A century-old retail business lays the groundwork for succession

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When Paul Hirshleifer left Hirshleifers, the retailer his great-grandfather founded 105 years ago, to his three daughters, he had little hope they could keep it going. The patriarch, who died in 2004, never shared important information about vendors, finances, and other matters. But Shelley, Caryn, and Lori Hirshleifer have had more success than most siblings who inherit a company. They’ve more than tripled sales at their Manhasset (N.Y.) business, transforming it from a store with a few high-end brands and lots of mother-of-the-bride dresses to a luxury retailer featuring more than 100 designers and serving 90,000 global customers. They’ve also doubled the floor space.

Now the time has come for the sisters, who range in age from 56 to 64, to begin preparing their children to take charge someday. “Being a family business is one of the qualities that makes us unique, so we want that continuity, but only if our kids want it,” says Shelley, the oldest.

Founders who have their name on the door and whose reputations are intertwined with their businesses often are reluctant to hand the reins over to heirs and do little succession planning, says Charles Mueller, Northern Trust’s executive vice president and director for trust and financial advisory services. “So many entrepreneurs are control-oriented, and that makes it easy for them to say, ‘I’ll deal with succession later,’” he says. The upshot: Only 30 percent of family businesses survive into the second generation. Just 12 percent are viable into the third and 3 percent beyond that, according to the Family Business Institute.

The Hirshleifer sisters beat those odds by sticking together and combining their talents. As children they sorted buttons for their grandmother, who ran the alterations department, and later went with their mother on buying trips. Today each manages a different part of the business, but they make major decisions together. Shelley, decisive and detail-oriented, oversees operations, including inventory management. Lori, the youngest, always loved fashion and is the buyer in charge of merchandising. As a teenager, Caryn, the middle sister, chastised her parents and siblings for talking shop at the dinner table—such as which customer bought a Chanel suit—instead of discussing politics and world events. But when she joined Hirshleifers 15 years ago, after working as an attorney in the New York City mayor’s office, she found she liked motivating employees and drawing up strategies for expansion. She oversees human resources and online sales, which began three years ago.

While the sisters worked for their father, he was the decision-maker. When Lori read books on merchandising, “my father said I was wasting my time because it was all about intuition,” she recalls. “If we disagreed with decisions he made,” Caryn adds, “he’d say, ‘It’s my business and if you don’t like it, leave.’” After he died, they turned his office into a conference room, replacing his desk with a round table.

Many siblings who inherit a family business fight about everything from who’s in charge to how to run the company, says Joel Freimuth, president of Blue Pearl Consulting, which works mostly with family-owned manufacturers. At one of his clients, a flooring company in Dallas, the eldest brother wanted to offer only the products his father had sold; the youngest wanted to try new things. “They finally agreed that the younger brother would run a division where he could experiment,” says Freimuth. New product introductions bumped up overall revenue by 13 percent.

The Hirshleifers put their own imprint on the family store, which is located at the Americana Manhasset shopping center, where sales average $1,800 per square foot, among the highest of any mall in the U.S. Lori began stocking dozens of different designer collections for leisure and work, as well as evening wear, shoes, and jewelry. As the staff more than doubled to 115 employees, Caryn delegated decision-making, a sharp contrast to her father’s more authoritative style. Three years ago they launched a menswear boutique, which is now one of the fastest-growing parts of the business. It’s run by Lori’s husband, David Sills, who formerly ran an online publisher.

While they don’t plan on retiring anytime soon, the sisters want to make sure that if and when their children take charge, they’ll be ready. Just two of their five children work at Hirshleifers. Shelley’s daughter, Marci, 37, is in sales, handling many of the store’s celebrity and highest-net-worth customers. Lori’s son, Rob, 24, works in social media and online sales and also helps his father buy menswear. “We want to give them the opportunity to be happy here, to find the space where they can be productive and make a contribution,” says Caryn. “But we also want to guide and mentor them so they can keep doing more.”

—Carol Hymowitz

The bottom line: Only 30 percent of family businesses survive into the second generation, and only 12 percent are viable into the third.