

Advice from the trenches

Taking Over: Insider Tips from a Third-Generation CEO

By Mitchell Kaneff

Ten Eagles Press, New York, 2011
168 pp., \$21.95

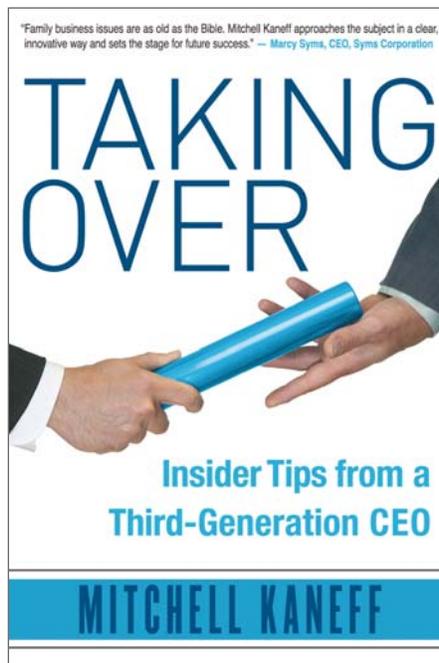
MITCHELL KANEFF learned how to lead Arkay Packaging, the company his grandfather founded in 1922, largely by trial and error. In a new book, he offers advice to spare other successors the same fate. His easily digestible guide tells next-generation leaders how to avoid pitfalls and build on their strengths. It also frankly describes several tough family and business issues that Kaneff encountered in his own business.

The book is divided into two parts. Part 1 is geared toward successors who have just taken the helm; Part 2 focuses on preparing to pass the torch to the next generation. Much of Kaneff's text, he explains in his introduction, is based on journals he's kept to chronicle "all the ups and downs I was going through, describing what worked, what didn't, and why."

Kaneff deserves kudos for his openness. Although you likely have heard many of his 36 "insider tips" before (example: "Spend the time and money to draw up estate-planning documents and keep them safe"), this book goes beyond conventional wisdom. The advice is drawn from the real-world pitfalls that Arkay's leaders had to navigate.

"[M]y grandfather Max had a very simple succession plan: he would work until he died," Kaneff writes. "Indeed, he went to sleep forty-eight years ago and never woke up.... However, for his successor, my dad, it took many years to rebuild the company and overcome the mistakes my grandfather had made by not planning effectively. Fortunately for us, history did not repeat itself."

Mitchell Kaneff recounts moments of tension with his father, who ostensibly had stepped back from day-to-day operations but would "still show up and run some plays, often when I was away on a business trip." Kaneff even reprints the 2004 letter he wrote to his father in which he asserted that he needed to take full responsibility and ownership of the company and would be giving his father the title of chairman emeritus. "This letter is one of the hardest I have ever written," Kaneff



wrote, "but I know it will ultimately strengthen our relationship, even though you may not think so now."

The arrangement ultimately worked out well, the author notes: "As my special consigliere for all things technical, [my father] retained a productive but external role in our business."

Though the handoff of leadership was awkward, the author credits his father for giving him the freedom to make decisions on his own and the room to fail; he calls this "the best gift my dad gave me."

Kaneff discusses the serious busi-

ness issues he encountered during his early days in a leadership position—a situation he calls "the perfect storm." He had decided to build a plant in Roanoke, Va., about 500 miles away from Arkay's Long Island headquarters. An uncharacteristically severe blizzard delayed construction—and the company's plans to shift operations to the lower-cost region on an accelerated schedule.

At the same time, Arkay had acquired a smaller printing company on Long Island. Fourteen months after the deal closed—while Kaneff was dealing with the Virginia snowstorm—a major client pulled millions of dollars' worth of business from the new operation. Then, the Environmental Protection Agency fined Arkay \$25,000 for installing a large label press before obtaining a permit. Kaneff's father insisted on fighting the citation in court. A *Newsday* article about the case carried the headline, "Hauppauge Printer Pollutes!" Arkay's customers worried that the company would go bankrupt. In the end, the company paid \$175,000 in fines and \$300,000 in legal fees, but lost only one account, Kaneff writes.

A decade later, the author recounts, he discovered that his CFO had been lying about the company's finances, resulting not only in a negative cash flow problem but also in a loss of credibility with Arkay's bankers. Firing the miscreant resolved the banking issues and unified the rest of the company's management team, Kaneff recounts.

Kaneff's advice on preparing to pass the baton is likewise presented against the background of his family's experience. His grandfather had left half the business shares to his wife and 25% each to his son and daughter, leaving Kaneff's father—the second-generation business leader—with only a minority interest in the company. After Kaneff's grandmother died, his father discovered that her will had been changed, giving his sister the shares that had been intended for him and requir-

ing him to buy out her interest. The result was a rift in the family that lasted for 15 years, according to Mitchell Kaneff's account. To avoid

such problems, he counsels, the leader must plan to transfer majority ownership to the successor.

Kaneff's candid account of his real-

world experiences serves to clarify and emphasize his "insider tips." His book has a lot to offer to next-generation leaders.

Mitchell Kaneff, author of "Taking Over: Insider Tips from a Third-Generation CEO," is the Chairman/CEO of Arkay Packaging, an 89-year old, family-owned and operated leader in the folding carton industry. Under Mitchell's direction, Arkay continues to be a market frontrunner in providing companies, such as Estee Lauder, Procter & Gamble, Elizabeth Arden and L'Oreal, with leading-edge product packaging solutions.



Mitchell, a graduate of Rochester Institute of Technology, began working at Arkay when he was still in school, enabling him to expand and develop his expertise in print and management techniques, while refining his entrepreneurial skills – an ability which has contributed powerfully to Arkay's growing success.

In addition to locations in Hauppauge, NY and New York City, Mitchell expanded the Roanoke, VA Arkay facility to twice its size in 2008, a testament to Mitchell's leadership and the quality of the Arkay product. Mitchell's appreciation for customer satisfaction and his understanding of the industry has solidified partnerships with key customers, earning Arkay "Supplier of the Year" awards several years running reflecting his company's achievements in this area.

In addition to writing "Taking Over," Mitchell is currently involved with *The Young Presidents*, a band that plays original rock music in the New York metropolitan area. *The Young Presidents'* new album, *Freedom of Speech*, will be released in June 2011.

Mitchell lives in New York City with his twin sons, Max and Josh, and his wife, Amy. Please visit his website for additional information on upcoming speaking engagements and articles: www.mitchellkaneff.com.