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**Valley National Bank**  
By Gerald H. Lipkin,  
Chairman, President  
and CEO

Involving the right group of existing and future decision-makers in a company's banking discussions is important to foster a realistic understanding of the proper use of credit to support management's goals. A com-

mercial banker can be a valuable source of knowledge and experience, and can help a family business stay focused on its core mission and values. We actively seek to assist our clients as we continue to build a relationship over multiple generations and over the evolving lifecycle of the business. Collaboration and consensus-building are necessary, and we encourage that process through meetings with our clients on a regular basis.

**LAW**



**Archer & Greiner, P.C.**  
By Gianfranco A. Pietrafesa,  
Esq., Partner, Business  
Counseling Group

A family-owned business should have an advisory board of outsiders to provide advice and feedback. The group should be diverse and may include an attorney, accountant, banker, financial advisor, insurance broker and other business owners and managers. There should be some formality to the arrangement; for example, regular meetings, an agenda and perhaps minutes of meetings. Most important, each member should sign a confidentiality agreement so that there may be full and frank discussion without the fear of sensitive or confidential information being disclosed outside of the meetings. Often, a good dinner and camaraderie are sufficient payment for serving on an advisory board.

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**Connell Foley LLP**

By John D. Cromie, Esq.,  
Partner, Chair, Corporate  
& Business Law Group

Family businesses present unique opportunities and challenges. Business owners should be mindful of the four "C's": Commitment; Coordination; Communication; and Continuity. Members of a family-owned business must commit to each other as business partners, identify personal

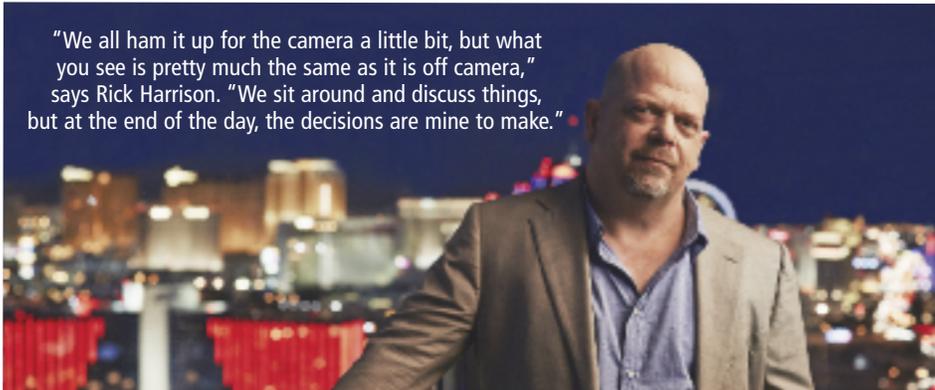
strengths and separate business issues from family issues. Successful owners need to coordinate their collective efforts to implement a well-defined and shared vision for the business, and communicate that vision to their co-workers and the marketplace. Family-owned businesses should also ensure continuity through succession planning. As with all businesses, family business owners should anticipate disruption in the marketplace to stay ahead of competition.



**Harwood Lloyd, LLC**

By Michael J. Brady, Esq.,  
Member, Chair, Commercial  
Department

Members of a family business should agree on the basic terms of their business relationship from the outset and commit those terms to clear, written, signed agreements reviewed by each member's counsel and accountant. The agreement should address percentage of membership interest; amounts and types of capital contributions; management authority; admission of new members; expulsion of members; and provisions detailing the procedure to buy out a member's interest in case of that member's resignation, disability or death. A clear, written understanding of each family member's rights and responsibilities will help resolve business disputes, and avoid or defuse personal and emotional issues that may arise among family members.



"We all ham it up for the camera a little bit, but what you see is pretty much the same as it is off camera," says Rick Harrison. "We sit around and discuss things, but at the end of the day, the decisions are mine to make."

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**Gibbons P.C.**

*By Robert F. Coyne, Esq.,  
Director in the Corporate  
Department*

As an owner of a family business, make sure you focus on building and protecting value in your core business. Every family company will have a unique central asset, whether it's a manufacturing facility, know-how or

synergistic customer list that constitutes the biggest profit center or makes the company desirable to a buyer. Focus most of your time, resources and budget around that asset. In addition, every family business should have a strong support team (lawyers, accountants and other trusted advisors) who understand your goals and core business so that they can provide advice customized to your big picture.



**McCarter & English, LLP**

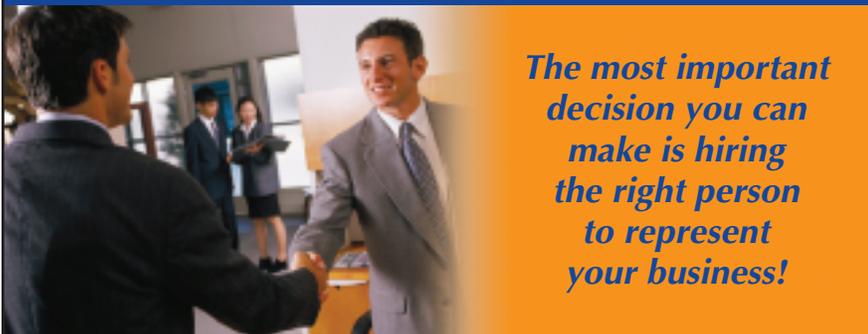
*By Veronica Montagna,  
Esq., Partner*

Family businesses face challenges when conflicts or dysfunction—controlling patriarchs, sibling rivalries, unexpected deaths or fractured marriages—encroach. Although owners' circumstances can shift over time, stockholders agreements should be crafted at the outset. The owners' wills, trusts and marital agreements should be coordinated with the stockholders agreement and succession plans. Family businesses need talented outsiders to thrive, so owners must convince them that advancement opportunity exists. The duties and expectations for family members must be clearly defined, with compensation mirroring the job market. To gain trust and loyalty from all, personnel policies should avoid favoring family employees or appearing to do so.



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# Why is Trenton Targeting NJ's Recycling Industry?

New Jersey needs to support recycling companies, not bury all of them in regulatory red tape.



**BY ANTHONY RUSSO**  
EVP, GOVERNMENT AFFAIRS & COMMUNICATIONS

**F**ROM PLASTIC BOTTLES TO PAPER TO tires to electronic consumer products, thousands of items are recycled, allowing raw materials to re-enter the market for productive use. While recycling businesses

are keeping products out of landfills and performing a needed service for the economy and the environment, the New Jersey State Legislature is taking aim at this sector with the A-901 license, which places these companies in their crosshairs for possible connections to organized crime. This legislation would require all recyclers to get their operations approved by the New Jersey State Attorney General's Office.

The State Commission of Investigation (SCI) is in the process of finalizing its multi-year investigation into the soil recycling industry, where they have found evi-

dence of organized crime involvement. That said, this is no reason to place additional burdens and costs on all recyclers, when most firms have operated in good faith and have abided by all state regulations and laws. Instead, the state needs to prosecute the bad actors using existing laws.

Other legislation has also placed a bull's eye on the recycling industry, with a New Jersey State Senate bill that seeks to revise the way electronic consumer products are collected and recycled. It would increase the collection fees that manufacturers are required to pay as a means of addressing complaints from municipalities about skyrocketing costs for handling these products. There are still other bills that deal with the recycling of tires and food waste. New Jersey needs to support recycling companies, not bury all of them in regulatory red tape. ■

## COVER STORY: FAMILY BUSINESSES

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**Norris McLaughlin & Marcus, P.A.**  
*By Robert C. Gabrielski, Esq., Member, Management Committee, Chair, Business Law Group and International Business and Tax Planning Group*

In addition to what they face in the marketplace, family businesses tend to face three significant internal challenges as they mature from the founding generation: management and control; identifying and grooming future leaders; and succession planning. The failure to consider and address any one of these three challenges will likely strain family relationships and hamper the ability of the business to grow and flourish. The owners' ability to engage the family members (both those working the business as well as those only holding equity) to develop and implement a proactive



**NPZ Law Group, P.C.**  
*By David H. Nachman, Esq., Managing Attorney, U.S.*

training, mentorship and succession plan can mitigate uncertainty going forward. The investor treaty visa such as the E-1, E-2 or a new company L-1 benefits the primary applicant and also allows the spouse to engage in free market employment. Oftentimes, the question is whether the spouse will work in the investment company or use the employment to leverage the new business, which is often a family-owned business. President Obama recently promulgated a new form of deferred action status for entrepreneurs in the United States—like DACA and DAPA—that gives family members opportunities to work in the United States and to invest time and money in some startup business ventures.



**Riker Danzig Scherer Hyland & Perretti LLP**  
*By Stephen J. Pagano, Esq., Counsel*

Many family businesses struggle as the founding generation retires or unexpectedly leaves due to death or illness. For this reason, it is important for family businesses to create business succession plans through appropriate legal documents. A properly struc-



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# LSRP Professional Judgment: Trust, Cooperation and Documentation

The level of trust and cooperation between LSRPs and the NJDEP influences the degree to which professional judgment is exercised in New Jersey.



BY KATHLEEN STETSER, P.G., LSRP  
GEI CONSULTANTS, INC.

**I**N AN EFFORT TO decrease the time taken to remediate contaminated sites due to redevelopment pressure, a desire to decrease public health and environmental risks or both, the New Jersey legislature created the LSRP program to increase the private-sector role in the investigation and remediation of sites where releases of hazardous materials have occurred.

This increased private role has created greater opportunity for the use by engineers and scientists of individual professional judgment in making sound and

defensible technical decisions. The level of trust and cooperation between the LSRP and the NJDEP influences the degree to which professional judgment is exercised in New Jersey. Sound technical data, robust documentation and a well-understood conceptual site model are essential in the use of professional judgment.

Factors that are significant when exercising professional judgment include New Jersey and federal regulatory frameworks; the body of technical data that are at the LSRP's disposal; the level of experience of the LSRP

and the technical team; external pressures that influence the use of sound professional judgment; and New Jersey's involvement in supporting the program and insuring its efficacy. External influences must be carefully managed for independent professional judgment to withstand scrutiny and be technically defensible. ■

*Kathleen Stetser, P.G., LSRP, is a senior practice leader with GEI Consultants, Inc., and a member of the Site Remediation Professionals Licensing Board.*

## COVER STORY: FAMILY BUSINESSES

*continued from page 46*

tured plan will address ownership and management transition, retirement, estate taxes, liquidity and the continued success of the business and family. Holding regular meetings and observing corporate formalities will help reinforce the plan and keep all family members on track. A family business that plans thoughtfully about possible future events is much more likely to navigate the inevitable bumps in the road.



**Scarinci Hollenbeck**  
By Gary S. Young, Esq.,  
Partner

Business is the art of taking risks, so a savvy businessperson must know and then hedge such risks. Risk exposure can be managed through choice of business organization (to include limitation of liability through use of a corporation or LLC); adoption of contractual limita-

tions of risk (such as an indemnification clause); and the proper selection of and purchase of insurance. Savvy entrepreneurs know that to win in the dangerous business of staying afloat, the wisest approach to forming and maintaining a business is to seek the advice of professionals.



**Wilentz, Goldman & Spitzer, P.A.**  
By Brett R. Harris, Esq.,  
Shareholder, Business,  
Nonprofit and Technology  
Attorney

Be realistic about the critical role of interpersonal dynamics in family businesses. While personalities of key stakeholders always have influence in a business setting, particularly in closely held businesses, they can be paramount in family-owned companies. Not to say that it is a disadvantage: family-owned



"Jewelry is a good 70 percent to 80 percent of our business," explains Rick Harrison.

businesses evidence great loyalty and continuity. But company leadership and advisors must recognize that the boardroom often extends to the dining room, and what may be an appropriate course of action or succession planning in general may not be appropriate given family dynamics, particularly for intergenerational transfers of family businesses and intergenerational philanthropic initiatives through family foundations. ■