



Going Green

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Environmental issues are forefront in the news these days. Are they forefront in your business planning? If they aren't, maybe they should be because “going green” might not just be good for the environment – it might be good for your family business' bottom line.

What it means to be green

“Green” is a generic term to describe actions taken with a view toward being environmentally conscious. So, basically anything done to reduce, reuse, or recycle is considered environmentally friendly and therefore labeled “green”. Of course, more exotic things, like carbon credits and buying energy from renewable energy sources, also fall under the green umbrella.

More than cost vs. benefit

Going green has become a political and social issue for many. But, in making a decision about greening your family business, factors other than political correctness should be considered. Costs must be weighed, but we're not simply talking about out-of-pocket outlays. Other, less obvious, costs must be factored in, such as the potential health benefits

your workers could gain as a result of decisions like using less toxic products. As well, if your business is subject to environmental regulation, you must consider the costs associated with legal ramifications of not complying, as well as the potential clean-up costs if you were faced with an environmental accident.

Further complicating the equation is the fact that there are government incentives offered to businesses to go green. With a bit of research you can find out what types of incentives may be available to your business. Your ability to recover some, or all, of the cost of making a change could be enough to tip the cost/benefit balance in favour of instituting a change.

You family business' reputation is also a factor when it comes to decisions related to the environment. With environmental issues taking centre stage, more and more environmental protection legislation applies to business activities. If your business is caught failing to meet the legal standards applicable to it, or if you fail to swiftly mitigate the environmental impact of carrying on your family business, not only will there be legal consequences, your

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reputation will also suffer. On the flip side, businesses seen as proactively pursuing environmental initiatives often gain goodwill and respect from the community.

Developing an environmental policy

After weighing the factors, if you decide to green your business, you should develop both an environmental policy and a “going green plan”. Establishing a policy is important because it brings awareness to the issue and helps you focus on what environmental initiatives are consistent with your overall business objectives. It also sends a strong signal to your staff, customers, suppliers, and the community. As well, your environmental policy can prove to be a useful guide when making future business decisions (everything from buying decisions to decisions about whether to enter a new area of business) because you’ll want to ensure the consequences of future decisions are consistent with your environmental policy.

Developing an environmental plan

Once you’ve established your environmental policy, the next step is to create a going green plan. As part of the planning process you should consider both the scope and the timing of implementation of whatever steps you choose.

In terms of scope, you may decide to implement a green program across the board, or only with respect to certain aspect of your business. For example, you may decide to start by greening your office

Ways of Going Green

Greening your purchases

Think that changing to compact florescent lights is the only purchasing decision you can make with regard to going green? Think again; here are some other green purchases your family business might consider:

- Buying recycled paper products (from printer paper and envelopes, to file folders, paper towels, and toilet paper)
- Buying goods packaged in bulk, rather than in pre-measured smaller sizes – everything from solvents or chemicals used for manufacturing to creamers used in the coffee room
- Buying environmentally friendly cleaning products, or encouraging your cleaning service to use such products

Energy and resource saving activities

Turning off unnecessary lights is the first step. Here are some other ways your family business can conserve energy and resources:

- Install low-flow faucets and toilets
- Install automatic turnoffs on lights
- Buy energy-efficient equipment – pay attention to Energy Star ratings
- Unplug office equipment at the end of the day – even when equipment is off, if an LED light is on, power is being consumed
- Receive faxes via e-mail and print them off only if needed
- If possible/practical, shift some activities to off-peak hours
- Encourage staff to use re-usable (in other words, washable) cups and plates rather than paper plates and cups
- Invoice and pay bills electronically

Recycling activities

Separately disposing of paper is a good first step toward recycling, but chances are there’s more your family business can do in terms of recycling, for example:

- Encourage two-sided printing and copying of documents – a good way of doing this is by changing printer settings to default to double-sided printing
- Discourage the printing of documents – encourage staff to review them on-screen
- Find ways of recycling ink and toner cartridges – local suppliers may offer programs
- Donate obsolete electronic equipment to schools, community centres, and local charities rather than disposing of them
- Explore ways of recycling specific products used (and by-products produced) by your business

operations (things like instituting recycling in the office, committing to purchasing recycled products, converting to electronic invoicing and bill payment,

etc.). Or, if you have a fleet of vehicles, you may decide to institute a program of replacing them with hybrid vehicles. Of course, in deciding what steps to take, you’ll want to assess

affordability, effectiveness, and whether they are feasible for your business.

In “Greening Your Small Business”, an article published in The New York Enterprise Report (May 2007), Wayne Tusa, founder and president of Environmental Risk and Loss Control, Inc., suggests that businesses conduct a “green opportunities assessment” when embarking on an environmental program. Such an assessment, according to Tusa, involves looking at your business’ operations and identifying the environmental impacts associated with particular activities, such as manufacturing, sales, distribution, etc. Tusa suggests creating a master list of as many environmental impact items as you can think of, and even consider hiring an environmental specialist to help in this exercise, as they’ll likely think of things you haven’t.

Once you’ve assessed the green opportunities, you can then consider the steps you might take to improve your environmental impact and the timeframe within which you might implement changes. As Tusa points out, creating a formal environmental plan

should help make going green manageable. For example, your long-term plan can serve as the blueprint for future construction, ensuring it is done with an eye toward conservation and energy efficiency, and it could call for systematic replacement of equipment with more energy efficient models.

By having an environmental plan you can build on past initiatives and, over time, the environmental impact of the changes will be greater than if you make a series of random green decisions.

Spreading the word to staff and customers

The success of any environmental initiative will require effort on the part of everyone involved in the business. Communicating the policy – and your commitment to going green – is the first step and the fact that it is a team effort should be stressed. To the extent particular environmental initiatives may impact different job functions, training and education programs may need to be put in place.

If changes you may make or plan to make in pursuit of your

environmental policy have an impact on customers and suppliers, you’ll also need their buy-in. For example, if you want to switch to electronic invoicing, you’ll need to ensure others in your supply chain can accommodate this.

Aside from practical reasons for alerting others to your policy, you should consider using your plan as a marketing tool. If you’re not comfortable promoting your green plan for marketing purposes, publicizing it can be justified simply in terms of your setting an example to others in the community who may be weighing the pros and cons of going green themselves.

An eye on the next generation

Owners of family businesses are, by nature, more inclined to be thinking about what they’ll leave to the next generation. For family owned businesses, going green is really a win-win-win: it’s good for the world, which is good for your family (and everyone else’s family), and it’s good for business.

Tidbit

To help prevent employees from abusing internet access, consider adopting an acceptable use policy (AUP) that sets out the ways employees may use your family business’ computers and network.

Protecting Your Reputation

As any business that might have outsourced its manufacturing to China in the past few years can tell you, bad news can strike your business or industry fast. If you're hit with bad or negative press, the best defense starts with having a media plan you can launch immediately.

Why have a plan?

Unlike in the school yard where you could ignore someone who was saying bad things about you, or where your response could simply be that sticks and stones may break your bones, but words will never hurt – business news stories don't go away if you ignore them and they can escalate if you offer a flippant response.

Responding quickly, positively, professionally, and, most importantly, honestly to media can help ensure that the facts get out and can prevent a situation from going from bad to worse.

Your media plan

Regardless of the size of your family business, there are certain issues you should address when creating a media plan. First, and foremost, you should adopt a statement of principles that will guide everyone involved in the business through any situation involving the urgent need to get information out, whether it's a response to media or just important news you want to alert interested parties to.

The types of principles you might include in the statement could be commitments to the following:

- truthfulness;
- openness;
- informing all those who may be affected, such as employees, customers or clients, shareholders and investors, relevant authorities, media, and the public; and
- prompt responsiveness.

When creating a media plan, you should also decide who will act as spokesperson. In a family-owned business, the natural inclination is to have someone from the family speak on behalf of the business. This may make sense, as it helps show the family's concern and involvement in addressing the issue. But, using a family member may backfire if the person is not effective in the role of spokesperson. Ideally, the person designated will have public relations (PR) experience. At a minimum, the person must be comfortable speaking publicly and capable of fielding questions, while maintaining an even keel and driving home your key talking points. If no one directly employed by your family business has such a background or the necessary skills, you may want to consider engaging a PR firm.

Indeed, a PR firm can help with development of your plan. PR firms and other consultants also offer media coaching, which might be useful for those who will act as spokespersons.

And, just as it's prudent to formulate a media plan at a time when things are calm and the need for one seems theoretical at best, developing a relationship with a PR firm long before you may ever need one is a good idea.

Familiarizing your PR specialist with your business in advance of any problems will pay off in the long run.

In your planning, you should also develop a list of people to contact should you find yourself in the position of having to – or wanting to – disseminate information quickly. Traditional phone trees can be used to get out information to employees, authorities (and emergency personnel, if appropriate), as well as to customers and clients. As well, you should develop a list of media contacts – local, regional, and national, if appropriate, including names, titles, phone numbers, and e-mail addresses for these contacts. If you carry on business in more than one location, you may need multiple lists of local media.

As well, you should pre-determine the means you'll use to contact people. Phoning, bulk e-mails, and on-line messages (intranets, for information that relates solely to employees and the Internet for mass distribution) are possibilities.

The likelihood you'll need your media plan

There's no way to know for sure whether, or when, you

may need your media plan, but a vulnerability review can help you focus on areas that you may have to respond to in the media. Such a review can also alert you to problems before they rise to the level of needing to publicly respond. Conducting such a review involves cataloging potential crises and problems and critically analyzing ways you may go about addressing such issues should they come to the fore.

Conclusion

Whether your family business manufactures goods or provides services, your reputation is one of the most valuable assets you have. So, having a media plan in place is like having insurance – something you hope you don't have to use, but that you wouldn't think of not having.

Tidbit

Regardless of whether they're required by law or regulation, instituting strong corporate governance policies and procedures helps foster confidence and stability.

Sustaining Entrepreneurship in a Family Business

Many family businesses fail after the first generation. One reason often given for this phenomenon is that succeeding generations lack the entrepreneurial spirit of the founder. Though some may believe that entrepreneurship is something you're born with, there are things families can do to help encourage entrepreneurship in succeeding generations. As well, entrepreneurial principles and approaches can be put in place in the business itself that can help carry it into the future.

Understanding entrepreneurship

The dictionary basically defines entrepreneur as a person who organizes and runs a business, assuming risk for the sake of profit. No one would argue with the notion that, by definition, founders are entrepreneurs. But, when an entrepreneur's endeavors contribute to supporting other family members, the family also assumes some of the risk. So really, by extension, the

founder's entrepreneurship extends to the family.

It's a family affair

If family members become involved in the business they have a first-hand opportunity to see and understand the entrepreneurial assumption of risk and its impact on the business and the family. As a result, founders have a great opportunity to pass along their entrepreneurship, but they must do so consciously, if they hope to have the business flourish in the hands of the next generation.

Engaging family members in a discussion of the entrepreneurial qualities that helped launch the business and that have contributed to its growth and success is a good starting point. Such a discussion helps everyone focus on fundamental principles of entrepreneurship that the business will need to continue into the future – things like adaptability, the ability to anticipate future trends, being open to change

and innovation, a focus on customer satisfaction, the ability to control costs, community involvement, etc.

Equally useful are discussions about the interplay between the family and the business. It's important that everyone recognize the role the family has played in the business' success and consider the role the family will have in continuing to advance the business. As well, the family's collective values and how the business supports those values should be addressed. These discussions often quite naturally lead to the institution of regular family meetings, creation of a family council, and even formalization of certain policies (like having a written policy on hiring family members), all of which are great ways of ensuring a good relationship between the family and the business.

Reinforcing behavior

Though discussion and dialog are important for fostering entrepreneurship in the next

generation, the idea that actions speak louder than words should also be remembered. Create a learning environment and do all you can to support, encourage, and reinforce family members' entrepreneurial behavior, regardless of the form it takes. Doing so pays off in two important ways: it helps in the individual's development, and it nurtures a more loving relationship between generations. Instituting organizational structures and practices within the business

that reward forward thinking and creativity also help promote entrepreneurship in family members and non-family member employees.

Conclusion

Sustaining entrepreneurship across the generations within a family business requires recognition that success of both the family and the business are intertwined and a willingness to take actions that help foster the next generation's commitment to ensuring profit and growth of both the business and the family.

Tidbit

Confronting underperformers is always difficult. But, when the underperformer is a family member and the job of confronting that person falls on a manager who's not a family member, the situation is even more difficult. Be careful to recognize this and make sure the manager knows you support them and that you'll back them up.

Q & A – Is it time to hire in-house counsel?

Q. Our family has been in business for 25+ years but over the past five to seven years it's really taken off – we've more than tripled our revenue in the past five years alone. More importantly, we have a great strategic plan that we think will take us even further over the next five years. One topic that we've been kicking around is the idea of hiring in-house counsel. We've got a couple of law firms we always deal with and we're quite happy with them, but we've started to think maybe we should have a lawyer around full-time. Is it time for us to bring someone on board as in-house counsel?

A. The question of whether your family business should have someone in the function of in-house counsel is both a personal and business decision. As such, we certainly cannot answer your question. We can, however, offer some food for thought – things you might

weigh as you go through your decision-making process.

One of the primary reasons businesses consider hiring a general counsel is because the executive team feels it would be useful to get a legal perspective on contemplated transactions early on. Some businesses, particularly those implementing strategic initiatives, can find they waste a significant amount of time (and often resources) spinning their wheels or having to backtrack when they eventually get legal advice on a plan or potential deal. Of course, some delays and misfiring might be avoidable simply by being more proactive and engaging one of your regular outside lawyers earlier on in the strategic planning process.

Another reason some consider bringing the counsel function in house is because there can be a steep (and, some would argue – or assume – expensive) learning curve when you finally

do bring external counsel in to advise on a deal or proposed transaction. Actually, describing it in terms of a learning curve is a bit misleading, especially with regard to counsel you've retained in the past because they probably have a pretty good understanding of your business. What we're really talking about is the difference between someone who is knowledgeable but who is not called in until some point after the discussion has already begun, and someone who, as part of the management team, has been at the table from the start. Clearly someone who's an integral part of the management team would have a much better understanding of the context within which the deal is being considered and could offer input at every step, which can be useful.

Aside from offering help and counsel on strategic plans and initiatives, in-house counsel can also take an active role in

helping your business live up to its regulatory responsibilities, as well as general corporate and social responsibilities more-and-more business are trying to live up to. As well, general counsel can be expected to be intimately involved in initiatives aimed at protecting your family business' reputation.

Another factor that merits consideration is the impact a general counsel would have on the dynamics of the executive team. Buy-in of all concerned

is necessary to maximize the benefit of having in-house counsel, so personalities must be taken into account – more so than with outside counsel who may only be involved on a particular matter.

Cost is another factor. Though the fees your family business pays to lawyers it has on retainer may be high, don't assume that bringing a lawyer on board will automatically save you a great deal. Attracting a successful

lawyer out of private practice will not be cheap. Filling a general counsel position will be as expensive as filling any other high-level executive position. Clearly there are pluses and minuses, and a myriad of subjective factors to be considered when deciding this issue. Good luck with your decision!

The “World” of M&A

Some family-owned businesses shy away from business deals with foreigners because they are inherently more complex – and therefore a bit riskier. But, such deals often carry rewards that are greater than might be available through domestic transactions, so they should never be automatically ruled out.

Cultural differences

Unlike in strictly domestic deals, where the only culture issues folks talk about are those related to corporate cultures, in a cross-border transaction, language, political, and cultural differences will come into play. Significant cultural differences can impact on a variety of things, including:

- Differences in negotiating styles,
- Differences in ways of conducting due diligence,
- Different views on employee relations,
- Different attitudes toward customer relations,

- Different attitudes toward community involvement, and
- Different views toward charitable giving.

Old excuses

The logistics of trying to negotiate a deal with overseas parties and ultimately with running a business in a far-flung location is another excuse some family-owned businesses raise to justify not entering into cross-border transactions. Though there are still situations where face-to-face meeting is preferable, technology – teleconferencing, video conferencing, and e-mail – has greatly enhanced the ability to negotiate and even manage from afar. Indeed, in some cases time differences can be beneficial, with work done in one location ready for follow-up by others in a different time zone.

Looking for similarities

Like a good marriage, the key to any successful merger or acquisition is compatibility. Given that all family-owned businesses are driven by family values, you may find a better match with a foreign-owned family business than with a domestic partner that doesn't share your values. In other words, you shouldn't let things like language barriers and logistics stand in the way of a deal that would allow you to preserve your family values and still offer opportunities for growth.

Tidbit

No time for reading blogs? Think again – blogs are a great way of staying on top of industry trends.