ocean Safari – A Choice of Staying in Business** ..... 51
  - Prologue ..... 51
  - Family History ..... 51
  - Entering the Diving Industry ..... 52
  - Industry Overview ..... 52
  - The Family’s Involvement ..... 53
  - Change in Ownership ..... 53
  - Ocean Safari’s Birth ..... 54
  - Instruction Becomes a Value Added Service ..... 56
  - Family Business Developments ..... 57

Terror Affects the Industry.....	58
A Decision to Be Made.....	59
The Result.....	60
<b>8 Case Six: Siam Chemical – A Father’s Dilemma.....</b>	<b>61</b>
Introduction.....	61
Prologue.....	61
History of Founder and the Firm.....	62
Shirley, the Woman Behind the Founder.....	63
Dana, the First Child.....	64
Nancy, the Pseudo-Son.....	65
Catherine, the Black Sheep.....	66
Jennifer, the Little One.....	67
Leon’s Dilemma.....	68
<b>9 Case Seven: Marina Cove Ltd. and the Guthrie Family.....</b>	<b>71</b>
Preface to Case.....	71
Part I: When Family Members Do Not Make Good Employees.....	71
Introduction.....	71
The Story Behind Marina Cove.....	72
Sean’s Luck Runs Out.....	73
Unfair Expectations.....	74
Biographies of Key People.....	74
Exhibit 1.....	76
Part II: Terminating Family Employees.....	77
The Board Asks Sean to Step Down.....	77
The Calm Before the Storm.....	77
Board Enforces the Code.....	78
The Ultimate Decision.....	78
Code of Conduct for Guthrie Family Members.....	79
What Happened.....	81
Exhibit 2.....	82
<b>10 Case Eight: Lennar Homes – Surviving Death and Recession.....</b>	<b>83</b>
Introduction.....	83
Overview: Corporate Strategy.....	84
Management and Operating Structure.....	84
Competitive Advantages.....	85
Few New Entrants.....	85
Shifting Power of Suppliers.....	85
High Intensity from Existing Competition.....	85
Power of Customers Increasing.....	86
Substitute Housing Increasing.....	86
Market Conditions.....	87
Industry Outlook.....	87

Family .....	88
Planning for Succession.....	88
Stuart Miller, 51, Son of Leonard.....	88
A Father’s Example.....	89
Building a Homebuilder Career .....	89
Management Style .....	90
Next Generation .....	92
Conclusion .....	92
History.....	93
Exhibit 1.....	95
Balance Sheets .....	95
Income Statements .....	96
Cashflow Statements .....	98
Exhibit 2.....	99
Direct Competitor Comparison.....	99
<b>About the Authors.....</b>	<b>101</b>