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Blast from the Past

*Harnessing the Power
and Potential of
Family Business
History and Heritage*

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When the six children of Delaware North Chairman **Jeremy M. Jacobs, Sr.** were growing up, the siblings jokingly referred to the company as a full-fledged member of the family.

“My dad had to fight hard to keep the business when his dad died suddenly,” says Louis M. Jacobs, now co-CEO of the 106-year-old company. “We always say it’s his seventh child.”

For longtime owners like the Jacobses, the family business is every bit as much about family as it is about business. A small enterprise that starts simply as a way to make a living takes on a life of its own; soon, the growing business becomes a central character in the family dynamic — the “seventh child.” The evolution is a natural one. The founding generation lives and breathes the business all day, every day. The second generation often does too: working after school in the family

store, restaurant or factory, learning the nuts and bolts of daily operations and listening to business discussions at the family dinner table.

But by the third generation, the family firm can seem less like a sibling and more like a silver-haired great-aunt: mysterious and more than a little intimidating. Grandchildren (and great-grandchildren) might pick up snippets of the family's business saga here and there, but rarely enough to grasp the true magnitude of what their forebears set in motion. Little wonder, then, that many family businesses sell or close after a generation or two or fall victim to a proverb often attributed to industrialist Andrew Carnegie (1835-1919): "Shirtsleeves to shirtsleeves in three generations."

For someone born long after a company's founding, it can be difficult to imagine the colossal struggles necessary to get a successful business off the ground.

The deep knowledge and bone-deep pride of ownership that keep a successful business thriving do not automatically trickle down to later generations. An investment in education is often required.

Sharing the story of the family

enterprise is one tool for helping younger family members (as well as management and employees) learn from the past, engage the present and make their mark on the future.

Connect with NextGens. For someone born long after a company's founding, it can be difficult to imagine the colossal struggles necessary to get a successful business off the ground. Even the most curious child might not feel comfortable asking questions. Imagine how delighted they would be to discover that the formidable great-grandparent staring down from an oil portrait in the boardroom was once a kid who almost burned down the family barn with his electrical experiments, loved fast cars and grew up to sport a straw boater, bowtie and hip flask during his bachelor dandy days in the Roaring Twenties. That solemn man in the oil portrait suddenly steps out of the frame and comes to life to inspire and fire the imagination. Today he might be a video game developer or launch a new social media platform. Who knows?

Convey timeless values and lessons. No one expects today's businesses to be run the way they were a century ago, but many of the qualities and traits that were vital then are still critical today. A good history can showcase the importance of risk-taking, problem-solving, work ethic, missteps, integrity, luck and persistence in

any worthwhile endeavor. The best history offers real-life lessons in resilience, humility and commitment. Include the lumps, bumps, mistakes, bloopers, fights and controversies. Celebrate the hardships and learn from them!

Educate the whole family about their common heritage. Younger family members — including (or perhaps especially) those who have no hands-on role in the family business — can feel left out or at loose ends. Knowing the story behind the family’s success can keep them in the loop and genuinely connected. Learning about the family’s past might also spark an interest in getting involved in the business or in the family’s philanthropic efforts. Sharing the same facts and stories lays solid groundwork for lifelong engagement and strong working relationships within and between generations.

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Smooth the way for onboarding new family members. Marrying into a family (or becoming a domestic partner) brings unique challenges, even more

so when a family business enterprise or great wealth are part of the package. Taking steps to introduce new family members to the history and heritage of the clan they’re joining can help them find their way and welcome them into their new roles.

Remind everyone that the family’s financial blessings did not simply fall out of the sky. Someone worked hard to create the wealth that the family now enjoys. Even after a company has been sold, an authentic history of the business can instill in rising generations a deep appreciation of the family’s wealth and their own responsibilities as beneficiaries of that wealth.

Strengthen family philanthropic philosophy and stewardship. Most company founders want to see their hard-earned money used wisely and in harmony with their values. Crafting a Letter of Wishes or other document that includes the story behind the family wealth can guide the family foundation (and family members) in making decisions that reflect the benefactor’s spirit and vision.

Lastly, business history is a contribution to the larger story of our world. Many company founders don’t see their business stories as anything more than a personal saga of hard work and good timing. Who would be interested? But every

successful business's unique story contributes to a broader and deeper understanding of our economy, our culture, our society, ourselves. Entrepreneurs start businesses; businesses create industries; industries can change the world. No small accomplishment!

Done thoughtfully and well, family business history can be as much about the future as it is about the past. As iconic historian of business organization and strategy Alfred D. Chandler Jr. (1918-2007) loved to challenge his Harvard Business School students and colleagues, “How can you know where you’re going if you don’t know where you’ve been?”

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[This article originally appeared in Family Business Magazine in March 2021.]