Company Stock Valuation and Acquisition in a Family Business (Buying Out the Relatives): A Case Study

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Case Description

The primary subject matter of this case is small family business management, specifically developing a strategy to value and acquire company stock from minority family business owners as part of leadership succession. We also examine some of the complex interactions among family members as a business moves from second to third generation management and ownership. Appropriate for junior and senior level undergraduate courses, the case can be taught in one class hour and requires roughly three hours of outside preparation by students. The events described in this case are based on real world experiences, but all names have been disguised.

Case Synopsis

Once at the hospital, John solemnly walked down the long corridors to find his father's room. Immediately, John recognized that the end was near. Embracing his mother, Pearl, he comforted her as best he could. Soon, Dr. Moody, the young pastor of their church joined the small group and they all prayed together as T.J. Whitaker, Sr., beloved husband and father, passed away.

In his will, T.J. Whitaker, Sr. gave his three children: Mary, Karen, and T. John Whitaker, Jr. equal amounts of his Whitaker Furniture stock, meaning each child received 18 percent of the company's stock. However, John received the right to make all management decisions for the company because neither Mary nor Karen worked for the company. The other 46 percent of the stock belonged to relatives. As soon as he gained control of the management of the company, John embarked on an expansion program, enlarging present stores and adding new ones. However, John could not maintain the generous annual dividend policy that his father followed. With the expansion of the company, funds were no longer available to pay dividends to the minority stockholders. Understandably, tensions began to grow among the relatives. After ten years of leading the company, John believes that the time has come to buy out the relatives.

Introduction

"Johnny, come to the hospital. I do not think there is much time left. Please come now," Pearl spoke softly into the telephone.

"Yes, mother. I will come right away. I will be right there," John Whitaker, Jr. responded.

John hung up the phone, put aside the newspaper ad that he was working on for next weekend's sale, and stood up from his desk. Quickly, he gathered his coffee cup, walked to the water fountain thirty feet away, and emptied out the cup. As he returned to his desk, he spoke quietly to Mrs. Woodall, Whitaker Furniture Company's loyal and efficient office secretary for the past twenty years, whose desk was stationed directly in front of his in the store's office area. "Mrs. Woodall, I have to go to the hospital now. It's about my father and you know that things are not looking good for him."

"Yes, Mr. Whitaker, our prayers are with you," answered Ruby Woodall as her voice cracked slightly and she wiped a tear from her eye with her left hand.

John straightened out his tie and grabbed a beige sports coat from the metal coat closet in the very back corner of the office. It was late afternoon on a briskly cool January day. Although West Palm Beach, which is located sixty miles north of Miami on Florida's southeast coast, is a very warm place most of the year, there are occasional cold snaps during the winter-time when the temperature may slip below seventy degrees in the afternoon. Such was the case today. John strode rapidly by Mrs. Woodall's desk, slipped through the wooden swinging gate that separated the office from the store, turned quickly to his left and exited out the back of the store through the double glass doors that also served as a receiving entry point for furniture to be carried into the store. John walked through the covered truck receiving portal to his car which was parked in one of three available spots between the store and the alley way behind the store.

John guided his small beige Ford down the one-way alley towards Olive Avenue, where he turned left and headed quickly towards Good Samaritan Hospital, a five mile drive from the downtown furniture store. As he drove, thoughts of his parents and their business swirled through his head. Four weeks earlier, the day after New Year's Day, Thomas John Whitaker, Sr. (hereafter referred to as T.J. Whitaker, Sr.) had suffered a stroke that had left him hospitalized. Pearl, his wife, visited every day, spending most of her time at the hospital and only occasionally visiting her son and his family for dinner during the entire month of January. A woman of deep abiding faith, Pearl was always optimistic that somehow her husband would be returned to her.

John could tell from his mother's voice on the telephone that this prayer would be answered differently than his mother had hoped. T.J. Whitaker, Sr. had survived a stroke a few years earlier, but this time there was little the doctors could do. They had kept him alive for four weeks, but that was about it. For the past month, John had managed the furniture company on his own. "I love my father, but I have to admit that I have enjoyed

the free reign for the past few weeks," John mused to himself. "To be fair though, Dad has made it possible for me to take over the management of the company without interference from my sisters or other family members."

John started working for Whitaker Furniture after school and during the summers of his high school years, sweeping floors and opening furniture cartons in the hot and dusty warehouses owned or leased by the company over the years. John entered the family business on a full time basis as his chosen career after a stint in the U. S. Army and graduation from Palm Beach Junior College (where he was student body president) and Stetson University in Deland, Florida. Now at forty-four years of age, John had served the company in practically every capacity - in deliveries and floor display set-up, in sales, in creating newspaper ads, in buying, and in financial and personnel management.

John arrived at the hospital, parked his car out front, and walked up the steps through the main entrance. Once inside the hospital, he navigated his way past the front desk, found the elevator, and hiked down the long corridors to find his father's room. Immediately, John recognized that the end was near for his father. Embracing his mother, Pearl, he comforted her as best he could. Soon, Dr. Moody, the young pastor of their church joined the small group and they all prayed together as T.J. Whitaker, Sr., beloved husband and father, passed away.

Company and Family History

The story of Whitaker Furniture of West Palm Beach, Florida begins with Henry Flagler, the entrepreneur who partnered with John D. Rockefeller and master-minded Standard Oil. After his tremendous success at Standard Oil and great accumulation of wealth, Flagler recognized the immense potential of Florida to attract visitors, if only good travel and hotel facilities were available. In the 1890s, Henry Flagler extended his Florida East Coast Railway from St. Augustine 250 miles down the Atlantic coast to Palm Beach (Standiford, 2002). He built two impressive hotels on the island of Palm Beach intended for the use of wealthy winter visitors: The Royal Poinciana Hotel and The Breakers Hotel. In first building and later staffing the hotels, Flagler attracted hundreds of workers to the area. To establish a commercial and residential community for these workers, he purchased some land across Lake Worth (the present day Intracoastal Waterway) on the mainland and called the new development West Palm Beach. The town officially incorporated in 1894 (Drake & Marconi, 2006).

In the early 1920s, the agrarian economy of the southeastern United States was devastated by the insurgence of the boll weevil, a beetle measuring about six millimeters in length that feeds on cotton. The boll weevil is believed to have originated in Central America and to have migrated to the United States in the late 1800s. By the 1920s, the beetle had infested the entire cotton-growing region of the southern U. S. and decimated that industry and the economy of the region, forcing many southerners to relocate to other areas of the country (Wikipedia, 2010).

Founding the Business

For over 44 years, Edwin J. Whitaker owned a general mercantile store in Forsyth, Georgia, which is about 65 miles south of Atlanta. He married Victoria Faulk in Houston County, GA and subsequently the couple had nine children: four boys and five girls. Because of the destruction of the cotton crops, times were hard throughout the southern U. S. Although the foreseeable future appeared bleak in central Georgia, the Whitakers listened to news reports of a booming economy in south Florida. At the insistence of their oldest son, T.J. Whitaker, Sr., Edwin and Victoria Whitaker, along with six of their children and their families, left Forsyth, seeking a better life in south Florida. The Whitakers chose to settle in the town built by Henry Flagler - West Palm Beach.

Again listening to the advice of T.J. Whitaker, Edwin chose to depart from the general store format used in Georgia and to specialize in home furniture. The family formed Whitaker Furniture Company and opened an 11,000 sq. ft. store at 711 North Dixie Highway in West Palm Beach ("Furniture Company," 1935). With an investment of $10,000, Edwin Whitaker became president of the company. Each of his three sons invested $1000 in the business. Dennis became vice president, T.J., Sr. was the secretary-treasurer, and Peter served in sales for the company. Edwin's daughter, Lucille Whitaker King became the store's cashier. The remaining daughters – Undine W. Brown and Virginia W. Jones - later received stock ownership in the company, but chose not to work for Whitaker Furniture.

The Oldest Son of the Second Generation

T.J. Whitaker, Sr., the sixth child and oldest surviving son of his parents Edwin and Victoria, was born in the family home in Forsyth, GA. T.J. attended a military prep school, Gordon College (Named for Confederate General John B. Gordon), and graduated from Alabama Polytechnic Institute (later known as Auburn University) with a degree in electrical engineering. He served in the U.S. Army earning the rank of captain. While at home from the army, he met Pearl Norton in his father's general store in Forsyth, GA. Pearl, born in Woodstock, GA, graduated from Reinhardt College (prep school) and Bessy Tift College, finishing her college degree at age 19. Pearl also taught a Sunday school class for men at the local Baptist church, which T.J. attended according to family tradition. Pearl and John married in Ball Ground, GA. Ball Ground is known as the site of the most decisive battle of the war between the Cherokee and Creek Indians in the 1700's. According to Cherokee history, the conflict was settled by a stickball game (City of Ball Ground, 2010).

After finishing his career in the U. S. Army, T.J. worked first for Westinghouse in Pittsburgh, PA as an engineer. Quickly tiring of the northern climate and engineering, T.J. and Pearl moved back to Atlanta, GA where T.J. worked at Mather Furniture, a retail company, for four years before deciding to move to Florida. At Mather, T.J. acquired knowledge of the furniture industry that served him well in later years. T.J. and Pearl had three children: Mary Whitaker Gordon, Karen Whitaker Miller, and Thomas John Whitaker, Jr.

Second Generation: The Second and Third Sons

Robert Dennis Whitaker was the seventh child born to Edwin and Victoria Whitaker. Family tradition says that Dennis boarded a train to leave Forsyth to go to college, but got off at the next stop and returned home. Dennis moved with the family to West Palm Beach and received about

30 percent of the stock ownership in Whitaker Furniture when the store opened. However, the retail life style did not suit Dennis and in a reversal of his former home-body ways, he left Whitaker Furniture for life on the road as a manufacturer's representative for the Lenoir Chair Company (the predecessor of Broyhill Furniture Company). However, Dennis retained his stock ownership in Whitaker Furniture and the title of Vice President for many years.

The ninth and last child of Edwin and Victoria was Peter Faulk Whitaker. After growing up in Forsyth, Peter moved with the family to West Palm Beach. He originally bought into the Whitaker Furniture store with an investment of $1000. However, five years after the store opened in West Palm Beach and three years after Dennis left to work for Broyhill, Peter decided that he would be better off on his own as well. With initial financial assistance from his father, Peter moved to Miami and opened another furniture store, which he operated independently from the West Palm Beach company. In a series of transactions, Peter relinquished his stock ownership in the West Palm Beach company. So, after five years, the Whitaker Furniture Company only had one active second generation family manager - T.J Whitaker, Sr.

Second Generation Leadership

Eight years after moving to West Palm Beach and opening Whitaker Furniture, Edwin Whitaker passed away. T.J. Whitaker, Sr. became president of the company and acquired 54 percent of the company's stock by inheritance from his father and the buy-out of his brother, Peter. Thus, the remaining 46 percent of the company's stock was spread out among T.J.'s siblings and their children with the largest amount (30 percent) belonging to Dennis Whitaker and his descendants. Lucille Whitaker King, daughter of Edwin Whitaker and the sister of T.J. Whitaker, became secretary-treasurer of the company and worked as the store's head cashier.

Under the leadership of T.J. Whitaker, Sr., the company purchased an updated and larger store (18,000 sq. ft.) that was in the center of the city's business district at 333 Datura St. and moved the headquarters and center of operations of the company from 711 North Dixie (this site remained in the ownership of the company for another ten years). The company operated successfully through several terrible hurricanes that directly hit West Palm Beach, the stock market crash and great depression, and the rationing and scarcity of consumer goods occasioned by the Second World War.

In the years just before the U.S. entered World War II, the military began a steady build-up of troops and training facilities. The warm climate and flat terrain of south Florida was especially conducive to military training in general and aviation training in particular. The U.S. Army Air Corps moved into Morrison Field in West Palm Beach (Drake & Marconi, 2006). As part of their patriotic war effort, the citizens of West Palm Beach regularly invited soldiers into their homes to entertain the troops and help fight against homesickness. Pearl Whitaker practiced this hospitality on a regular basis by inviting soldiers who attended the First Baptist Church over to her house for dinner on Sunday afternoon. In this manner, both of her daughters - Mary and Karen met their prospective husbands.

After the war ended and the economic restrictions on the production of consumer goods were lifted, T.J. Whitaker, Sr. led the company to open two additional stores. The first store was lo-

cated in Delray Beach at 314 Atlantic Ave (the old downtown), which is 20 miles south of West Palm Beach. By 1960, the store was moved to 1648 North Federal Highway (on the major road of the day - US Highway 1). T.J. Whitaker, Sr. chose Eric Miller, the husband of his daughter, Karen, as the manager of the Delray Beach store. In 1954, T.J Whitaker, Sr. opened a store in Lake Worth at 813 Lake Avenue (the old downtown). The Lake Worth store was located roughly half-way between West Palm Beach and Delray Beach. These two additional stores were much smaller than the West Palm Beach store and served towns with lower populations. T.J. Whitaker, Sr. served as president of the company for 35 years. His tenure as president was marked by very steady annual profits and a generous dividend policy in which the family stockholders received payments each year. Due to his conservative management approach, the company acquired cash reserves, but remained small with just the three stores.

Third Generation: A New Direction

As soon as he finished college, T. John Whitaker, Jr. joined the company full-time. Within another two years, John married Doris Pike, a young lady from West Palm Beach who also happened to be in his mother's Sunday School class as a teenager. Doris met John while attending Palm Beach High School, but she went on to finish her college degree at Mary Washington College of the University of Virginia. John and Doris also became the parents of two daughters and a son just as T.J. Whitaker, Sr. and Pearl had in the preceding generation. Family tradition reports that T.J. Whitaker, Sr. was delighted with the news that a grandson had been born and remarked, "Now, we have someone to run the business for another generation."

In his will, T.J. Whitaker, Sr. gave his three children: Mary, Karen, and T. John Whitaker, Jr. equal amounts of his Whitaker Furniture stock, meaning each child received 18 percent of the company's stock. However, John received the right to make all management decisions for the company. Neither Mary, nor Karen worked for the company. Mary married a college professor and lived in Macon, GA. Karen's husband managed the Delray Beach store for approximately twenty years until his retirement due to health concerns.

As soon as he gained control of the management of the company, John embarked on an expansion program. First, John bought property at U.S 1 and Northlake Blvd. in North Palm Beach (10 miles north of West Palm Beach) and built a two-story 30,000 sq. ft store. Although the distance from West Palm Beach is small, the North County area is considered a separate shopping area in Palm Beach County. The North Palm Beach store immediately became the flagship store for the company and maintained the top sales position for many years. Next, John Whitaker purchased property at Belvedere Rd and I-95 in West Palm Beach and opened a second West Palm Beach store there. During this time period, the downtown areas in South Florida and across the country as well began to decline as retail centers. The Datura St. store steadily declined in sales as consumers preferred shopping in the suburbs, while the Belvedere Rd. store grew steadily in sales and surpassed the Datura St. store. Continuing the movement away from downtown shopping, John Whitaker purchased property on U.S. 1 in Lake Worth and moved the store from its old downtown location and doubled the square footage of selling space in the process. Under John Whitaker's leadership, the sales of the company tripled in the first ten years of his tenure as president. However, John could not maintain the dividend policy that his father followed. With the expansion of the company, funds were no longer available to pay dividends to the minority stockholders. Understandably, tensions began to grow among the relatives.

Family Business Succession

Described as a process rather than an event, succession takes place over an extended period of time, often up to twenty years, in a family firm, which requires a long-term orientation for the participants (Longenecker & Schoen, 1978; Handler, 1994). Succession entails the passing of leadership from one family member to another in family firms when the individuals belong to different generations (Sharma, Chrisman, Pablo, & Chua, 2001). Successful succession involves the positive performance of the firm after the change in leadership as well as the satisfaction of stakeholders with the process (LeBreton-Miller, Miller, & Steier, 2004). Research shows that only 30 percent of all family firms successfully complete the succession from the first generation to the second, only 10 to 15 percent of family businesses survive to the third generation, and only 3 to 5 percent continue into the fourth generation and beyond (Lansberg, 1988; Handler, 1994; Shanker & Astrachan, 1996).

The person most responsible for the continuity of the family business may be the founder or incumbent leader because this person must possess the desire to transfer the business to the next generation (Barnes & Hershon, 1989). The relationship between the successor and incumbent in the business is important, but this central relationship must also have the support of the whole family including spouses, siblings, and cousins. Relatives should be accommodated and agree upon their positions either inside or outside the management of the firm (Handler, 1990).

Ward (1987) developed a classification system of family firms, using three categories: controlling owner, sibling partnership, and cousin consortium. In American family firms, approximately 75 percent are owned or controlled by one person or married couples, another 20 percent of family businesses are controlled by siblings, and the final 5 percent are owned by a group of cousins (Gersick, Davis, Hampton, & Lansberg, 1997). The natural progression for a family firm is for ownership to become more diverse with each generation although this pattern may be reversed with the buyout of relatives ownership interests by one or two family members.

Decision: Valuation and Acquisition of Company Stock

T. John Whitaker, Jr. glanced out the narrow slit of a window in his new office. After many years of working at the Datura St. Store, John had moved his executive office to a small space built into the corner of the new company warehouse in Riviera Beach (just north of West Palm Beach). There were five rooms in the office space - the other rooms were occupied by the company controller, the bookkeepers, and his new secretary - Jean Shaw, who had replaced Mrs. Woodall after her retirement. The warehouse was located in a rough part of town, so one should not stay there after dark to work late. John believed that the new office location showed less partiality to any one store and gave him the opportunity to more closely observe the receiving and delivery operations of the company. This afternoon, John was expecting his cousin, Jack Anthony, for a discussion of the family

stock ownership situation at Whitaker Furniture. Jack, who was related on John's mother's side of the family, and John grew up together in West Palm Beach and shared a close friendship, serving as best men in each other's weddings. In the intervening years, Jack had been very successful in the furniture industry, both as a manufacturer's representative and as the owner of two retail stores in Atlanta, Georgia. Jack was the perfect advisor because he was part of the family and knew everyone involved in the ownership of the company, but he did not own any Whitaker Furniture stock. Jack was in town for a short vacation on nearby Singer Island.

Seeing Jack pull up in his car and park in the open space directly outside his office window, John rose to greet his cousin while Jack ascended the couple of steps outside the door. John unlocked the office's outer door, which was kept that way for security purposes, and ushered Jack inside. "Hello, cousin! Thanks for coming over to meet with me today," said John.

"Johnny, I am always glad to discuss business with you and help however I can," Jack responded with a big smile.

"Have a seat here in my office, while I close the door. I want to discuss this stock ownership situation privately with you. As you know Jack, things are ticklish with the relatives. Over the past dozen years since my father passed away, I have been able to grow the company by expanding some stores and opening several more stores here in Palm Beach County. However, there has been no money left over to pay dividends to the stockholders. Here is the present list of company stockholders. (See Table 1.) My sister, Mary, and my cousin, Laura, have let me know in no uncertain terms that they are displeased with the lack of dividends. Something has to be done, so I want to develop a strategy to buy the relatives out," explained John.

"Alright, I see your point. I think that we can separate this list into three interest groups with distinctly different viewpoints and goals. The first group is your sister, Mary, and Cousin Laura; the second group is Uncle Dennis and your sister, Karen; and the third group is the minor stockholders - the Browns and the Jones," said Jack. "One good thing is that Aunt Lucille gave her 80 shares to you when she passed away, so you have 350 shares now."

"Yes, in my conversations with the stockholders, I have noticed that they have distinctly different attitudes. Uncle Dennis and my sister, Karen through her husband Eric, have worked directly in the business and they seem to realize that Whitaker Furniture is not just a little money-making machine that runs by itself. They know how difficult it is to make a profit. Unfortunately, Mary and Laura, who both live in Georgia and have rarely visited the stores here, have little idea about the vagaries of the furniture business. They tend to have unrealistic expectations of our profitability. Also, they tend to think of the company as 'using my father's/ uncle's capital to make money.' The Browns and the Jones inherited their stock from their parents, who were not involved in managing the business. They simply received dividends all those years. I think that the Browns and Jones will not be difficult to deal with because they have lower expectations of the busi-

ness and realize that they did little or nothing to warrant their stock ownership," John asserted.

"It may be easier to approach the minor stockholders first. They may also settle for a lower price because they have little leverage or investment in the company," observed Jack. “In any event, minority stockholders should accept a discounted price, perhaps ten percent, on the valuation of the stock.”

"Yes, then I believe that Uncle Dennis will be ready to negotiate a deal to obtain money for his retirement and he will be reasonable because he does understand the company and the industry," John stated. "I think that Karen will be fair in negotiations because of her husband's involvement with the company. Cousin Laura and my sister, Mary, may be the biggest obstacles. I will have to deal with them separately, after all the others have agreed to a buy-out."

"We will have to determine the stock's value and then make a plan to approach the relatives to acquire their stock," stated Jack. "In buying or selling a company, there are three major valuation approaches: the earnings approach, the balance sheet technique, and the market approach. In the earnings approach, we forecast future earnings and use a multiple to arrive at a price for the company. In the balance sheet technique, we value the assets of the company and subtract the liabilities or debts owed. The market approach requires knowledge of the profits of similar companies. In our case, this approach would be extremely difficult because our competitors are privately held companies like ours and do not disclose their financial statements to the public. So, I suggest that we use the first two approaches in our valuation."

"Yes, to aid our valuation process, I have a copy of our income statements for the past three years. (See Table 2.) I also have our balance sheet for the current year just completed," answered John. (See Table 3.)

"I must say, just between the two of us, that your dad did not do you any favors concerning the stock ownership situation," remarked Jack. "When I look at this list, I can only imagine that he had some different goals in mind. The way this stock is distributed benefits the extended Whitaker family - the aunts and cousins, but it does not benefit you as the direct heir and manager of the company. He has left a tremendous burden on you to clear up the ownership of the company. Many successors would just throw up their hands and walk away from this mess. After all, you are the one who has the knowledge and ability to operate a furniture retail organization, not any of these people. Why not sell this business and go open your own store?"
"That thought has crossed my mind," admitted John.

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Appendix

Table 1: List of Stockholders - Whitaker Furniture Company

Individual	Shares Owned	Percentage Owned	Relationship to T. John Whitaker, Jr.

John Whitaker, Jr.	350	23.33	Self
Mary Whitaker Gordon	270	18.00	Sister
Karen Whitaker Miller	270	18.00	Sister
Dennis Whitaker	200	13.34	Uncle, Brother of T.J.,Sr.
Laura Whitaker Durden	150	10.00	Cousin, Daughter of Dennis
Laura Whitaker Durden - Custodian for Richard E. Durden, a minor	50	3.33	Second Cousin
Laura Whitaker Durden - Custodian for Dennis C. Durden, a minor	50	3.33	Second Cousin
William Bradford Brown Brown	40	2.67	Cousin, Son of Undine W.
Dennis Whitaker Brown Brown	40	2.66	Cousin, Son of Undine W.
Elizabeth Jones Harris W. Jones	26.67	1.78	Cousin, Daughter of Virginia
Estelle Jones Mason W. Jones	26.67	1.78	Cousin, Daughter of Virginia
William T. Jones Jones	26.66	1.78	Cousin, Son of Virginia W.
Total	1500	100.00	

Table 2: Whitaker Furniture Company Income Statement - Current Year

	Current Year	Prior Year	2 Years Prior
NET SALES	6,568,127	5,458,443	5,162,287
COST OF GOODS SOLD	3,536,532	2,887,393	2,817,323
GROSS PROFIT	3,031,595	2,571,050	2,344,964
OPERATING EXPENSES			
Administrative	571,256	588,952	553,736
Occupancy	418,908	370,165	330,740
Advertising	328,576	333,570	298,382
Selling	614,329	515,270	504,369
Handling	216,330	193,289	186,278
Delivery	224,179	222,129	237,227
Total Operating Expenses	2,373,578	2,223,375	2,110,732

OTHER INCOME	34,501	16,013	18,647
NET PROFIT BEFORE INCOME TAXES	692,518	363,688	252,879
PROVISION FOR INCOME TAXES	321,764	109,107	74,860
NET INCOME AFTER TAXES	370,754	254,581	178,019

Table 3: Whitaker Furniture Company Balance Sheet - Current Year

ASSETS

CURRENT ASSETS			
Cash			128,737
Accounts Receivable			113,836
Merchandise Inventory			1,698,943
Prepaid Expenses			20,313
Total Current Assets			1,961,829
FIXED ASSETS			
	Cost	Accumulated Depreciation	
Land	354,908		
Buildings	1,612,163	586,838	
Delivery Equipment	134,727	84,724	
Warehouse Equipment	51,607	29,522	
Office Equipment	150,651	47,547	
Leasehold Improvements	92,116	73,393	
	2,396,172	822,024	1,574,148
OTHER ASSETS			
Cash Surrender Value of Executive's Life Insurance		97,528	
Investment - Downtown Properties, Inc.		16,200	
Utilities Deposits		823	114,551
			3,650,528

LIABILITIES AND STOCKHOLDERS" EQUITY

CURRENT LIABILITIES	
Current Maturities of Long-Term Debt	121,933
Accounts Payable	156,595
Deposits on Undelivered Merchandise	185,045
Sales Tax Payable	1,466
Income Taxes Payable	87,764
Other Accrued Expenses	144,928
Total Current Liabilities	697,731
LONG-TERM DEBT	1,128,491
STOCKHOLDERS' EQUITY	
Capital Stock -$100 Par Value -	

Issued 1,500 Shares	150,000	
Retained Earnings	1,674,306	1,824,306
		3,650,528

Biographies

Jim Cater is an assistant professor in the Department of Management and Marketing at Nicholls State University in Thibodaux, LA. He earned his PhD in Management at Louisiana State University. Jim's major research interests are in family business studies, small business, entrepreneurship, leadership, learning approaches, and case studies. Jim has published articles in the *Family Business Review, Academy of Strategic Management Journal, Management Research Review, Journal of Applied Management and Entrepreneurship, Annual Advances in Business Cases, Journal of Business Cases & Applications, Journal of the International Academy for Case Studies, Human Resource Development Quarterly*, and other journals.

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