

Jones & Roth Offers Range of Services to Oregon Family-Owned Enterprises

BY SOPHIA BENNETT

There are good things and bad things about being involved in a family business. Research shows that family enterprises have greater longevity, better business practices, generate plenty of wealth for owners, and are less likely to lay people off during tough times. Individuals who get along with their family members say there's something special about seeing the people they love every day and building something meaningful with them.

On the other hand, emotions can run high in a family business, especially during times of transition. Because many family businesses are structured differently than other corporations, they face challenges their non-family owned counterparts never encounter.

Whether family businesses are seeing great success or dealing with divisive and potentially catastrophic issues, having a trusted advisor who can assist with financial and structural decisions can make a big difference.

Robin Matthews, CPA, at Jones & Roth CPAs and Business Advisors, got involved with family businesses early in her career. Her area of specialty was estate planning, so

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Robin Matthews, CPA
Family Business Advisor

she spent a lot of time working with businesses on their succession plans. As they grew to trust her, they often pulled her in to help with other business decisions. Now Matthews specializes in providing a range of services to Oregon family-owned enterprises.

Reading Between the Lines

It should come as no surprise that human resources matters are often challenging for family firms. "People often ask us how much they should pay their family members who are employees versus their family members who are owners," Matthews says. "We often talk about multiple hats. You're a board member but you're also a shareholder, so which hat are you wearing today? If I'm your mom but I'm also vice president, how do I react to you when you come to me with a problem—as your mother or as a businessperson? We try to help companies figure out how to make that work."

If a family business needs a mediator to help them resolve a serious dispute, Matthews can always find one. But she's been doing the work long enough that she's gotten pretty good at being part advisor, part counselor. "When a family comes to me with an issue like trying to figure out whether to sell the business, I often try to talk to people separately," she says. "In a group they might say, 'Yes, we want to keep this business,' but if you talk to them individually they might say, 'I'm not sure this is right for me.' Before you get started you have to get everything on the table."

Any business advisor working with family businesses must also learn to read between the lines, Matthews says. "We ask lots of questions, and ask them in different ways. What we want to hear is how the person answers the question to see how important it is to them."

Sometimes a team approach works really well. Matthews often asks a colleague to attend a difficult meeting with her so he or she can monitor people's faces as she talks. "They can watch for those who aren't really buying in to what I'm saying," she says.

The intergenerational nature of family firms brings a variety of issues. "In businesses that want to be multi-generational, you get through one generation and immediately their kids are wanting to come into the

business,” Matthews says. “So you’re starting again with another group of people. The transition process never really ends.” Having a good succession plan is critical.

Modern Challenges Facing Traditional Businesses

Decisions about cash flow and risk-taking rank among the most common sources of conflict for family businesses, Matthews says. “Do we invest in the business or do we start pulling cash out? In general, the younger generation wants to take risks and try new things, but the older generation has already taken risks and wants to retire and is done with that part.”

Since the end game is different for family businesses, their structure is also different, Matthews says. “When you structure a business to make it attractive to a buyer, it’s much different than how you structure a business so it goes on to your next generation,” she says. Understanding the best way to set up the business, as well as what that means for tax and financial planning, is critical.

In Matthews’ experience, business structure becomes especially important when a family business transitions from being run by siblings to having cousins on the management team. “There’s a bond when you grow up in the same family,” she says. “When there’s conflict with your siblings, you have a way of dealing with it because you’ve been dealing with it since you were two years old. With your cousins, you haven’t had to deal with conflict.

If family businesses aren’t structured well, the cousins might fight and the business might be sold because they can’t resolve their differences.”

The demand for services such as business valuation and succession planning are often higher at family-owned companies, which need good data when working to transition the business from one generation to the next. Many families that own businesses often diversify their holdings by moving into real estate or investing. When they do that, they need good advice about who should own it, how that ownership should be structured, even where to go for the best loan rates and terms.

These services may fall outside the realm of experience for a smaller CPA firm. And a small- to medium-sized enterprise might get lost in the shuffle at a big firm. That’s one of the many reasons Matthews has worked so hard to establish the Family Business practice at Jones & Roth. Throughout its history the firm has actively sought out businesses that are privately-held and locally-owned.

Jones & Roth has the depth of knowledge and values to serve the diverse needs of family-owned firms. In addition to offering more traditional services such as tax preparation and planning, financial advising, retirement planning, estate planning, and audit and assurance services, Jones & Roth can also offer help with human resources, IT management and payroll. This one-stop shop approach is great for busy business owners.

The firm may be large enough to offer a variety of resources, but they haven’t lost their personal touch. “Bigger CPA firms tend to have a department that produces financial statements and another department that produces tax returns,” Matthews says. “As a partner, I’m going to be involved in all of those. I might have an assurance team that works on financial statements, but I’m going to be the quarterback. I’m going to make sure everything coordinates together.”

Sophia Bennett is a freelance business writer based in Eugene, Oregon. Her work has appeared in Oregon Business, 1859 Oregon’s Magazine and many other publications.

FAMILY BUSINESS ADVISORS

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