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# Should the next generation make changes?

San Francisco Business Times - by [Francy Blackwood](#) Special To The Business Times

The process of passing on a family business to the next generation is no easy task. The transition is fraught with the challenges inherent in merging a parent-child relationship with a business relationship.

John Schwartz, president of Concord-based Sam Clar Office Furniture Inc., founded by his great-grandfather in 1963, took the reins from his dad about three years ago. Schwartz said he and his father followed two key guidelines for successful succession.

Number one: The younger generation should have some experience working outside the business.

Schwartz, who once harbored a "normal aversion" to following in his father's footsteps, headed off to the University of Arizona, where he earned a degree in communications and set his sights on a career in politics or journalism.

But after about a year as a political consultant, he became disenchanted with the field. He was ready to give the family business a try.

Number two: The parent should not manage the child.

"It's hard enough having a father-son relationship," Schwartz said. "If you throw in the boss-subordinate relationship, it really gets complicated."

Accordingly, when Schwartz joined Sam Clar in 1992, he reported to the CFO. Schwartz worked his way up from customer-service manager to warehouse manager, operations manager and vice president of operations before taking the helm as president in 1996.

Meanwhile, Sam Clar was coming off a period of adversity, brought on by the advent of superstores, such as Office Depot and Office Max - huge competitors that put the squeeze on independents. Between 1987 and 1993, the number of independent office supply and furniture dealerships in the U.S. plummeted from about 15,000 to about 6,500.

Determined not to be a victim of industry consolidation, Sam Clar made changes. It abandoned the low-end market in budget-priced, ready-to-assemble furniture. It created a separate rental division, added outside-sales staff, hired a design staff and purchased computer-aided design (CAD) equipment.

Enhanced design capability gave Sam Clar a competitive edge in its primary market, which is value-priced to mid-priced furniture and services for businesses with 10 to 150 employees. According to Schwartz, it's an under-served niche of clients too small for big competitors, but too large for small competitors.

When Schwartz took over, he focused on perfecting service, with the overall goal of improving customer retention. Last July Sam Clar replaced its outsourced delivery service with an in-house operation, leasing trucks and hiring a staff of ten, plus a dispatcher. Since then, delivery-related damage problems have decreased, on-time deliveries have increased and customer satisfaction, tracked by informal surveys, has improved.

Schwartz gave more autonomy and responsibility to the managers in charge of sales, purchasing, accounting, warehousing and distribution. And he empowered every employee to do whatever it takes to satisfy a customer.

"Before, we had the typical entrepreneurial management style, where all decisions are run through one person," Schwartz said of the power structure when his father was in charge, "but in today's fast-moving environment, you can't have one person making all the decisions. People still come to me, but now they come with solutions instead of just dropping problems on my desk."

A number of Sam Clar employees have been with the company for as long as 10 or 15 years, and old habits tend to die hard among the veterans. They sometimes tell Schwartz, "That's not the way your dad did it," but he doesn't mind. In fact, he welcomes a certain amount of dissent.

"I think it's healthy," he said. "I don't have all the answers. No one has all the answers. That's why good communication is so important."

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