

# The Fall Of A Family And BUSINESS

Lessons can be learned from a brewery empire that fell into financial ruin.

Much can be learned from the experiences of other family businesses—when you can find a guide willing to share their mistakes. In “Beer Money: A Memoir of Privilege and Loss,” Frances Stroh offers a critical look inside the family dynamics and business trials faced by the Stroh family and its iconic brewing company as it plummeted from market dominance to financial ruin.

At its height in the early 1980s, Stroh was the third-largest brewer in the country and owned other labels like Schlitz and Old Milwaukee. But between poor financial habits and bad business decisions, the family company fell from a *Forbes* magazine estimated net worth of \$700 million to almost nothing today. Here are a few of the lessons I took from the book.

**DEPENDENCE ON DIVIDENDS.** The company paid significant dividends to family members, enabling lavish lifestyles disconnected from the financial trajectory of the company. Family members became dependent on a constant stream of cash, regardless of their involvement or the company’s profitability. Coupled with losses, high debt and poor business strategy, such reliance made the future of the business unsustainable. Had the families benefitting from the dividend policy adjusted their standard of living, it might have created a larger window of time to address some of the other difficulties faced by the company.

A related risk I see in families where money is ever available is the lack of structure and motivation helpful to finding one’s passion. Because money is no object, and the next generation can do anything, they sometimes end up doing nothing. The sheer range of possibilities, along with the lack of a need to make a living, creates a paralyzing environment. Family

members float from one idea to the next, never forced through the rough patches and decisions that are part of a “normal” career. The result is often a lack of confidence and self-esteem. Sometimes, family members even turn to substance abuse.

**THE ROLE OF ADDICTION.** Stroh is brutally honest about the role alcohol and drug addiction played in her family. From her father’s drinking to her brother’s drug habits and “slow-motion suicide,” she insightfully recognizes the twin role substance abuse plays as both a symptom and a cause of family dysfunction.

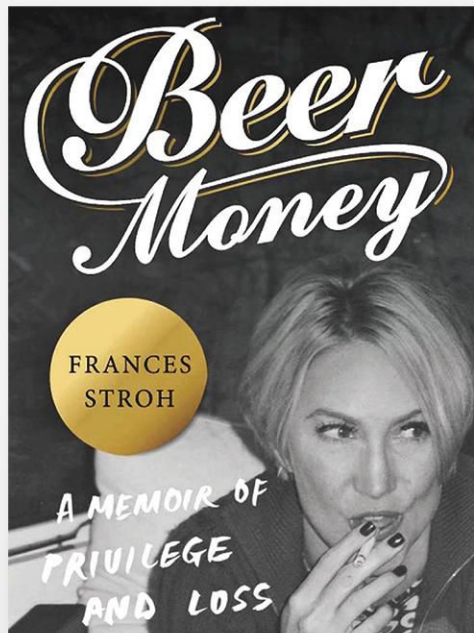
For some family members, the pressures of family and business, coupled with family history and mental illness, create the need for an escape, be it through alcohol, drugs or suicide. Too many families won’t proactively address

mental-health or substance-abuse issues. They stigmatize, hide, ignore or sweep under the rug these destructive diseases that require admission, treatment and support. And, while not easy to address, the outcome of unchecked mental illness or substance abuse is almost always family tragedy.

**A LACK OF QUALIFICATIONS.** Another of Stroh’s observations is the lack of non-family talent in the company’s leadership. “‘Family-owned and operated since 1775,’ our beer labels had boasted, but that was exactly our problem: In our system, fathers promoted their sons, sons who too often had neither attended business school nor proven themselves in other corporate settings.”

Not every farm or ranch leader needs to attend business school, but the point is clear. Are those who will lead your family business qualified? Have they had a range of experiences, responsibilities and training that will prepare them for leadership? It’s increasingly common for family agriculture businesses to codify the requirements of returning to the family business in a family employment policy.

While the author did not actually work for the family company, she participated in shareholder meetings and was a keen observer of her family’s interaction. The failure of the business is certainly unfortunate, but the family dynamics and ruined relationships make it even more tragic. ●



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