



Generations

The Family Business Forum
of the University of North Carolina at Asheville

Winter 2006
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Coming Events I

February 23, 2006

“What makes a family work? And, how can we make it work together?” Behind most family businesses is a dream of a collaborative family- supportive, productive, working together effectively and enjoyably. Accomplished owners/managers, who feel confident in all other aspects of business, management, strategy, finance and leadership, often find their family dynamics difficult to understand. Parenting, marriage, family branches, gender, birth order, in-laws- the organizational aspects of families are the source of the greatest joy, and the highest anxiety, in family enterprise.

Dr. Kelin E. Gersick will be leading this morning program on “**Family Dynamics and Family Governance**” in the **Chestnut Ridge Room of UNCA’s Reuter Center.** This session will look at families as systems, explore some of the basic concepts in family structure, process and development and then discuss the relevance of family dynamics to governance in



Kelin E. Gersick

family business. The program will use examples and concepts to help participants look at their own families in new ways. Bring your spouses and your family group; this session will start conversations you can continue in the car on the way home, and through many evenings to come.

Kelin Gersick is co-founder and a senior partner of Lansberg, Gersick & Associates, a research and consulting firm in New Haven, CT that serves family businesses, family offices and family foundations. He is a published author and former editor of the “Family Business Review” and is the lead author of “Generation to Generation: Life Cycles of the Family Business.”

Dr. Gersick received his Ph.D. from Harvard University and a B.A. from Yale University. He has served on the faculty of both universities and presented family business seminars in more than 20 countries.

Forum members can expect to receive additional details on this very interesting and informative session in early February, 2006.

From The Director

On January 31, 2006, Richard Wood began his retirement years after a long and very successful career with **McGuire Wood & Bissette PA.**

I have had the privilege of knowing and working with Dick in different capacities over the last quarter century. He has advised me personally and professionally including tenure as corporate counsel to Revco Scientific, Inc. where I was employed for fourteen years.

It has been said by some that attorneys can restrict the very spirit of the entrepreneur due to their desire to “preserve and protect” their client’s interests. Not so with Richard Wood. He has the delightfully direct way of summarizing all of your possible options along with the pros and cons of each. Then, he’ll look you straight in the eye and ask what your decision is. And, he will always find a way to lead you to the best decision.

After all these years, I am convinced that if you look up “competent” and “gentleman” in any copy of Daniel Webster’s dictionary you will find Richard Wood’s face staring out at you. Enjoy your retirement years, Mr. Wood, and know you are always welcome at UNCA Family Business Forum programs.



Richard Wood

Recently, Chartwells, the catering service at UNCA, received some publicity regarding a “**clean plate initiative**” they are launching on campus. If I recall properly, Chartwells is **discarding 1400 pounds of food selected by individuals but not eaten each week** from campus cafeteria locations alone. This really hit home with me and I have asked **Danny Dawkins** of Chartwells what the Forum can do to reduce waste during our catered events on campus. This includes sharing clean, fresh, unused food with the less fortunate.

During my years with the aforementioned Revco Scientific, I had the opportunity to travel extensively and witnessed famine firsthand in many areas of the world. And, I can still hear my Dad telling us all as kids “take all you want, but eat all you take.” He said it was part of his Army training but he always went on to say it was “wrong to waste food when so many would go to bed hungry tonight.” We all listened which is probably, at least in part, why there are no small Lashers. That said, with all the resolutions to lose weight this new year, we can all start by simply putting less on our plates.

Rich Lasher
Executive Director



The Family Business Forum of the University of North Carolina at Asheville

The purpose of the Family Business Forum of the University of North Carolina at Asheville is to enhance the viability of closely held businesses in the region. Guided by its members and supported by sponsors, the forum presents programs and activities that are meaningful and relevant to the membership. The Advisory Board, composed of a sponsor, FBF members and the executive director, develops programs for the year, which runs September–May. The forum is a resource to successful family-owned businesses seeking to support the entrepreneurial spirit of the family and the company.

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Visit our Web site at www.unca.edu/fbf/

William S. Hein and Co., Inc. Buffalo, NY



Bonnie Morton, Bill Hein, Sue McClinton

Hein Company newsletter article written and submitted by Asheville resident and UNCA Family Business Forum member Sue McClinton.

Who We Are....

William S. Hein and Co., Inc. is a full-service company serving the law library and legal community worldwide.

Our Mission...

To expand our capabilities and advance all services necessary to assist the effectiveness of our growing, worldwide customer base, while maintaining our reputation of competency and professionalism. Our goal is to provide the best customer service in our industry.

Our company was founded in the early 1960's by William S. and Ilene N. Hein, book traders, who worked with law school librarians. Every summer Dad used to pack up his three children and drive across the country selling used law books. We spent many afternoons in university parking lots waiting for him to make a sale, which is how my sister, brother and I began to learn the business. Today, we three siblings are now the principal owners of the company. We all have children of our own, many of whom are currently involved in the business. The Hein company is now in its 3rd generation of Hein family leadership. The family is committed to the Western New York area and to its 120 employees. This ongoing family leadership bodes well for the future health of the company and acts as a beacon in the often turbulent business world.

In addition to Hein family members, our company also is privileged to have a number of long-term dedicated employees. Among them is our President, Kevin Marmion, who began with the company at age 16 as a shipping clerk. Through talent, hard work and devotion, Kevin eventually rose to the posi-

tion of president in 1996. Kevin also has family members working alongside the Heins, which add to the challenges.

William S. Hein & Co., Inc

At the age of 16, William S. Hein Sr. became an apprentice to his uncle, Fred O. Dennis, who began teaching him everything he knew about the law publishing business. Bill remained with the Fred O. Dennis company for 27 years, however his innate desire to own his own company led to his departure from his uncle's business, and in 1961, Bill and his wife, Ilene, started William S. Hein and Co., Inc. Within just a few years, Hein became one of the major law book reprinters in the United States, and this foothold allowed for expansion into original publications.

In 1974, the microform division was launched propelling the company into the modern age of collection development. Also, during this time, Hein expanded into many other library services, including legal periodical distribution, subscription services, and continuations services. All of these departments were created with one goal in mind: to satisfy the information needs of the ever-changing legal field.

During his career, Bill Hein was credited with numerous pivotal innovations, which secured our place in the legal printing industry. The first of these achievements was his ability to perceive changes in legal education and research. Secondly, his realization that microforms were necessary was essential to helping libraries deal with space issues. And finally, his ability to access foreign markets increased our customer base indefinitely. When he died in 1976, Bill Hein Sr. left the company in the able hands of his family and dedicated employees, who had worked behind the scenes to help create the Company's success.



Rudy Hein, Dawn Jablonski, Brian Jablonski, Shannon Hein

Savvy Advice from Our Sponsors

Colton Groome & Company

“Consumer Driven Health Care – What is it? And is it right for your company?”



John Roegner, Author

Almost weekly we are inundated with information about health care costs and consumer-driven health care plans. The information is sometimes confusing and sometimes demoralizing. The fact is that over the last decade or so, health care

costs have outpaced inflation and average worker earnings increases by 2 to 3X annually. It is typically the highest increasing expenditure for a business. Health care insurance affordability has been either the number one or number two biggest issues for Asheville Chamber of Commerce members as surveyed over the last 2 years. It is significantly affecting the sustainability of companies and there isn't a “silver bullet” in sight. One could argue that the endgame of our current path is government-controlled health care. Is that the best solution?

One solution that our government has enabled and is promoting, is consumer-driven health care. Generically, the intent of consumer driven health care is to engage the health care consumer to make informed decisions about their own health care. The active, informed consumer will make health care decisions based on value, convenience, choice and control. This is the methodology that most goods and services are already bought today in our capitalistic society. Consumer driven health care shifts more of the health care decisions and responsibility over to the employee. The IRS has built in financial incentives and some employers are giving financial incentives to entice employees to participate in these programs.

In its basic form, consumer driven health care starts with allowing the consumer or participant to choose the desired health care plan. An employer needs to offer more than one health care plan with different benefits and premium costs, not just single and family coverage, etc. The options may be different types of plans such as a traditional HMO Plan, a plan with a Health Care Reimbursement Account (H.R.A.) or a Qualified High Deductible Plan with a Health Care Savings Account (H.S.A.). These different plans will have different premiums and potential employee out of pocket expenses, and may or may not have patient co-payments. On an annual basis during enrollment, the participant can decide what plan to participate in.

The premise with Health Care Reimbursement Accounts (H.R.A.) and Health Care Savings Account (H.S.A.) requires the participant to have a higher deductible health care plan and thus transfers more responsibility to the participant. By having a higher deductible, premium costs are reduced. With the case of an H.S.A.-based plan, we have seen between a 10 and 25% premium cost savings when compared to a similar traditional health care plans. Other preliminary and notable outcomes that have been observed with H.S.A.-based plans as compared to traditional health care plans are pronounced lower claim expenses including a decrease in urgent care utilization.

In both H.R.A. and H.S.A.-based plans, a participant has an account where money can be deposited to cover that new financial gap with the higher deductible. The H.R.A. and H.S.A.-based plans differ by who can fund the account, how it is invested, the taxation surrounding the account, when the account can be used, how the account can be “disposed of”, the use of co-pays and prescription drug cards, and the payment for preventative care. Without a lengthy discussion, the H.S.A.-based plans offer the most inherent employee and employer financial incentives, but transfers the most responsibility to the employee and potentially leaves the employer out any “seed” money that may have been deposited into the H.S.A. account on behalf of the participant if the participant terminates from the employer. The H.S.A. coupled with a specific Qualified High Deductible Health Plans are the newest option. They were signed into law on Dec 3rd, 2003.

None of the above mentioned solutions to our country's health care dilemma are simple. All involve a new level of understanding of the health care plans that an employer offers. An employee must first really understand the current health plan. The employee must assess, understand and to some degree try and predict one's future health care needs. Finally, the employee must have an understanding as to how health care spending affects one's own total financial picture. It takes a well-organized and committed management and communication team involving company human resources and management, and experienced local group health care consultants to effectively implement a plan.

From Colton Groome & Company's experience in implementing consumer driven health care plans; we offer the following implementation steps to begin the path forward:

- n Offer health care plan choices.
- n Initiate a preventative/wellness program even if it is as basic as providing for an annual physical.
- n Proactively commence or more strongly emphasize the exact health care costs at your company and how it affects your company's business.
- n Proactively educate and increase the overall understanding of health care such as the real costs of commonly used prescription drugs and hospital procedures.
- n Consider offering an *option* of a H.R.A. or H.S.A.-based plan where participants can have a more active role in their health care and their finances.
- n Educate, educate and educate some more.

Most employers are already shifting health care responsibility and driving employee financial behavior to one degree or another. I would bet that every company in the Family Business Forum has recently increased a health insurance plan deductible, increased co-pays, decreased premium subsidies, or changed their prescription drug card to reduce plan costs, financially incent participant behavior and transfer more of the costs to the participants. These short-term remedies have relieved some of the pain temporarily, but don't offer long-term solutions.

The only real opportunity to solving a problem is to increase everyone's understanding of the problem and get more people involved. With consumer driven health care, this comes from the education of all participants in our health care systems to the true costs of health care plans and claims.

Please consider this fictitious scenario; everyone gets a card that provides for co-payment purchases at our local Lowe's or Home Depot. Who wouldn't want it? Would you ever really know the cost of that new chain saw or refrigerator? Would you care that much because you have a fixed cost of \$25? Would you really know the value of it? That is the behavior that we have in our current health care system. No one really knows the costs and the value. It has to change. Consumer driven health care in all and any form provides the framework for a potentially sustainable solution to our health care quagmire. Some form of consumer driven health care cannot be wrong for your company right now. We are experiencing spiraling health care costs and it is not going to change unless we actively change our behavior.

MEMBER NEWS...

In late 1976, Bill Hein's son, William S. Hein Jr., made his first major mark on the Company and its customers by acquiring Nebrick Bookbindery. This acquisition allowed Hein to have total quality control over all of its book production, which benefited the customer by guaranteeing a high-quality book.

By the early 1980s, Hein had entrenched itself not only in the North American market, but also expanded into the markets of Australia, Japan, Western Europe, South America, and Israel. With the acquisition of the Dennis Company in 1983, Hein became the world's largest distributor of legal periodicals in both hard-copy and micro format.

What We Do...

Today the company distributes information to the legal community by publishing, reprinting, and providing printed, micrograph electronically-formatted materials.

We call ourselves a full-service provider of legal material and services. What we do is quite diverse. It is best to think about it in terms of who our customer is as opposed to what we make or what we do. Our core customers are law school libraries. We also do business with governmental agencies, law firms, corporations, bookstores and to a small extent, individuals. In recent years with the advent of a great online presence, our customer base has been expanding beyond our traditional markets.

We provide goods and services to these customers with legal books and other periodicals, such as subscriptions in multiple formats from print to microfilm and fiche, to the internet.

Hein-On-Line...

Today the company hopes to carry its reputation into a market dominated by giant information services such as LexisNexis and Westlaw. The large companies provide plenty of online legal resources, but most of their material extends back only about 20 years.

Who would be interested in articles from the century before last? Since law is built on precedent, the writings of decades ago make up its foundation, legal scholars say. What a judge said 100 years ago is still just as valid today, if it has not been

over-ruled. Suppose you need an 1890 issue of the Harvard Law Review to read the original text of the nation's most quoted legal article, "The Right to Privacy." You could look it up online thanks to the Hein Company. When they declared "the right to be let alone" a natural right of mankind, Samuel Warren and Louis Brandeis might have suspected they were writing for the ages, but they probably wouldn't have imagined that their words would someday be read around the world on computer networks. The work of Warren and Brandis, who later served on the Supreme Court, is still being read by law students and cited by their professors.

That's where the William S. Hein & Co. comes in. We are pinning our future on distributing the works of the past. Our Hein-On-Line service is taking dusty legal papers -- 9 million pages so far -- scanning them, and uploading them into the computer era. The online service is a small but fast-growing fraction of the company's \$30 million in annual sales. Currently, of the more than 700 hardcopy legal periodical titles in our warehouse and 65 million images of monographs and government documents stored on microform and/or digitally preserved, we have a vast source of information which allows us to move steadily into the future of digital, web-based delivery.

In summary...

Our growth and development have been steady since the beginning. Our focus to deliver the highest quality products and services to the law library profession remains the primary goal at Hein. As we move into the digital age of information delivery, our commitment to our customers remains as strong as ever.

The Hein Company is a modest company in the legal world. How we have remained healthy and prosperous in the face of billion-dollar competitors is simple....we provide superior customer service. Our competitive advantage is an outgrowth of our values....we listen to our customers. We provide a smiling face and voice. We develop long-term relationships. We become more than just a vendor....we become a true business partner.

Work may be a reality but one couple is combining business with passion and it's a pleasure.

In 2004 Brian & Katina Turner left their successful careers as television producers at MTV in New York City and moved to Asheville, so that Brian could begin working in the existing family business; Mills Manufacturing Corp. This fall, after almost two years in Asheville and eighteen months in planning they launched a family venture of their own. In November they opened Turner & Co. Apothecary, a high-end beauty and grooming boutique in Biltmore Village. Katina has always had a passion for skin care and educating people on the best in personal care. Working in television as a fashion and lifestyle producer gave her unparalleled access to the best and brightest in the beauty and fashion industries. Starting a new business is incredibly risky & stressful, but the pay off is gratifying. "We find that working for ourselves is extremely satisfying." says Katina "We enjoy our life here in Asheville very much, and knowing that Brian is working in the business started by his beloved grandfather, and I am doing something I absolutely love and am so passionate about, gives us a true happiness." While Katina is the driving force behind Turner & Co. and runs the business, Brian provides behind the scenes support and can be seen stocking shelves after hours, dropping off lunch and sometimes working the floor. Both agree that they are fortunate to combine family, and personal interests in successful businesses.



Brian & Katina Turner

About Our Sponsors

Colton Groome & Company

Since 1950 Colton Groome & Company has provided clear strategies in a complex financial world. Colton Groome is a financial strategies and benefit planning company that assists business owners in establishing carefully constructed financial security and succession plans. Offices are located at 34 Orange St., Asheville. (828/252-1816, fax 828/254-5895)

Dixon Hughes PLLC

Dixon Hughes is the largest public accounting firm in the Southeast. Its capabilities include accounting and auditing, tax planning and preparation, estate planning, litigation support, health-care consulting, financial services and general management consultation. Offices are located at 500 Ridgefield Court, Asheville. (828/254-2254, fax 828/254-6859)

First Citizens Bank

Established in 1898, First Citizens is the largest family-controlled bank in the United States. First Citizens' product array includes a full line of financial services such as personal and relationship banking, private client banking, investor and trust services and insurance services. Its main office in Asheville is located at 108 Patton Ave. Call Brad Blackburn for information. (828/257-5747, fax 828/684-4329)

McGuire Wood & Bissette PA

McGuire Wood & Bissette is the oldest law firm in Asheville with continuous practice dating to 1894. The firm is focused on the business, financial and litigation needs of its clients in Western North Carolina and across the United States. The firm is located at 48 Patton Ave., Asheville, in the Drhumor Building. (828/254-8800, fax 828/252-2438) www.mwbawl.com

Coming Events II

March 29, 2006



Greg McCann

Dr. Greg McCann will be in Asheville to present a program entitled "**The Eight Challenges that Face the Next Generation from a Business-owning Family**" at **The Crest Center and Pavilion**.

This program is based upon a lifetime in a family that owns businesses, consulting with family businesses and as director of a leading university based program for the next generation.

The eight challenges, having particular relevance at the transition to adulthood, also have application for all members of the next generation regardless of age. The challenges can be generally defined as:

- cultivating your social intelligence (social intelligence is based on the idea that your reality is shaped by how other people perceive you)
 - managing the impact of your family's wealth; are you passing on your values & vision as it relates to wealth?
 - cultivating credibility and avoiding entitlement
 - not letting parents script your future
 - taking ownership for your future; writing your own authentic script
 - not getting caught in the "golden handcuffs"
 - having your education help you with family business challenges
 - seeking out objective feedback and avoiding the #1 risk to career advancement
- This program is being designed to:
- help the senior and younger generations

rethink their attitudes and behaviors and plan for the future

- provide the family generations with a framework in which to discuss their future
- beginning the process of managing the three relationships the next generation faces as a more involved family member, (potential) employee and (potential) owner/heir
- developing greater and well-placed self confidence in the next generation
- developing greater marketability in the upcoming generations

As an added benefit, Dr. McCann will also devote a portion of the program to the importance of developing a **Personal Life Plan** including examples of insights gained, careers changed and family businesses successes (and tragedies avoided). An oft-cited study at a major university found that only 3% of the students there had written life goals. Twenty years later those 3% were happier and worth more than the other 97% combined.

Greg McCann is a lawyer and a CPA receiving his J.D. with honors from the University of Florida and a B.A. from Stetson University. He is currently **Director of the Family Business Center and a Professor of Business at Stetson University**. In these roles he led the development of the **first curriculum in family business to be offered as a major at any university in the United States**. Greg also is currently on the Board of Directors of the **Family Firm Institute** while also running a consulting business helping family owned firms in a number of areas.

Additional details on this program will be sent to members in early March of 2006.

UNCA Family Business Forum

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