

Business Advantage, June, 2006

SECRETS OF CENTENNIAL FAMILY BUSINESS

The McNerney Companies: Mentoring Future Generations

By Donald Levitt

In 1900 Peter and Octavia McNerney opened an asphalt roofing company. Their sons John H. and Carleton McNerney joined the business and eventually bought out their parents in 1926. John's son James McNerney bought out his father and uncle in 1955 and developed the company in general contracting, construction management and industrial real estate. James' son John H. McNerney II joined the firm in 1992 and added product lines in furniture systems and pre-engineered steel buildings – and purchased The McNerney Companies from his father in 1996.

Secrets of Success

Secret #1: Have a father who is a great mentor -- and who is ready to turn over the reins

“For me, the biggest factor has been my father’s guidance,” says John H. McNerney II. “He was always mentoring me and looking out for my best interests. He never battled me. He suggested things but let me go in my own direction. It was never adversarial. Even today I can call him and ask him what he thinks.”

James McNerney was in his early 40’s when John H. McNerney II, the youngest of his four children and the only boy, was born. By the time John entered the business at 21 years old his father had been in the business almost 50 years and “he was happy and satisfied with what he had accomplished, and he wanted to help me,” says John McNerney. “I give him 99% of the credit.”

Secret #2: Have only one family member who wants to enter the business

“When my father bought the business it was the first time a single family member ran it. His brother and sister were not in the business. It’s the same with me. My three older sisters all married men from outside of Toledo and moved away, so there was never a thought of them entering the business,” notes McNerney. “In other family businesses I have seen competition between family members or siblings creating different directions in the same company. It is much easier to make decisions without conflict from other family members.”

Secret #3: Plan a gradual but clear transition of leadership

“In 1994 my father started letting me take on more responsibilities, so when I was named president in 1996 it was more like a title change – like a change in my business card,”

notes John McNerney. “People would go to my father to ask questions and he would say ‘Check with John.’ He let people know that I was making the decisions.”

Secret #4: Retire to other interests

“My father spends a lot of time in Florida playing golf, tennis and bridge,” says McNerney. “When he comes back in the summer he comes into the office most days and helps with whatever is needed. He makes sales calls or does estimates – and just enjoys the office atmosphere.”

Secret #5: Expose children to the business, but don’t pressure them

“When I was growing up, my father told me that he would love for me to be in the business, but that he would be supportive of me either way. He never pressured me,” says McNerney. “Going through such a good transition with my father makes me want to do the same with my children. My seven and eight year olds come into the office and make money by cleaning up the office. I started the same way by mowing lawns in our real estate development.”

Donald Levitt, president of Levitt Consulting, helps family businesses to succeed as both a business and a family. More information about this month’s topic, and other family business issues, can be found at LevittConsulting.com.