

MCC INTERVIEW: Jordan D. Amin, CPA / EisnerAmper

All in the Family Business

The key to success is bridging personal and business relations

As a partner in EisnerAmper's tax department, Jordan Amin focuses on closely held and family-owned businesses and has particular expertise in the real estate industry. He advises clients on matters well beyond their tax implications, including succession planning, expansion, navigating family dynamics and, in certain situations, selling.

MCC: What are the unusual aspects of consulting for a closely held or family-owned business?

Amin: It involves much more than the typical debits and credits, tax returns, and compliance that people associate with public accounting. You get very involved not only in terms of consulting on business issues but in the family. I once had a client say, "There are 30 members of our family in the business. What do you think we talk about at Thanksgiving dinner?" The lines between the dining room table and the boardroom table get blurred, and as a trusted advisor for these types of businesses, I sometimes can bridge the personal and business issues. Think about some of the issues that go on in your own families without a business being involved, and you can imagine how they might be magnified when you're working with your brother, sister, mother, father, uncle or cousin on a day-to-day basis.

MCC:
How do you get to the point of being that trusted advisor?

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Amin: First, by understanding the family dynamics. We often provide tax and accounting services to family members as well as to the business, which gives me an opportunity to spend time with individuals away from other family members, sometimes with their spouses. Understanding their personal lives lays the foundation for understanding their motivations, their passions, what they're good at, what their concerns are and, really, how that all relates to running the business. I get a look behind the curtain, so to speak.

MCC: What insight does that perspective offer owners of closely held businesses?

Amin: Objectivity. I'm seeing an individual in a certain light, as a professional, as an executive. I don't know that this individual got suspended from high school many years ago; I don't have the preconceived feelings and emotions that the family may have. It gives me a level of objectivity when helping them with financial matters, both business and personal.

MCC: What advice do you give non-family members working in these businesses?

Amin: When you're a non-family member working in a family-owned business, especially at an executive level, whether it be CFO or general counsel, there's a dynamic – the personalities and all of that – that you have to understand.



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Also, while these people are extremely valuable, they're not family, and family tends to stay together, sometimes making decisions that aren't always deemed rational by an outsider. Non-family members owe their loyalty to the business *and* to the family, and those lines can become blurred. It's different from working in a public company, where the main goal may be earnings per share. There are many different goals for a family business, some emotional, some financial.

MCC: In what other ways does a closely held business differ from a publicly traded company?

Amin: There are different emotional attachments and different goals. Often-

times in a family business, you're working directly with the person who founded the business out of the trunk of his or her car and built it into a \$70 million enterprise with 250 employees. There's a very different feeling in that type of environment than at a public company, which has to answer to shareholders, an audit committee and board members.

Entrepreneurs generally are in these businesses to make money, and they're very shrewd, but the ultimate dollar and the last dime of earnings in a current year may not be their primary motivation. It may be building a legacy for their kids or grandchildren. It may be doing charitable work for a neighborhood that views them as a pillar because they've been in business there for 75 years.

MCC: How do you see the role of general counsel in these entities?

Amin: GCs play a very important part in every business. In a closely held business, the ownership and management teams may be less sophisticated than in publicly held companies, often for reasons as simple as the 55-year-old president of a private company, who's the second generation, has never worked for another entity.

Family businesses lean very heavily on the management team, from the general counsel to the head of HR, to help with everything from employment issues to making sure that they're protected when they sign a key vendor or customer contract or when they're applying for a zoning variance for an expansion of an existing facility. Sometimes the general counsel and executives in closely held businesses, in addition to their key responsibilities, are also more involved in strategy and operational discussions than they may be in an entity that has a larger, more sophisticated organizational chart.

MCC: Is bringing in non-family members to serve on the management team a strategic decision based on the very fact that they are external?

Amin: Every business differs in that analysis. It often depends on the skill set within the family. A family member who's a graduate of Harvard Law School may be perfectly suited to serve as GC, while other family members may have absolutely no experience in legal matters, in which case bringing in a non-family member makes perfect sense.

MCC: How does your work with these businesses differ from what we think of as typical for an accountant?

Amin: We get intimately involved in the business. I mentioned understanding their goals, but it goes further because I'm really involved in their strategic plan, which includes helping them assess opportunities, perhaps expanding operations by opening a factory in Europe or making a small acquisition of a competitor or even a vendor.

For me, the real action lies in the interplay between individuals and the company – their short- or long-term goals, from both a financial and a personal perspective. This is where I can add a lot of value and where I derive the most enjoyment.

MCC: What advice do you give parents of children who are coming into the business?

Amin: One of the most difficult issues within a family business is transition. Mom and Dad built a great business, but they'd rather not spend their retirement years working. Their children are smart, capable and interested in coming into the business. How do they bring their kids in? How do they relinquish control, which is often very difficult?

I advise parents to look at their children as if they were non-family members and really assess their strengths, their weaknesses and their abilities. Figure out the best position for them, for their career, for their emotional fulfillment, for their financial gain and for the livelihood of the business as a whole.

MCC: How do you help them feel confident about the decisions they are making?

Amin: That's where bridging the personal with the business relationship becomes so important. I sit down with both generations and learn what the second generation is looking for, what they're comfortable doing, what they think they're good at. And then I consider whether the parents see that. I'm there to help them realize where each child is best suited for the business, and then figure out how to help the children become better suited for their desired roles.

Another interesting struggle occurs when there are two children in a busi-

ness, both very capable, but one just works harder and is willing to invest more deeply. How do you compensate your children without creating resentment and other issues in the family? These are thorny issues, and it's part of my job to help the family see the issues and assess the possibilities and then have them work it out. As important as a family business may be, family is still family.

MCC: Turning the question around, what advice do you give the next generation coming into the business?

Amin: We tell children coming to the business right out of college to spend time working in all areas of the business – understand the guy who uses the forklift in the warehouse, what he does on a day-to-day basis; understand the challenges that your IT group, your legal group, your facilities team face; understand what your general counsel does, the value that he or she provides. Eventually, it's a lot easier to lead with experience and to gain respect from employees on the basis of having stood side by side with them and put in an honest day's work in their eyes.

MCC: How do you help clients during a public company's purchase of their private company?

Amin: Those discussions involve a series of questions. What are your goals? Is this a business that you want to pass from generation to generation? Do your kids want you to pass on your business? Or are you looking for a potential exit?

In the transactional context you outlined, being part of the advisory team means helping our client understand the mechanics of a deal. Most have never had this experience before, so explaining the process, in conjunction with their attorneys and counsel, covers everything from indemnifications and available deal structures to what benefits they can seek and how to walk through that negotiation.

We also help clients figure out whether a purchase price makes sense. Here, I am not necessarily referring to a fair purchase price but rather the price that makes sense given the client's superior knowledge of the business, including how many families will need to be supported after the deal is done. So we look at whether it's just Mom, Dad and three children or if it includes an aunt and her two children, and so forth. Based

on everyone's age and overall family needs, what does the price need to be?

The real value that my clients will tell you we add is in answering the most important question: How much am I going to walk away with after taxes? And the follow-up: Does that number make sense? If not, what are their options? Maybe the employees or a management team made up of non-family members would buy them out over time. Maybe there's another option that you didn't think about initially.

We understand the dynamics driving the decision so we can help owners work through the different aspects of a deal, from maximizing the value of the business to seeing alarming trends and, therefore, advising in favor of a sale. There's a very big emotional aspect as well. In some respects, the business is almost like a child. It's a living, breathing member of the family. Making the decision to sell can be very difficult. The "what am I going to do next?" conversation is a significant part of that.

MCC: In closing, please tell us what makes EisnerAmper stand out in this field.

Amin: EisnerAmper is among the largest regional firms in the New York, New Jersey area, with offices in those states as well as in Philadelphia and San Francisco. I've been with the firm for 11 years. Certainly, our level of technical expertise is on par with other elite firms, but what separates us is the personal level of service we provide, which is well above the crowd.