three sons each inherited one location of influence and associated institutions: Har Nof in Jerusalem, Boston, and Boro Park (Brooklyn).

The greatest succession drama of the contemporary period may be the Lubavitch lineage, where the seventh rebbe left no successor, yet the mission of his emissaries continues with unabated vigor throughout the world. The widespread predictions of disillusionment and collapse after the death of Rabbi Menachem Mendel Schneerson in 1994 failed to be realized, and the Chabad movement is stronger and more influential than ever. Like the Bratslav Hasidim, Chabad-Lubavitch may be on the path to discovering that no succession plan is needed when the fervor and devotion of followers keep the master's presence as an active, dynamic force guiding their lives.

In the end, this is what we have always known: It is the Hasidim who make the rebbe.

Leadership in Transition:
The Business of Families

BRUCE ELLMAN

In a noted talmudic parable, Rabbi Eliezer takes a contrary stance on a matter of Jewish law. To demonstrate his halakhic authority, he wills a tree to jump, a spring to flow, and the walls of the *beit midrash* to bend inward. These miracles are accompanied by a divine proclamation that validates Rabbi Eliezer's opposing opinion. Defiantly, one of his rabbinic colleagues stands up and declares, "It is not in the heavens [to decide]." When asked for God's response, the prophet Elijiah replies, "He was laughing and saying, 'My children have defeated me, my children have defeated me.'" (*Bava Mezia* 59b)

What generally tears family-managed enterprises apart is the unwitting enactment of unresolved family dynamics within the business environment.

I consult with family businesses in which parents and children negotiate power. Years of financing small and large businesses, as well as advanced degrees, provide the skills and experiences that enable me to assist family organizations in the succession process. But what inspired me to pursue this work was something else altogether: a fascination with the biblical accounts of family dynamics, years of therapy, and my father's unsuccessful attempt to integrate his other sons into his financial organization.

Families are complex, intense, and confusing systems. Though historically formed primarily for economic purposes, modern families focus their energies on developing generative characteristics — security, loyalty, support, relational constancy, and lifetime membership. These goals are often at odds with the principal motivations of business — profit, efficiency, fact-based strategies, and earned membership. In typical times, managing the inherent conflicts between family and business values are challenging. When the organizational structure is altered through the transfer of power (i.e., succession planning), an already highly charged environment becomes more volatile, similar to the way in which life events — marriage, birth, or death — exacerbate existing family relationships. Too often, succession within a family business is like war: At least one party is defeated. But unlike God, no one is laughing.

Family-managed enterprises rely on a web of intrafamily relationships. The most frequent impediment to smooth succession planning is both independent of monetary issues and outside the awareness of family members. What generally tears family-managed enterprises apart is the unwitting enactment of unresolved family dynamics within the business environment.

The family organization is a fertile and powerful stage upon which decades of family dynamics are replayed. Like Jacob and Esau, siblings compete for parental love and approval while vying for financial or hierarchical rewards. Some children are favored (like our patriarch Joseph); others labor for years only to feel deceived and exploited (Jacob). Festering marital issues can grow into a silence like the one Sarah and Abraham endured after the binding of their son. Parents who want to control their children's lives tend to micromanage, and oversupervised children often rebel with chronic lateness and subpar performances.

The real danger is not the existence or even the intensity of these primal feelings and emotional undercurrents; it's that they are played out unknowingly within the context of the business. Family members working together often lack the

Bruce Ellman, PhD, is a clinical psychologist and organizational consultant in private practice. Ellman lives in Los Angeles with his wife, Rabbi Michelle Missaghieh, and their three children. A graduate of Brown University, Ellman holds a master's degree in business administration and a doctorate in clinical psychology. His most recent essay, "God of My Father," appeared in the anthology *The Good Men Project*. His favorite T-shirt reads "Real Men Marry Rabbis."

emotional skill and language for managing these hidden dynamics effectively. Moreover, many business owners do not correlate relational conflicts to weakened productivity. Time is typically not allocated to addressing family dynamics that eventually interfere with profitability and organizational longevity. Not surprisingly, less than 13 percent of family-owned enterprises are passed down to a third generation.

Martin Buber illustrates this problem in his seminal work, the book *I–Thou*. He describes two types of relationships. One focuses on content or objects (I–It), the other on process or relationships (I-Thou). All dyadic interaction contains both elements. In business settings, family members almost always attend to content (I–It) and rarely to the relational message embedded in the I–Thou dimension of conversation. For example, fights may erupt over job titles and salaries (I–It), but longstanding sibling rivalries (I–Thou) will receive little attention. Elaborate discussions over financial controls eclipse fundamental conversations about trust.

A family's commitment to the business and the quality of family relationships is determinative to success in the succession planning process. Certain practical strategies enhance the transfer of power, such as clearly articulating each person's role and delineating responsibilities among family members. But equally important is attending to the relational issues beneath the content of everyday interactions. This requires dedicating time and space to understanding and addressing the family process. Bringing in a neutral and experienced facilitator can often be helpful.

Leadership succession confronts family members with a profound paradox — an overlapping birth and death. Oftentimes, the older generation relinquishes power slowly; the new generation wants recognition before fully maturing. Recognizing the gravity of these two weighty emotional transitions enables all parties to adjust more easily. Amid the celebration and pride of witnessing progenies advance, many entrepreneurs experience a loss. Though few would respond to this kind of "defeat" with the appreciative laughter and joyous grace of God, we can gravitate toward an I–Thou rather than an I–It experience during succession planning. ש

When Employees Become Owners

BRUCE DOBB

Noemi L. Prado started working at Southwest Mill and Lumber, a wood-molding factory that manufactures picture frame parts, when she was seventeen years old. She was a machinist's assistant. As a single mom without a high school diploma, she made the best of those opportunities afforded her in the factory. The factory's owner and general manger, Stanley Charnow, encouraged her drive and ambition to succeed at work. Noemi learned to operate every machine in the plant; she became plant foreman, then general manager, and then ran the company after Charnow's untimely death in l996. Today, at age 46, Noemi has just purchased the plant and rescued 50 jobs in North Hollywood by moving the company to a new location after its rented building was sold.

Eddie Bapon, after seventeen years working for Woodworking by Degree, a cabinet manufacturer and custom commercial contractor, bought the company and became its president. The owner, Gary Pietruszka, sold Bapon the company because he was convinced that it made sense. Bapon had been running Woodworking by Degree for the three previous years and he had built up the required equity in his personal residence. In addition, he spoke Spanish, as did much of the workforce. Since the takeover, Pietruszka has moved on to a second career while continuing to share in the company's profits.

These are but two of thousands of compelling stories emerging today as countless Jewish business owners decide how to address issues of succession when their children show no interest in taking over the family business.

Historically, Jews have often identified unique markets and launched businesses to service those needs. As owners today face retirement, many liquidate and go out of business, or they merge with, are absorbed by, or are sold to companies and then relocate to other parts of the country — sometimes to states with lower tax or expense burdens.

Small companies with purchase prices under $5 million are hard to sell. Merger and

Bruce Dobb has worked extensively with low-income housing and economic development programs nationally. He holds a master's degree in business administration from George Washington University and is the CEO for Concerned Capital, a public-sector investment banking firm based in Los Angeles.