

Businesses keep it all in the family

By Barbara Ruben

In 1903, Phil Caruso's grandfather started selling flowers in Washington, shortly after emigrating from Italy.

When Caruso was just 4 years old, during the Depression, he helped his father sell bouquets of lilacs and lilies to government workers on downtown streets.

Ten years later, Caruso quit school after 8th grade and went to work full time with his father and grandfather in the flower shop they opened in Adams Morgan.

Today, Caruso and his four sons still run the family business, Caruso Florist. Early in his marriage, Caruso's wife agreed to fill in for a couple weeks as a bookkeeper. That was 50 years ago, and she's still working at the store, too.

On busy holidays like Valentine's Day, various nieces, nephews and cousins help out at the store, which moved to its current M Street location after the original shop burned down in the 1968 riots.

"Some people get addicted to gambling. Our family got addicted to flowers," said Caruso, who turns 79 this month. "They are so pretty, so beautiful. When I look around the store, I see 50 or 60 different colors. How could you not love it?"

Caruso remembers selling upward of 1,500 bunches of peonies at cemeteries on Memorial Day — "back when the holiday meant more than an excuse to go to the beach" — and making bouquets of lilies of the valley for customers to celebrate May Day.

A business blooms

Caruso said there was never a question the flower shop would stay in the family as he was growing up.

That's the case with many family businesses, which are actually defined as businesses that are expected to be passed to succeeding generations of a family, according to Harsha Desai, Ph.D., professor of management and director of the Center for Closely Held Firms at Loyola College in Maryland.

Nearly half the gross national product and about half of total wages paid in the United States are generated by closely held businesses — those that are not publicly traded and have a limited number of owners, often family members.

PHOTO BY MARK PODGER



Caruso Florist has sold fresh flowers to Washingtonians for over a century. Phil Caruso (left) and his four sons (youngest son Stephen is shown) continue to operate the business started by Phil's grandfather in 1903. Family-run businesses foster closeness, but also have their own challenges.

Caruso said he enjoys a closeness with his relatives that he would otherwise not have forged without the business.

"I saw my grandfather and father every day of my life, and now I see my four sons every day of my life," said Caruso, who wears flower-patterned ties to work and lives in the Flower Valley section of Rockville, Md.

But Caruso worries that the next generation may not find the flower business as alluring as the last four generations have.

"It is a lot of hard work. We're open seven days a week and closed only on Christmas. The younger generation is all going off to college. It's hard to get them to come into the business. No one wants to

work holidays anymore," he said.

Caruso is not alone in facing a changing sense of priorities. Less than one-third of family-owned businesses survive into the second generation, and less than 15 percent make it to the third, according to the Center for Closely Held Firms.

Another challenge is that family-owned businesses tend to be less well capitalized than larger firms, said Jim Lee, professor of economics at Texas A&M University, in an interview with *Small Business Review*.

On the other hand, Lee noted, family-owned businesses enjoy what is commonly

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Family business

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referred to as “family values.” As a result, they are often perceived as caring more for their employees and customers than are larger corporate entities.

Promoting family values is just one of the characteristics of family-owned businesses, according to the recent American Family Business Survey, which canvassed such businesses to gauge their strengths and challenges.

The survey found that family business owners also tended to be more optimistic about future growth, more likely to select women leaders, hold themselves and their employees to a higher standard, and place their trust with other family members.

Saving the family farm

That trust helped Mittie Forbes Simmons hold on to the Prince George’s County farm that has been in her family since 1802.

Simmons was born on the farm in 1931 in a sprawling Victorian Gothic house, and grew up helping plant and harvest tobacco. But as an adult, Simmons moved to Florida to begin a real estate career.

Along with her six siblings, she inherited the Aquasco, Md., farm in 1959. While her brothers and sisters sold their parcels over the years, Simmons kept hers, despite a barrage of offers from developers to buy her portion.

“I was determined to save it for my daughter,” she said. The only problem was

that her daughter, Angel, moved to Seattle for college and then took a job there.

But when Simmons’ husband became ill with Parkinson’s disease in 1996, Angel moved back to help care for him — and to think about the farm’s next incarnation.

Farming of tobacco had declined greatly in recent years, and Angel, now 44, began to consider alternative crops — everything from shitake mushrooms to ginseng.

She finally settled on alpacas, gentle llama-like animals with long necks that are known for their soft, luxurious wool. She named her new business Villa de Alpacas Farm.

“When I moved back, I thought I’d be living on a tobacco farm, but I’ve really come to love those alpacas,” said Mittie, who helps out with the business side of the farm, as well as with the 93 alpacas.

“In the summer, we have to hose the babies down when it gets hot. They run in circles and dance. It’s about the most comical thing you ever could see,” she said.

Still, it isn’t all fun and games. The historic buildings on the property have fallen into disrepair, and renovating them takes more time and energy than the Simmons’ have.

In addition, the economic downturn has meant fewer people are buying the alpacas they breed or products made from their wool.

“I have absolutely no regrets,” Mittie said, however. “I can’t imagine being anywhere else.”

Angel is an only child and has no children of her own, but hopes a cousin might be interested in the farm in the future so it will remain in the family.

July and December. No registration is required and materials are provided. Volunteers are asked to bring their own hooks and needles.

Sewing up a new career

As with the Simmons family, there was no immediate heir apparent for After Hours Formal Wear in Arlington, Va., when it was put on the market in 1994.

The family business began in 1939 when Max Mager, a tailor in the sweatshops of New York, moved to Arlington to open his own business there. His son Jerry then added tuxedo rentals to the custom tailoring business.

But when Jerry died, no family member immediately came forward — until Harold Hess, Mager’s son-in-law, decided to make a career change. Hess had been selling cars, but knew a business opportunity when he saw one.

“This was a business that had put a lot of kids through college. It made sense for me to buy it,” he said. That was 15 years ago, and Hess is now 58.

Being well established, he continues to do well, even with the recession. He noted that he rented more tuxes during Barack Obama’s inauguration than during any previous one since he’s run the shop.

Senators are frequent customers, and he provided tuxes for the wedding of Supreme Court Justice Antonin Scalia’s daughter.

But rubbing elbows with celebrity doesn’t faze him. “No matter who they are, they all put their pants on the same way, one leg at a time,” he quipped.

Hess noted that After Hours has been in the same location on Wilson Boulevard for 60 years.

“People know us. It’s not like we’re some chain in the mall. We have kids going to prom who rented their tuxes from us, same as their parents did,” Hess said. “There’s something to be said for continuity.”

Additional reporting by Carol Sorgen.

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