

LIFE'S WORK; The End of a Family Business

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By LISA BELKIN

JAY NEWTON has four children: three sons and a 15,000-square-foot restaurant in Phoenix. He opened the sprawling Beef Eaters steakhouse 40 years ago and has given his heart to the place ever since.

Even now, at age 83, he is at work by 8 a.m. and stays until well after the dinner rush. Of course his commute is an easy one: he lives in a bungalow, which is connected to the restaurant by a small patio.

Mr. Newton has known for a while that it is time for someone else to run Beef Eaters. But how to choose that someone? How do you pass along the sweat-stained, love-stoked sum of your life's work? Is success measured by the sale price of the business or the grace with which you bow out? If you insist on control even after you're gone, does this mean you're irrationally obsessed or justifiably proud?

For years, Mr. Newton assumed that his children would take over. After all, his oldest son is a kitchen chef and his middle son owns a local sports bar, meaning both are well prepared to take the helm of the family restaurant.

But the chef has made it clear that he wants to cook, not manage, and the bar owner has no interest in his father's quaint world of black leather banquettes, thick red carpets and antique suits of armor. The youngest of the three has health problems that would keep him from the job.

The more he thought about it, the more Mr. Newton realized he did not want to give this restaurant to his sons, because, with its round-the-clock responsibilities, the job was too hard.

"This style of restaurant demands that you almost live in it," he said, explaining why he built his bungalow in the first place. "If I had my life to live over again," he added, "I wouldn't go into the restaurant business."

So Beef Eaters will go to strangers, which makes it typical of an American small business. According to Michael Trueblood, director of the Family Business Council at California State University at Fullerton, while 90 percent of businesses in the United States are family-owned, "only 30 percent are successfully passed to the second generation, and 13 percent are successfully passed to the third generation."

Fairly recently, Mr. Newton has turned his thoughts to whom the strangers should be. He has entertained several prospective buyers, but none of them would promise not to change his restaurant.

"The people who have been interested have wanted to make it a Mexican place, or a banquet hall or part of some chain," he said.

This, too, is typical of small-business owners. "The business has values to the owner, which are not business values," said Wes Tyler, founder of Old Oak Partners, a family business-consulting firm in Easton, Conn.

He compares the emotions that grow up around a business to the ones that grow up around a house. "People have refused to sell to buyers who criticize their wallpaper," he said.

After rejecting his logical paths of succession, Mr. Newton hit upon a most illogical one. He plans to give Beef Eaters away. He is holding an essay contest and will hand the restaurant to the winner. Something like Willy Wonka and his golden tickets, or the "Yo! I Want to Be Your C.E.O." contest held by Ben & Jerry's in 1994. (No one actually won that contest, by the way. A headhunting firm found Robert Holland, a former partner at McKinsey & Company, who was asked to submit an entry anyway before being appointed to the job.)

Since announcing the contest last month, a new breed of potential owner has started showing up for a tour of Beef Eaters. "I can just see it in their eyes," Mr. Newton said. "They have the same feeling about this place as I do."

They also have something else: a \$100 application fee. That's not much to pay for a restaurant, to be sure, but if you read the fine print you'll get an idea of what made Mr. Newton such a sharp businessman in the first place.

He estimates that the value of Beef Eaters is \$2.5 million, and he reserves the right to call off the contest (and refund all application money) if he receives fewer than 25,000 applications. He will also retain title to the land on which the building sits, as well as the bungalow that is now his home.

"I worked my whole life for this," he said. "This is a way of leaving without going anywhere. I'll be haunting the new owner for a long time."

This column about the intersection of jobs and personal lives appears every other week.
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