

When Selling Makes Sense



Lillian Sevier Adams of R.D. Sevier & Son, Inc. is a family-owned garbage business in northeast Portland that has been around since 1957. Succession planning is a growing issue for family businesses due to demographics. Post-World War II entrepreneurs, who created the world's greatest wealth, have reached an age when they must decide how to pass on the wealth secured primarily in their family businesses.

PHOTO BY MARK WASHINGTON/THE PORTLAND OBSERVER

BY KAY COOKE FOR THE PORTLAND OBSERVER

The motivations for the sale of a family business can include one or more factors. A concise guide from The Family Business Leadership Series, "Financing Transitions: Managing Capital and liquidity in the Family Business" by Visscher, Aronoff and Ward lists several reasons why some families choose to sell their business. According to the authors, selling may be necessary because of lack of successors, lack of capital, estate tax burdens, high prices on public and private markets or other reasons.

SUCCESSORS

While there is generally no single reason for selling a business, for Mel and Bill Lane, brothers and former co-owners of Lane Publishing Company, it was a concern for family harmony that was key to their decision to sell the company. "We've seen families torn apart in the process of succession," says Bill Lane, retired publisher of *Sunset* magazine. The Lane brothers felt that times had changed dramatically since the magazine's early days. "Although all five of our children were capable of management responsibilities, Mel and I

felt it could be challenging to bring five minds together to make critical decisions," says Bill. "My brother and I still have adjoining offices. We've been very close all our lives, and we wanted that for our children."

As youngsters, Bill and Mel sold magazines door-to-door while their parents, Larry and Ruth, kept the business growing. The brothers eventually became equal majority owners. Bill was responsible for the magazine half of the company, and Mel managed the book side. Each of their five children owned equal shares and worked in the company at one time or another.

"It was an ideal family ownership and an ideal decision to sell when we did," says Bill. The kids have no regrets and are making their own marks. We feel it was a wise decision; my brother and I have no regrets." Bill says that they've been too busy, particularly in public service and volunteerism, to even consider the concept of boredom.

MARKET CONDITIONS

In response to financial and market opportunities, and not necessarily because of poor management, mergers and consolidations are the name of the game in the

corporate world.

Such was the case with Steinfeld's Products Co., a Portland-based family business producer of pickle and sauerkraut products. With outside shareholders serving as a catalyst, the company was sold in 1999 to Dean Foods, a Fortune 500 broad-based dairy and specialty food processor that markets regional brands and private label pickles.

"Market conditions can dictate when it is time to sell," says Rick Steinfeld, grandson of founders Henry and Barbara Steinfeld. "It is hard to exist as a regional manufacturer, and the business was sold within the right window of opportunity."

Selling the family business can leave the decision makers with some regrets.

While selling the family business meant an end to an era, it also opened up new opportunities. Rick is running a new business, and other Steinfeld family members are dedicating themselves to things like public service and working with youth.

PRESERVING THE FAMILY

Splitting the original family business

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For information regarding Minority Business Enterprises contact opportunities, please contact the City of Portland Bureau of Purchases at 503-823-6855.

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1221 S.W. Fourth Avenue Room 110
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