

## CASE STUDY | Jasper Shipping, Inc.

### Situation

**Family:** Elderly father/founder; two brothers and a sister are active; one brother is a passive owner; elderly mother is an active “mediator.”

**Business:** Shipping, warehousing, logistics, and real estate interests.

**Ownership:** Father and mother were reluctant to sell the business to their adult children and to recede from daily operations—has been stalling for 12 years.

**Crises:** Losing \$600K/month; sister “left” the FOB in a rage; major battle over the going-forward business strategy.

**Leadership:** The three active siblings have complementary skill sets (strategic, operations, and sales) and, on paper, would be able to carry the business forward.

**Core Issue:** The supercharged, emotional issues swirling around, which are causing everyone to work at cross-purposes, behaving non-rationally, and interfering with the FOB CSF’s—focus, determination, courage, and teamwork.

**Not Happening:** Formation of a Holding Company; Intentionally Defective Irrevocable Trust; Family Limited Partnership; redesign of accounting system per Holding Company reorganization; business valuation.

### Objectives

**Preserve Family Relationships:** Parents with their three active adult children; father with his daughter; the active adult-children with their passive brother.

**Coax the Sister Back In:** Her departure would cause a meltdown, plus she was getting ready to do something non-rational (buy a business to “prove herself”).

**Align the Three Actives:** The relationships among them had been battered and bruised by all the turmoil. Their bond to one another needed to be shored up.

**“Reality Therapy” with Mom:** On many issues, Mom thought and spoke for Dad. She saw the lay of the land more clearly than he (e.g., his age/health, the high “feud potential” within the family; etc.) But she was ambivalent about standing firm on the side of FAMILY HARMONY.

**Get Dad to Do the Right Thing(s):** By hook or by crook—otherwise, everything was going to implode—the Family and the Business.

### Solutions

**Conduct initial half-day interviews** with each family member to establish rapport and credibility; to triangulate to an approximation of “REALITY”; and to assess (tentatively) the breadth and depth of the family’s talents and abilities.

**Administer web-enabled assessment survey** to all family members and key non-family management. This organizational 360° produces objective data to counter-balance the interview findings and assist in the process of triangulating toward a balanced understanding of the situation.

**Facilitate Family Councils** to resolve conflicts, prevent self-defeating and non-rational behavior, negotiate compromises, promote harmony, surface creative solutions, and move the family toward a mutually beneficial resolution of the difficult situation.

**Convene sidebar meetings** to support the underlying consulting strategy—meet alone with the parents; meet alone with the three active siblings; meet alone with the passive sibling; and initiate one-off phone conversations—utilizing this form of “shuttle diplomacy,” as the need arises.

**Reorganize the business roles** of the four key players; negotiate with Dad to assume a marginal role; invite the daughter back to run her former division; elevate one brother to run the division that Dad was “running” (this brother was seen historically as “just” a sales guy); and formalize the most talented sibling’s role as CEO.

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### **Solutions** *continued*

**Advise the Top Management Team** (a.k.a. the sibling team) on how to operate effectively as a team, with a clear and smart division of labor, playing to each other's strengths, communicating with finesse, preserving harmony, and executing on effective turnaround of the business.

### **Results**

- Dad stepped back and out of the business.
- Dad transferred ownership of all meaningful entities to his children.
- The "governor" was removed from the siblings' incomes, and they were compensated more in line with their roles in and contributions to the business.
- As their tax advisor observed to us, "The business has made a tremendous turnaround," going from bleeding \$600K/month to showing a monthly gross profit of from \$250K to \$350K.
- The family is moving ahead on sorely needed tax and estate planning.