

Passing the Torch

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Family businesses present unique opportunities — and challenges, says Eli Coury, CEO of [Pharmed Corp.](#), a \$25 million pharmacy, medical supply and Medicare-billing company in Westlake, Ohio.

One of the biggest perks for Coury was being able to work side-by-side his father, who founded Pharmed in 1971. "Nothing in my college education came close to having a mentor whom I could trust completely," Coury said, speaking at a TEI Presidents' Forum. "I knew that everything he was teaching me stemmed from the right intention — his desire for me to be a better businessman and a better person. It was a lot of knowledge mixed with love."

A self-made man who had to drop out of school at age 13 to support his family, Coury's father was a School of Hard Knocks graduate. "He was adamant about me learning from my mistakes — and his," Coury says.

Indeed, Coury recalls dropping by his father's office one day after school when he was 8 years old. He overheard his father in a heated phone discussion with an employee, a conversation that involved some colorful language. "When my father got off the phone and noticed me, his first word was 'oops,'" Coury recounts. "Then he said, 'Eli, that's *not* how you talk to people who work for you.' "

Continuing the lesson, the senior Coury told his son that everyone makes mistakes, and when they do, it's important to push ego aside and fess up to blunders, because admitting to mistakes is the only way to learn from them. "That's the greatest advice he ever gave me," Coury says. "It applies to both personal and professional relationships."

Coury began working in the family business in grade school, stuffing envelopes for monthly billing. By the time he reached the executive office, Coury had done everything from cleaning bathrooms to helping on delivery routes to working with mentally retarded patients in a company-owned nursing home. "The sum of those experiences gave me a greater understanding of what our employees go through — especially the caregivers," he explains.

Separating emotions from business

Although family businesses can foster a lot of love and learning, there

may also be plenty of friction. Coury has seven siblings, and it was his father's dream was for all eight children to work in the business. Not everyone, however, wanted to join the company — and those who did differed in their commitment, abilities and education, which created problems.

Another thorny issue: Even if the Coury children didn't work for Pharmed, they felt entitled to an equal say in business decisions.

Coury's father had established a gifting program where all children inherited equal stock, but he hadn't designated who the next leader would be. When he became ill and handed more responsibility to Coury, resentment bubbled up among other family members, especially one brother who led five other siblings to sue Coury and his father for control of the company.

They ultimately lost, but the lawsuit and subsequent appeals dragged on from 2000 to 2004, taking a toll on the family, the employees and the company. At the height of the legal brawl, Pharmed's revenue slumped from about \$23 million to \$18 million.

Advice: Take time to do succession planning — and have realistic expectations of offspring, Coury says. A business owner may want his or her children to work together, but that may not be possible because of the emotions involved.

How to pick a successor? "To me, it's a combination of ability and fairness," Coury says. "Owners must also examine their motives for the business. Is profit the most important thing — or is fairness? That might change who you'd put in charge."

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