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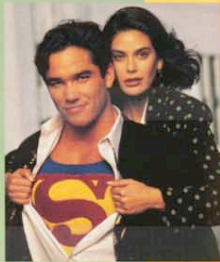


INTERNATIONAL UPDATE

JANUARY/FEBRUARY 1994 • VOLUME 15

Let Warner Bros. Fill Your Week With Entertainment

NEW FULL-SEASON PICK-UPS



LOIS & CLARK: THE NEW ADVENTURES OF SUPERMAN

The legendary Man Of Steel and his favorite reporter are back and better than ever in "Lois & Clark: The New Adventures Of Superman." This dazzling action series stars Dean Cain ("Beverly Hills, 90210") as Clark Kent/Superman and Teri Hatcher ("Soapdish") as Lois Lane. (ABC, 20 x 60' + 1 x 120')



THE ADVENTURES OF BRISCO COUNTY, JR.

This action-packed Western comedy stars Bruce Campbell ("Army Of Darkness") as Brisco County, Jr., a Harvard graduate on a mission to track down the Old West's most dangerous villains. An enticing mixture of fantasy, humor and spectacle create the ultimate adventure. (FOX, 26 x 60' + 1 x 120')



BABYLON 5

This spectacular science fiction series is an Emmy Award winner for "Outstanding Achievement in Visual Effects." In the year 2259 A.D., an exotic space station becomes a Casablanca-like haunt for vagabonds, heroes, and thieves throughout the galaxy. Michael O'Hare ("Rage of Angels") stars. (PTEN, 22 X 60' + 1 X 120')



CAFÉ AMERICAIN

Golden Globe-winner Valerie Bertinelli ("In A Child's Name," "One Day At A Time") stars in this hilarious comedy as a spirited, young American woman looking for adventure in the city of romance-Paris. Once there, she finds excitement and much more, managing the trendy, exotic CAFÉ AMERICAIN. (NBC, 22 x 30')



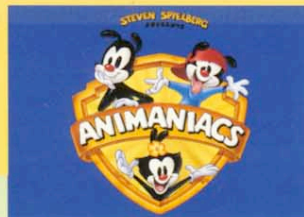
THE JOHN LARROQUETTE SHOW

Multiple Emmy Award-winner John Larroquette ("Night Court") stars in this critically acclaimed comedy as a down-and-out night manager trying to get his life back on track at an inner-city bus station. His daily encounters with an unpredictable staff and eccentric passengers are a constant threat to his sanity. (NBC, 22 x 30')



LIVING SINGLE

This outrageous ensemble comedy centers on four successful women whose lives, loves and dreams are all entwined as they pursue careers in New York City. Starring Grammy Award-nominee Queen Latifah, Erika Alexander ("The Cosby Show," "Going To Extremes"), Kim Coles ("In Living Color") and Kim Fields ("The Facts Of Life"). (FOX, 27 x 30')



STEVEN SPIELBERG PRESENTS ANIMANIACS

Wacky and zany characters come alive in the newest animated series from Steven Spielberg and Warner Bros. Animation. Guiding us through this fun-filled, half-hour adventure of mayhem, madness and mischief are the Warner Brothers, Yakko and Wakko, and their sister Dot. Each episode features a mix of comedy shorts, musical numbers and, most of all, plenty of classic cartoon humor. (FOX, 65 x 30')

FOUR-HOUR MINI-SERIES

THE BOURNE IDENTITY

Starring:

RICHARD CHAMBERLAIN...Jason Bourne
JACLYN SMITH.....Marie St. Jacques
ANTHONY QUAYLE.....General Villiers
DENHOLM ELLIOTT.....Dr. Geoffrey Washburn

Credits:

Executive Producer.....ALAN SHAYNE
Produced by.....FREDERICK MULLER
Directed by.....ROGER YOUNG

The bullet-riddled body of a man near death washes ashore from the Mediterranean Sea. Regaining consciousness, the man remembers nothing, not even his own name—this is the world of Jason Bourne (Richard Chamberlain - "The Thornbirds"). Robert Ludlum's riveting best-selling novel of international intrigue is brought to the screen in **THE BOURNE IDENTITY**.

Seeking to discover his true identity, Bourne stumbles across a number of clues, including evidence that plastic surgery has altered his face.

Bourne is horrified to learn he might be an international terrorist who vanished following the assassination of an American ambassador. In desperation, he takes a hostage, the beautiful Canadian economist Marie St. Jacques (Jaclyn Smith - "Rage of Angels"). Her hatred turns to friendship, and then to love, as she becomes entangled in the search to regain his identity.

THE BOURNE IDENTITY combines gripping suspense and mystery with a compelling love story, as Jason Bourne fights for survival, confronts his past and builds a new future.

Warner Bros. Presents An Alan Shayne Productions, Inc. Production.



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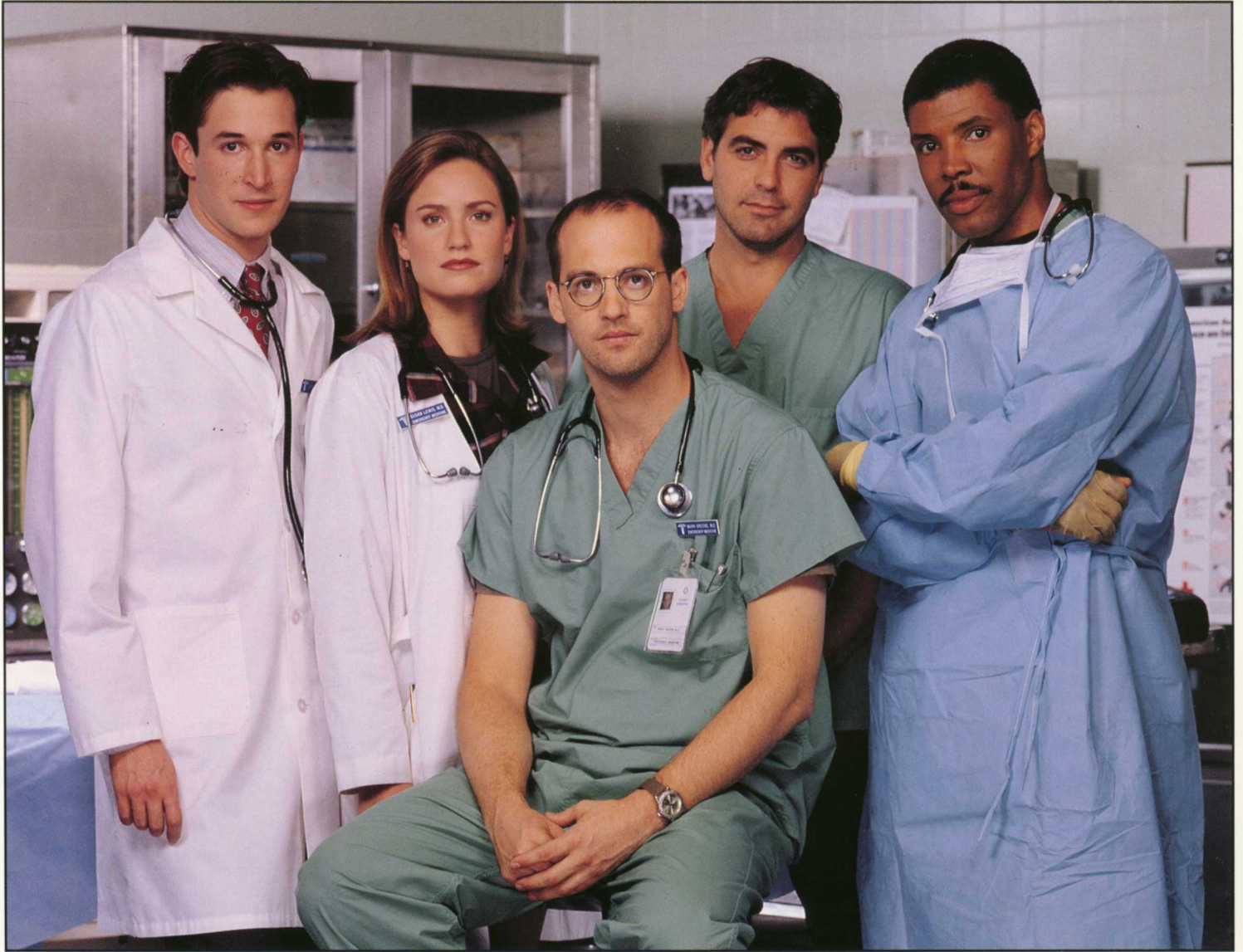


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ER

ONE-HOUR SERIES

Starring

ANTHONY EDWARDS Mark Greene
GEORGE CLOONEY Douglas Ross
SHERRY STRINGFIELD Susan Lewis
NOAH WYLE John Carter
ERIQ LaSALLE Peter Benton

Credits

Executive Producers JOHN WELLS
..... MICHAEL CRICHTON

Combining the extraordinary talents of Peabody and Humanitas Award-winning producer John Wells ("China Beach") with best-selling author Michael Crichton ("Jurassic Park") and Steven Spielberg's Amblin Television, ER dramatically and provocatively explores the chaos of an urban hospital emergency room and the lives of its dedicated physicians.

Medical resident Dr. Mark Greene (Anthony Edwards - "Top Gun," "Northern Exposure") is torn between the demands of his profession, his five-year-old daughter and his wife's desire to have him join a lucrative private practice. Dr. Douglas Ross (George Clooney - "Sisters," "Bodies of Evidence") is the handsome, charming pediatric resident who handles the enormous pressures of the ER in unusual ways. Tough, talented, ambitious medical resident Susan Lewis (Sherry Stringfield - "NYPD Blue") sacrifices everything for her career while dealing with her family's overbearing expectations and her growing affection for Mark Green. Third-year medical student John Carter (Noah Wyle - "A Few Good Men"), whose experience has been limited to dermatology and psychiatry, has a lot to learn...fast. And then there's cocky surgical resident Peter Benton (Eriq LaSalle - "Human Factor"), a smart, driven man who can handle just about any emergency that comes along.

When the difference between life and death rests on split-second decisions, only one thing endures--the dedication and passion of these young physicians in the ER.

A Michael Crichton Production, an Amblin Television Production in association with Warner Bros. Television.

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Risk is part of doing
business.

**But do you know your
true risk exposure?**



Organizations face risk on a daily basis, but many have not systematically identified and assessed their risk exposure. Risk comes in a variety of forms, from financial and market risk to operational and IT risk. Even when risks are identified, without proper assessment, organizations may not understand the synergistic impact of multiple risks and how this can affect their total risk exposure.

RSM McGladrey can help. We offer a range of risk management services and can assist you in fully identifying, assessing and mitigating the risks your organization faces. We can also analyze your actual cost of risk to help ensure your risk resources are allocated effectively and efficiently.

For more information, contact Carl Lackstrom.
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Protecting prosperity in the next generation

Wealth-transfer planning helps ensure survival of family-owned businesses

Introduction

Accounting for approximately 50 percent of the gross domestic product and 65 percent of all wages paid to U.S. workers, family-owned businesses are the backbone of the nation's economy.

In the tradition of entrepreneurial spirit, family businesses drive creation of new products and markets, showcase American work ethic and confirm a commitment to better communities.

But what does the future hold for these firms – and for the many lives they touch?

Over the next five years, nearly 40 percent of family enterprises will undergo a change in leadership. And many of these firms are not prepared for the challenges of such a transition. In addition to creating unnecessary stress for family members, this lack of preparation could have negative consequences for the prosperity of these businesses.

MassMutual Financial Group/Raymond Institute American Family Business Survey

Given the importance of these firms to our nation's economy and communities, MassMutual Financial Group and the Raymond Institute conducted a survey in 2002 to learn more about family businesses.

Key findings of the study, including those related to succession and estate planning, are discussed in this paper. Also included are recommendations for planning expedient, low-stress transfer of wealth with strategies designed to ensure that family businesses continue to thrive.

Many of the 1,143 companies that responded to the survey were formed shortly after World War II. More than four out of five are still controlled by the original founders. And nine out of 10 people who completed the survey believe the same family or families will control their businesses in five years.

These businesses reported a mean average revenue of \$36.5 million, signaling that America is in the midst of the largest transfer of wealth in our history.

As members of this generation prepare to retire, they will be challenged by the often-competing goals of keeping the business in the family while maintaining its growth and prosperity.

Successor uncertainty and stressful transitions

Although 39 percent of CEOs – whose average age is 54 – indicated they will change leadership in the next five years, only 42 percent have chosen a successor. Among the CEOs in this group who are age 61 or older, 55 percent have not selected their successors.

This troubling lack of planning foreshadows stressful transitions of leadership with potential for negative impact on prosperity of the business, as well as on family relationships. The seriousness of this situation is magnified by the fact that the average tenure for the CEO of a family-owned business can be six times longer than for a typical non-family, public company. Leadership changes in such instances can be traumatic.

On the positive side, four out of five respondents indicated that the business and family share similar values, and 40.4 percent of the respondents believe the family and business share the same goals.

Most respondents – 87.8 percent – believe the same family or families will control the business in five years. Of the CEOs who have chosen a successor, 84.5 percent have selected a family member, typically a 40-year-old college graduate.

Estate-planning pitfalls can jeopardize business

A major challenge to continued family ownership lies in the fact that, in one in five families, the senior generation has not completed estate planning. Because 70 percent of family-business owners have more than 75 percent of their net worth invested in their company, stock transfer plans are an essential part of estate planning.

Only 50 percent of the respondents routinely take advantage of the \$10,000 annual gift exclusion for their children, and more than 70 percent are not using their entire \$1 million exemption. More than one in three of the significant shareholders in these businesses report no knowledge of the senior generation's share-transfer intentions.

The survey found that 47.7 percent of respondents expect to depend heavily on life insurance to cover estate taxes. However, more than half of family-business owners do not conduct regular formal valuations of company share value. They are also optimistic about future growth.

In light of these factors, it is possible that estate taxes owed by the next generation may greatly exceed proceeds of life insurance policies purchased many years ago. These dangerous miscalculations could force founders' heirs to sell all or part of their companies in order to settle estate tax bills.

Companies facing range of business challenges

The majority of family-business leaders – 60 percent – are “very” optimistic about their firms' futures, with 48 percent expecting at least 6 percent sales growth. These leaders also believe that, in addition to the need to address family succession and ownership issues, their companies face significant business challenges.

The business challenges of greatest concern cited by respondents include: domestic competition, cited by 14.3 percent; management strength, cited by 12.8 percent; the recessionary environment, cited by 12.3 percent; and lack of qualified workers, cited by 8.5 percent.

Boards of directors may be under-utilized

The survey finds that family businesses have an opportunity to improve governance by making better use of the board of directors. Half of responding firms indicated that their boards meet only once or twice a year, and 13 percent said their boards never meet. A meager 29 percent said that their boards meet three or more times a year.

Surprisingly, in the era of Sarbanes-Oxley, only 30 percent of firms that reported having board subcommittees said that their boards include the recommended audit subcommittee. Among family businesses that are publicly held, boards tend to be larger, meet on a more frequent basis and compensate board members more generously than privately held companies.

Profile of the next generation

Family business leaders believe that their entrepreneurship will continue into the next generation. Of those who have chosen a successor, 84.5 percent have selected a family member to lead the company.

The typical family successor is 40 years old, and more than half are college graduates. In terms of education, there is not much difference from the previous generation.

Despite the fact that 71.7 percent of respondents said they have no policy addressing qualifications a family member must meet to obtain full-time employment in the business, an amazing 74.9 percent of successor CEOs have gained full-time work experience outside the firm.

Although women currently lead less than 10 percent of these firms, 34 percent of respondents said a woman may take over in the next generation. Nearly half the firms considering appointment of co-CEOs expect that one of the CEOs may be a woman.

At least one female family member works full time in 52 percent of these businesses, and 10 percent report having two female family members who work full time.

Strategic plans correlate to success

Management succession, labor costs and regulatory burdens also made the list. Given these and other business challenges, a surprising number are operating without a clearly articulated strategic plan.

Slightly more than one third – 36.7 percent – of survey respondents said their companies have a written strategic plan. And the existence of such a plan appears to be a strong predictor of firms' tendency to do other types of critical planning.

Firms with written strategic plans are more likely to have buy-sell agreements, as well as formal redemption plans and regular company valuations. These firms also have more frequent board of director meetings, more employees and greater sales revenues than firms without written strategic plans.

These findings suggest a strong correlation between creation of a written strategic plan and the actions that help ensure the survival and continued success of a family business.

Steering the financial future of your business

The findings of the MassMutual Financial Group/Raymond Institute survey make a number of things clear. Family-owned businesses have a strong desire to survive. Yet many are not prepared for transitional challenges that could have serious negative consequences on their businesses.

Creating a lasting legacy through successful transfer of wealth can be complex, but it is a critical step in protecting and growing the business.

Two types of planning are essential to a creating a legacy: strategic business planning for the company and succession planning for the owner. These tasks can be executed simultaneously to map out a business' course.



The following recommendations can help you steer the financial future of your business:

Chart your course

If you don't know where your company is headed strategically, it's difficult for you, the business owner, to plan your personal future. A good first step in charting your course is to craft, or revisit, mission statements for yourself and your and company.

Your personal mission statement should focus on family and personal goals. Outline retirement strategies and describe in detail how you plan to transfer the company while maintaining an income stream for yourself. Many options exist, including buy-sell agreements, profit-sharing plans and trusts.

Your company's mission statement should include an overarching statement of purpose for the business that will transcend leadership changes. Work with your go-to people to research, develop and put in writing a comprehensive and detailed strategic business plan that supports your personal and company missions.

When you work with your go-to team on the strategic business plan, tell them up-front about your personal and corporate missions. Perhaps your personal mission is to retire in great health at 55 years old with financial independence and a strong management team in place. And the mission of your company may be to delight customers and exceed industry norms for profitability.

To ensure your succession plan and strategic plan are in sync, ask your team to help you develop a comprehensive and detailed strategic business plan to achieve both.

Pick your captain

Once your strategically enhanced succession plan is on paper, you'll need someone to carry it out. A well-trained successor is the surest way to safeguard your company's future. To ensure you make the right choice, design a job description that specifies your successor's leadership qualifications. Spell out critical elements such as educational and experience requirements. And don't hesitate to suggest goals or duties – such as implementing better project management technology or expanding into new markets – that you believe will grow and strengthen your business.

Develop your itinerary

Devise a timeline for the transition process that will allow your successor to assume leadership gradually. Allow yourself plenty of time to prepare for departure while making yourself available to lend professional advice to your successor. Of course, succession and strategic planning involve too many details to present here. So, you may want to call your business advisor for advice tailored to your needs.