

Is This for Me? Career Decision Making in a Family Business



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It was a lovely spring day in 2014 and John Nguyen sat at his desk at Esquire Beauty College, the business started by his parents, reflecting on his career. He felt both excited and nervous as he hung up from a phone call with a recruiter from TechX, one of the most innovative and influential technology firms in world. John was surprised to receive the phone call because he wasn't currently looking for job. Last year, he had explored opportunities with TechX and had been offered a job, but ultimately he decided to turn it down. Now, the recruiter was calling him again! Anum, the recruiter, said they had found him a compelling candidate a year ago and thought he would be an excellent product manager. The job was his – if he wanted it. Did he?

REVIEWING THE PAST

For 12 years, John had worked at a Fortune 500 IT company. He had become antsy about leaving the IT firm somewhere around his ten year anniversary with the company. At the beginning of his career, he promised himself that he would reassess his career at the ten-year mark as he watched friends and co-workers leave IT firms to take jobs at promising start-ups.

In 2013, John entered a new phase of his life and felt called to the priesthood. He left his long-term employment with the IT firm, and started helping his family by working at Esquire without pay while he engaged in the priesthood discernment process. The priesthood discernment process in the Catholic Church involved uncovering one's vocation. The process consisted of prayer, engagement in retreats, meeting with a spiritual director, and other similar activities designed to help the individual better understand his or her calling. Why this seemingly abrupt change? John had become very involved in the church during the annulment of his marriage and subsequently taught confirmation classes. Involvement in the church offered healing and he believed that his life experiences would provide him with the ability to authentically and knowledgeably counsel others. While the priesthood had much to offer, in the end John decided that vocational ministry was not for him. However, deciding to forgo the priesthood did not end the career discernment process (see Exhibit 1 for a summary of John's career journey).

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BACK TO THE PRESENT

The career reassessment now took on new dimensions as he entertained this new opportunity with TechX. Instead of simply deciding whether he would take a new job in the IT field in a new organization, John realized that he wasn't really sure what to do. He had recently begun helping out at Esquire and earnestly desired to give something back to his family and the family business, but he also contemplated the chance to return to the IT industry. What was the right decision for him? Should he remain at Esquire and join the family business as a member of the management team or take the job at TechX?

In his deliberations, John considered the story of the Nguyen family business, which had an almost fairy tale quality to it because his mother and father ended up owning the very beauty school they once cleaned as janitorial staff. John's mother, Ai, immigrated to the United States in 1975 when South Vietnam collapsed. As a young woman she wanted to be a teacher but, with English as her second language, she decided teaching was a pipe dream. She met, fell in love with, and married John's father, Tuân. Tuân encouraged Ai to consider cosmetology as a career when he saw her look enviously at the women majoring in cosmetology, as they seemed to enjoy school, while Ai struggled with her nursing coursework. Ai recalled that Tuân presented her with all the reasons why she should change majors from nursing to cosmetology and ended by saying:

Honey, we can have a salon one day. You can cut my hair and the kids' hair so we don't have to worry about that. And, one day, we can be independent.

Fifteen years after Ai became a licensed cosmetologist, Tuân again encouraged her to consider new career options. He said:

You always wanted to teach. Do you want to challenge yourself to the next level?

In 1996, Tuân and Ai founded the Esquire School of Beauty. Ai was excited to begin teaching students what she had learned as a stylist. Together, Ai, Tuân, and the young Nguyens – Robert, Frances, James, John, and Tommy – worked to build what would become a chain of three cosmetology schools. In the early days, all of the children worked in the business doing menial chores such as cleaning. Later, Robert, Frances, and James became active members of the executive management team.

John knew that the school meant more than a career dream or a means of independence for his parents. To them, a family business was a way to keep the family together. John recalled his parents' logic for why he and his siblings should consider joining the family business. Ai and Tuân would often simply say, "We think this is a wonderful business." Later, they started communicating the benefits of becoming involved in the business to their children. For example, John recalled Ai sharing that the family business was important because:

...how it allows the family to be closer together, how it allows us to interact more with each other and to give us, more or less, a reason to further our relationships with each other rather than just getting together on holidays.

So, even as John contemplated returning to the IT industry, he could not ignore his feelings about what the company meant to his parents and how it had shaped his family's history, and even his current relationships with his siblings and their children. John mused that being a part of the family business presented great opportunities but also significant challenges to him.

HOW THE KIDS WERE WON

John mentally charted the challenges and opportunities he gleaned from discussions with each of his siblings as they shared their own career journeys (see Exhibit 2 for a profile of each sibling working in the family business). For example, his oldest brother, Robert, had joined the organization after being a successful entrepreneur. Their parents had asked Robert to help them through the cosmetology school's accreditation process. Over dinner one night, Robert shared a part of his story with John.

After we got that [accreditation] done, I spent more and more time in the school and realized how much I really enjoyed being at the school and being there with our parents. So I made the decision to jump to the school full time.

In contrast, his sister Frances joined the family business when their father received a terminal cancer diagnosis. Frances left a promising career at one of the principal global investment banking, securities, and investment management firms in the United States. In relating her story Frances recalled:

Our dad really needed full time care. So, Mom asked me to come in and to help out. I was certainly more than willing to do it. I remember my first week, I came on board and she actually left to take care of our dad. There wasn't a job description. I asked her, 'What do I do?' She literally said, 'Just sit in the seat and people will come to you and then you just figure it out.' That was exactly how I came into the business, not a whole lot of direction.

Finally, James joined the family business when he was in his early twenties. When it was his turn to share he said:

After Dad passed away, we just looked at Esquire and said: Hey, you know what? We have a huge opportunity here to make something really special. Dad put this together with hopes and intentions to build the business for the kids to be in it, even though none of us wanted to be part of it. But he knew that if there was a business, it would force us to talk to each other. That's why he had left all the business and the real estate property in a trust, to be able to split it five ways.

James added that it hadn't been very easy for him to enter the business in the beginning either. He started off working at the front desk and admissions when the beauty school was just a tiny operation. As enrollment grew dramatically, the family decided the company needed a president. Despite Robert and Frances being in the company longer (and being older than he), their mother suggested James act as president. It was not a job he wanted partly because he was a younger son and serving in a leadership role with his older siblings reporting to him was daunting. However, his mother saw something of the entrepreneurial spirit of Tuân in James and thought he would be a good leader for the family firm. James took the job but, he added:

Every day I'm scared out of my mind whether I'm making the right decisions or a wrong decision because I'm the youngest [currently working in the family business].

John sat back in his chair and sighed. Reflecting on the words and stories of his brothers and sister was helpful. He loved his family, their collective memories of the business, and pondering how each had met the challenges and opportunities presented by joining Esquire. Yet he feared his case was different. John yearned to have a career that was meaningful and employed his specific talents. He had been taught by Ai, as

she had been taught by her own father, that a person's work is a way in which he or she can fulfill his or her purpose in life. The question was: how could he get clarity on what way he could best contribute to the company? Or, should he stick to what he knew - IT? After all, if his brothers and sister were already serving the business well, was there a place for him?

WE BEING MANY ARE ONE BODY

As John contemplated these questions, he outlined the important features of the family business. First, Esquire Beauty College was founded in 1996 in a suburb outside of San Francisco. At present, there were three Esquire Beauty Colleges located in Pleasant Hill, Fremont, and Alameda. Taken together, the three locations averaged approximately \$5 million annually in revenue. (See Exhibit 3 for a profile of Esquire.)

Next, he decided that he should draw a graphic to help him think about his place in the business (Exhibit 4). He constructed it by recalling a helpful explanation provided by his sister, Frances, during a discussion when he entered the business in April, 2014. She used the metaphor of the human body to explain her view of the roles each family member played in the family business. For example, Ai was the soul of the family. Although she was no longer involved in day-to-day operations, she lent meaning to the family business. She ensured that the business fulfilled its purpose, which she saw as beyond teaching cosmetology. Ai told her children time and time again:

I can see the training at our school helps students to know the trade but also helps them to see the meaning of their life. We help them see the joy of the service they provide to their guests. The happiness of our guests is our happiness.

James was considered the brains of the family enterprise as the coordinator of the day-to-day operations. Specifically, he set up different systems that enabled the business to function by testing out different theories and then measuring the results. Robert served as the eyes for the family business. His job was to evaluate the environment, determine what opportunities existed, and understand the regulatory issues the business might face. The family saw Frances as the heart of the business because money is the life blood of any business. She ensured that expenses and revenues were in check and the family business was financially healthy. Frances served as the Vice President of Finance for Esquire.

So, what was John supposed to do in a family that had brains, heart, soul, and eyes? Robert believed that John's role within the organization was still developing. Because of John's technology background, Robert thought he could leverage technology to make operations more efficient. Using the metaphor, James and Frances saw John as the central nervous system. James shared with John that his role was to enable the organization to react to information. Without John, Esquire would be slower to adapt and respond. In James' view, John's role was "absolutely crucial."

But John wasn't entirely clear on where and how he fit. Next to the graphic outlining each family member's role, he wrote "Enabler?" as he thought about his own role. Computers in education were very fashionable. Although he believed education could be facilitated by technology, he was an advocate for the most valuable part of learning coming from human to human interaction. He wanted to enable high-touch, impactful education. Since he had joined the family business, he believed the meetings had changed due to his influence. In a personal journal entry, he'd written:

No business is ever perfect and as we [he and his siblings] get older, we're realizing that the business is this 'being.' There's a spirit to it. It's not just an organization of people or a business plan. There needs to be a purpose behind it and with that purpose, you can build and weave that spirit in and bring people together.

Could his role be to bring a focus on the spirit of the company? Would playing that role satisfy his desire for meaning while also allowing him to give to his family?

WHAT ARE OUR FAMILY VALUES AND PRACTICES?

John decided to chart things he'd learned about his family's philosophies since joining the firm in September (see Exhibit 5). First, John wrote "Family Dynamics" on his chart. John really enjoyed working with his siblings for all the reasons articulated by his mother (mission, purpose, and keeping the family together). He was also aware, however, that at times he and his brothers were in conflict. Robert and he sometimes were at odds because, in Vietnamese culture, there is a clear hierarchy determined by age. After John returned from college, he felt like Robert's peer, and falling back into the little brother role was difficult for him. Similarly, John and James had challenges related to family hierarchy. That is, while John was the older brother, James was the president of the family business *and* had more experience working in the family business. Recently, the two of them had quite an argument when John pointed out what he thought were important things for James to consider. James interpreted John's comments as criticism of his leadership. For John's part, he found it helpful to remember their mother's injunction to judge each other by intentions. After the argument, James sent John an email that John found to be kind and generous. The argument represented a difficult time in John and James' relationship but ultimately made them closer. In that moment of conflict, when John wondered "is it worth it" to work in the family business and possibly jeopardize his relationship with his brother, they were vulnerable with each other. When it was over, they knew they loved, needed, and would always be there for each other. Then, John wrote "Mom." A scalable and sustainable business would ensure their mother's comfort in her retirement. He also wished to honor all that the business meant to her and to his father. He wanted to be a part of all that the family business meant to his family, his siblings, and their common legacy.

Next, John wrote "Responsibilities" and highlighted that he was now participating in the executive meetings and in some of the decision making in the business. However, John still wasn't sure of his role in the business. The "Responsibilities" column was followed by one titled "Ownership" where John placed a question mark because James, Frances, and Robert were debating ownership and how shares should be divided in the future. Specifically, the siblings had discussed how life and familial changes influenced contribution to the business. Should different levels of contribution result in different levels of ownership? One possible method might be what the family called the "dilution" of shares based on level of contribution. To clarify it in his own mind, he thought of the following example and made notes on his drawing:

All siblings have a common starting point and ownership of shares. As people do different things, there may be changes in shares in one direction or another. The expectation is the business must continue to grow in order for your value in the school to continue to grow. So even if Tommy [the youngest brother]

decided not to come into the family business and the business kept growing, he would reap the rewards because he would have the shares originally given to him as a member of the Nguyen family. However, because he's not contributing as much as family members working in the business, his share will be diluted as the family members contributing get more of the shares created by the growth of the business.

Finally, under "Family Employment" he wrote down comments that he'd heard from his mother, Ai, and his oldest brother, Robert, which conveyed Esquire's philosophy on family members joining the business. After being asked about the issue by a professor, Ai summarized her thoughts on family employment in two bullets:

- The purpose of the family is to support one another and work together to achieve something bigger.
- When a family member wants to join the family business, it should be celebrated. It's not a decision motivated by budget.

Robert shared a similar philosophy stating:

Our parents have always taught us that when a family member wants to join the business, the individual should always have the opportunity. However, the new family member should not spend time focusing on how to split up the pie fairly, but focus on making the pie bigger.

John focused on Robert's comments about the need to "make the pie bigger" and focus on growing the business. Therefore, he next wrote "Compensation" and noted that he was not being paid during his first year in the business because he was still deciding what he wanted to do and he had a sufficient savings from his time in IT. However, the family had designed a salary plan for all members entering the business. In year one, new family members earned \$30,000. In years two and three respectively, the salary increased to \$60,000 and \$90,000. John understood that the salary plan had three important virtues. First, it allowed new family members to enter the business at a salary that did not overtax the business. The Esquire budget allowed for hiring a few entry level employees (family and non-family) at \$30,000 each year. Secondly, \$30,000 was a low bar for first year revenue generation. That is, the family member only had to make the pie large enough to cover a \$30,000 salary. Thus, the family member had an achievable initial target for revenue generation. Finally, low initial salaries provided an impetus for family members to decide if they would like to work outside the business (where they could likely earn more) and think about the long term value they could bring to Esquire. Robert shared with John that he believed the graduated salary plan conditioned family members to focus on the big picture and long term rather than short term goals.

The sun had gone down. John quickly scanned the beauty school. He was surrounded by people who were pursuing their dreams, trying to improve their lives just like his parents had done so many years before. As he stood to pack up his things, he saw his mother talking with a student and his sister working at her desk. There were so many things he loved about Esquire but he had reservations about his future as an active member of the family business. He would always be a Nguyen, but should he be a part of the Esquire management team?

Exhibit 1 John's Career Decision Making Timeline

Years	Months	Event
2001-2013		Worked in IT for Fortune 500 Company
2013	April/May	Began discernment process for vocation as a priest.
	June	Consulted with family about discernment, career transition, and ending 12 year career with major IT firm.
	July/August	Courted by large IT firm (TechX); interviewed for and received job offer. Discussed joining Esquire, the family business.
	September/October	Turned down TechX job offer and left long term employment with IT company. Began working at Esquire for no salary.
2014	April	Decided not to pursue the priesthood.
	May	TechX reaches out and restates their interest with a job offer. Begins to think "Is this for me?"

Source: Correspondence with the Nguyen family

**Exhibit 2. Family Member Profiles of People Working
Within the Family Business**

Name & Title	Age	Educational Background	Years in family business	Married? Spouse working or interested in the business?	Ages of children
James Nguyen, President	30	BS Business – Entrepreneurship	8	Married, spouse is not working in business and does not have an interest in the business	6, 5, 3, 1
Robert Nguyen, VP of Business Development and Industry Relations	38	BS Business – Finance & Marketing	12	Married, spouse is not working in business and does not have an interest in the business	7, 4, 1
Frances Nguyen, VP of Finance	34	BS Business - Economics	10	Married, spouse does not work in the business but is open to it	6, 4, 2
John Nguyen, Director of Information Technology	36	BA in Science	1	Single	None
Ai Nguyen, Founder	66	HS, Some college	20	Widowed	38, 36, 34, 30, 26
Tommy Nguyen	26	BS in Science & Engineering	None	Engaged	None

Note: In Spring, 2014, Tommy Nguyen worked outside of the family business.

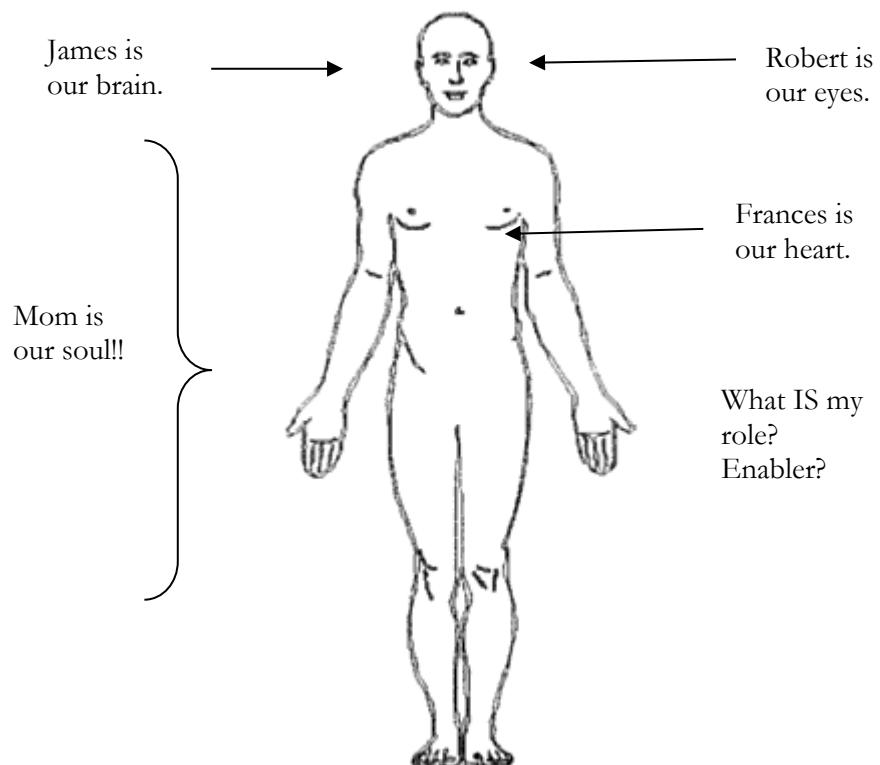
Source: Correspondence with the Nguyen family

Exhibit 3. General Information on Esquire

Founding Date	1996
Number and Location of Branches	3 branches total Alameda – founded 1996, relocated and expanded 2002 Fremont – acquired in 2008 Pleasant Hill – founded 2013
Total Employees	40
Annual Revenue	\$5,000,000
Board of Directors	No formal Board of Directors
Ownership	Initially, all 5 children received 20% of the business. Additional shares were created and distributed annually to family members actively engaged in the business. This process allowed for greater percentage of ownership for family members working in the business and dilution of percentage of ownership held by those who were not working in the business.

Source: Correspondence with the Nguyen family

Exhibit 4. John's Drawing of Body Metaphor



Source: Correspondence with Nguyen family

Exhibit 5. Our Family's Values and Practices

	Our Practice	My Thoughts
Family Dynamics	No age hierarchy. Family business brings us closer but can be difficult.	I want to judge my family by intentions and honor what the family business has meant to my mom and dad.
Mom	Creating a sustainable business would ensure Mom's retirement comfort.	She never complains. I want to make her life easier, let her reap the rewards of her hard work.
Ownership	Everyone starts with equal shares but different levels of contribution result in different levels of ownership.	I'm quiet right now on this issue.
Family Employment	All family members are invited to work in the family business because the purpose of the family and the business is to support one another and work together.	I want to join our family business and believe in our vision of the purpose of the family business. I'm just not sure what I contribute yet.
Compensation	\$30,000 first year – same as any entry level employee. In subsequent years pay can increase to \$60K and then \$90K if I can bring adequate revenue into the business.	This year I'm not taking a salary because I'm still learning. I'm learning to live on significantly less than I thought I could or used to do when I was working in IT. The salary change is an adjustment but not a deal breaker.

Source: Correspondence with the Nguyen family