

Sam Cooper: To Stay With the Family Firm or Not!

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Introduction

Card denied! The message appeared on the screen like a recurring bad dream. I had 10 lawns to finish fertilizing that day before I went to my other part-time job and there I sat with a company credit card that was denied payment for insufficient funds. I finally had to put the charges for gas for the company truck and fertilizer supplies on my own personal credit card, again!

I really liked working with my Dad and thought our family firm had great potential, but after 10 years of dealing with his informal, “shoebox” management style I wondered if it was time to transition to more stable employment with a large, established company. As a 36 year old married father of three, the benefits and steady paycheck every two weeks would be nice, but the thoughts of 50-hour corporate work weeks and giving up the chance to finish college made my skin crawl. However, while I have tried to get my dad to change his informal ways, well, what is that phrase about a snowball’s chance in....?

The Business

My name is Sam Cooper and my father Richard Cooper owned a chemical lawn care service called LawnTech that he had been operating alone as a sole proprietorship for many years. He had gained a good reputation in the business and about ten years ago, as he floundered under the work load due to rising demand for his services, he asked me to come on board with him as a technician.

Introduction to the Job

To work as a technician with LawnTech, I needed to obtain a chemical applicator's license from the state department of agriculture. This required approximately a week of study, done solely on my own using study materials provided by my father. After the week of preparing, I took the exam and passed with flying colors. My father was impressed by the initiative I had taken to make sure I passed the exam and he decided that, as a team, he and I could make the business extremely successful. Ten years later we were still trying to figure out how exactly to make that happen.

Initially, my father took me with him to service his accounts in an attempt to train me in the ways in which LawnTech operated. The first couple of weeks of training were helpful as I was able to observe how my father handled his customers and also how he actually performed services for his accounts. There was little formal training regarding how he wanted me to operate on my own. After two weeks of riding with my father and observing his work, I was given a truck of my own, a credit card for gas, and a list of customers to contact and service. At first I felt overwhelmed, but gradually I became comfortable running my own route. I found that I was able to build strong relationships with my customers, who became some of the most loyal customers a technician could have. As customer loyalty grew, so did my customer base. Word-of-mouth referrals were pouring in and I was becoming extremely busy.

Mounting Frustration

As time passed, the lack of specific training or standard operating procedures for technicians like me within our small company started to become frustrating. If I had questions about a product I was using or questions about an issue I had come up against, I would either have to research the answers myself or track down my father to get the information I needed. This in itself was not such a bad thing for me because it helped me develop an understanding of what I was doing, and in the process I learned a lot about the business we were in. However, I could not help but envy the employees of our larger competitors who had not had to spend the extra time and energy looking up such information.

During this time period, I enrolled in a university program in business and got to within about three semesters of graduating before I dropped out. Some of the things that I learned in my classes about good bookkeeping and operations management practices only increased my frustration at how my father ran his business.

For example, my father and I discussed expanding the business, but I did not see how we could expand without creating a more formal training program. If we were to hire on more technicians, who would more than likely not be family members (none of my three brothers had any interest in joining the company), we would need a formal training program so that these technicians would operate under the standards we felt were important. My father had given me autonomy to make many decisions about how I wanted to operate, but I was afraid that taking the same approach to additional, non-family technicians hired to work for us could compromise our good reputation and put us at risk for a lawsuit. It seemed like the successful businesses I heard about in my classes established standards and stuck to them. If we had too many people making their own decisions about how they wanted to operate, then the business could lose its consistency and professionalism, and potentially fail. In addition, if we were to hire more technicians, I was sure they would want training in how we expected them to operate and knowledge regarding the chemicals they were going to be using.

I discussed the training issues with Dad to see if he would be willing to develop an approach that could be used to train future employees. He actually agreed and on his own created an employee handbook that addressed most of the relevant issues. It didn't include a manual of standard operating procedures, but I felt it was a good start.

The manual was then used as additional technicians came on board. However, some new technicians hurt the business by their poor customer relations behavior and had to be let go, while others were good employees but soon moved on. Initially, technicians were paid on a commission basis, but that was later changed to hourly pay for everyone except me to motivate better service on their part. I felt that I was personally helping to make a difference within LawnTech and that we were moving the company in a positive direction. I saw that by working together, my dad and I could get things done and be effective, but his financial management style drove me crazy.

It seemed to me that the business operated paycheck-to-paycheck without any real financial planning or budgeting. Dad would wait to see if a check arrived in the mail before deciding if he could buy the chemicals needed to do our jobs. As I mentioned before, I sometimes tried to purchase gas and found there was no money on the business charge card, frustrating me beyond belief. Further, Dad didn't draw a regular paycheck, but instead felt that any excess money in the bank account was his to spend. I had a good idea of what our overhead and expenses were and saw no reason for the company to operate that way.

Eventually, I proposed that we create more formal financial procedures for LawnTech based on a system I had recently learned about in college for separating the person receiving money and making deposits from the person spending the money. My intention was not to point the finger at anyone, especially Dad, but to introduce standard financial practices at LawnTech. I tried to spell things out in a way that made sense for the business without seeming like I was attacking Dad's personal financial habits. I simply proposed that he set his own rate of pay, whatever that may be, and collect a check twice a month just like the rest of us.

Unfortunately, my intentions were totally misinterpreted. Dad became defensive and stated several times that since he didn't draw a paycheck, any extra money in the bank account was his to spend. I thought Dad should be collecting a paycheck for the work he was doing and not just living off whatever funds were left over, which I felt had resulted in excessive costs to the business. Without a budget, we were unable to take advantage of quantity discounts for supplies and even purchased supplies at local retail outlets in emergencies. Furthermore, we did not regularly maintain and upgrade our equipment, so we had to rely on old and broken-down trucks despite running a profitable business.

Frustrated by Dad's lack of responsiveness to my financial suggestions, I finally took on a part-time job working for a major hardware retailer. Things went well and after I had worked there for some time the company offered me a full-time position as an assistant store manager. This position offered the potential for future career advancement within the company's large national chain of stores. The pay was similar whether I worked the management position or went back to working at LawnTech full time (although the manager position offered possible bonuses of 20% of annual salary), but the retailer's benefit package was attractive as my insurance came from my wife's nursing job at a local doctor's office and required us to pay a significant portion of the premium out of pocket. That said, I just didn't know if I was a fit for the corporate world.

Decision Dilemma

I liked the possibility of staying with the family business and helping build it into the large and highly successful business it was capable of becoming. However, I worried that Dad would never change his ways, and thus the business might be doomed to its current status forever. The large retailer offered me a chance to develop my career, earn steady pay, bonuses, and standard benefits, but it would require long hours and moving around the country every few years (neither of which I wanted to do) and would likely prevent me from finishing college. I really enjoyed my regular clients at LawnTech, and although working with my Dad was often quite frustrating, I did enjoy that it had brought us closer over the years. However, I could not work at both the assistant manager's job at the major retailer and continue servicing my regular clients at LawnTech. I was just really struggling with which path to take.

