



# FAMILY BUSINESS

## newsletter

## Higher Taste

### *Elevating Food and Family*

Rhonda and Hans Wrobel wanted to build a food business that was good for the customer and good for the planet — but it also needed to be good for their family. It was their consideration for family that placed their wholesale food company on its current trajectory and made Higher Taste what it is today.

Before Hans and Rhonda began selling their grab-and-go vegetarian and vegan fare to stores, they ran a catering company. Rhonda, a health store worker, and Hans, a banquet chef, had moved to Oregon from the East Coast in 1986 seeking a market to make and sell the vegetarian food that had become important to them. Catering weddings and large events in the Portland area, they created dishes that were a hit among vegetarians and non-vegetarians alike and business was going well. But the late nights and weekend jobs were taking a toll on their family life.

Seeking regular work hours more conducive to family life, the Wrobels developed a wholesale food business, Higher Taste, in 1987. From the beginning, Higher Taste was a family effort. Their two sons and two daughters became taste testers in the garage-converted-kitchen (and the inspiration behind the basic bean-and-cheese burrito) and accompanied their parents on delivery rounds.

The family experimented with a variety of dishes: sandwiches, burritos, salads and quiche. They focused on quality, and the business grew organically. Their big break came when a buyer from Fred Meyer supermarket chain discovered their burritos while eating lunch at a local food cooperative. Not long after, the supermarket giant began carrying their products on its shelves.

Sons Jonathan and Abe, now grown with families of their own, have been at the helm of Higher Taste for a decade. Jonathan leads day-to-day operations, while Abe oversees the delivery system and truck schedules. Numbered among the company's 28 employees are other family members as well: Jonathon's wife, Kathleen Wrobel, is the head



*Higher Taste owners, left to right: Jonathan Wrobel, Abraham Wrobel, Rhonda Wrobel and Hans Wrobel  
Photo credit: Austin Family Business Program, Oregon State University*

bookkeeper and Abe's wife, Hailey Wrobel, manages human resources.

"It's really been wonderful to have them involved," Rhonda Wrobel says of the second generation, which has helped Higher Taste use technology to its advantage.

"In the old days, we did everything manually," she said. "Our children brought us into the computer age, which has allowed us to handle more volume."

Higher Taste's vegetarian and vegan products are now sold in 170 locations, including stores, schools and hospitals, in Oregon and surrounding states.

Having outgrown their current 4,000-square-foot production facility, the Wrobels are building their dream kitchen on farm land in Cornelius. When completed later this year, Higher Taste's new 17,000-square-foot processing plant will allow the company to take on some of the business it has been turning away and convert its line of fresh burritos to offer a frozen option.

Meanwhile, the Wrobel family has grown too. A third generation — the grandchildren of Hans and Rhonda — is already showing interest in the family business and has even appeared in instructional videos on the website.

Through generations, the family has gained a multitude of wisdom: Keep operations simple, maintain open communications, delegate responsibility and — above all — focus on quality.

"We take pride in what we offer people," Rhonda says. "We're sticklers on consistency and quality, that's why we've been successful."



# The Family Business Is Not a Life Sentence

By David Karofsky

*For many of us, being a part of our family's business is a deeply fulfilling experience. But for others, a career with the family can feel like a life sentence without parole. In my work as a family business consultant, I've been called in to advise in many instances in which the fit between individual and family business just wasn't right. And while the ideal is finding a way to make it work for everyone, sometimes that's just not possible. When the road chosen for you by your legacy diverges from the path you would have picked, what are your obligations to your family and to yourself?*

## *Should I Stay or Should I Go?*

When I first met Peter, he had been working in his father's manufacturing company for 15 years. An entrepreneurial CEO, Dad had built his business from the ground up and expected things to be done his way. Unfortunately for his son, Dad's freewheeling style was the opposite of Peter's very process-oriented way of approaching things. Every time Peter tried to bring what he felt was some much-needed structure to the business, his father shut him down, for all he wanted was his son to appreciate what his father had built. Not surprisingly, Peter and his father were feeling frustrated and unheard. Initially, when I met with them, it was to help them create a transition plan for Peter's presumed ascent to leadership when Dad retired. But after

working with them over the course of a couple of years, it was very clear they didn't need a transition plan; they needed a separation agreement.

Peter resented the fact that employees at the company took their cues from Dad and served as Dad's proxies in dismissing his suggestions and resisting any changes he tried to introduce. For his part, Dad felt like Peter didn't show senior management the respect they deserved. The formerly loving relationship between father and son had deteriorated to the point that Peter was making excuses to keep his kids away from their grandfather. Even Thanksgiving dinner turned into a battleground, with Peter's brother and sister taking Dad's side in the dispute. The fact that these two were also part of the future ownership group made the situation even more difficult. Under the stress of all this, Peter's personality had taken on a Jekyll and Hyde quality; away from the office, he was warm and personable, but once at work, his tone of voice, body language and even his facial expressions hardened and became forbidding.

It fell to me to tell him that the only good solution was to manage himself out of the company so that a transition plan could be made that didn't include him. He was shocked at the idea, at first — but as we explored it, I could almost see the stress leaving him. He knew in his heart that it couldn't work; he just needed permission to make a change. To his relief, his father gave him that permission with a full heart, and we began the process of separating him from the company. Three years later, both Dad's business and Peter's new

# You can't pick your family, but you can pick your career.

business are thriving — and Thanksgiving is back to being a joyous family occasion.

## *Feeling Like an Outsider*

Sometimes, the family business comes calling when you've already established yourself elsewhere — but your sense of obligation makes it tough to refuse. That was Alex's dilemma. He'd been successful in the corporate world of sales and enjoyed his high-energy city lifestyle. But one day Mom called to say, "We need your help." Dutifully Alex stepped up, joining the family business in the sales department where his stellar skills quickly made him the top producer for the enterprise. Even so, after three years he found himself unfulfilled. The move from a very polished and professional workplace to this exurban blue-collar business was a tough fit. His manager wasn't much help, so he had to figure everything out on his own and was stuck with a long-standing staff of workers he felt were unprofessional and unwilling to change. Frustrated and feeling trapped, he'd told his mother that he wasn't happy and that something had to give.

That's when his mother called me: Could I help them work through the issues that were troubling Alex and make the job tenable for him? I met with Alex, who expressed his resentment at having upended his life for his family's sake and being stuck in a job that made him unhappy and frustrated. Still, he was willing to give it another try, and agreed to make a yearlong commitment to doing what I suggested, although he wasn't optimistic. Together we worked through some of the challenges this situation presented, among them Alex's mother's conflict avoidance and unwillingness to accept his feelings. Alex kept his word and his commitment to try and make it work — but at the end of that year, he still wanted out. At that point, the focus of our work changed to helping him discover where his passion lay. I was able to coach him through that process, which ended with him leaving the family business to return to city life and a career of his own. That wasn't the outcome his mother had hoped for; as she saw it, she was losing her best salesperson and her son and now had to figure out how to fill the void that was left in the business. But even she agreed it was the right thing to do, because the stresses between them had threatened to derail their relationship.

As different as these stories are, the real issue for both families boils down to a lack of effective communication and unwillingness to change that prevented them from finding a workable resolution. By the time I was called in, the family ties had been badly frayed. In creating the opportunity for both sides to speak frankly and openly about their wishes and frustrations, they were finally able to hear each other and come to the right decision for the family.

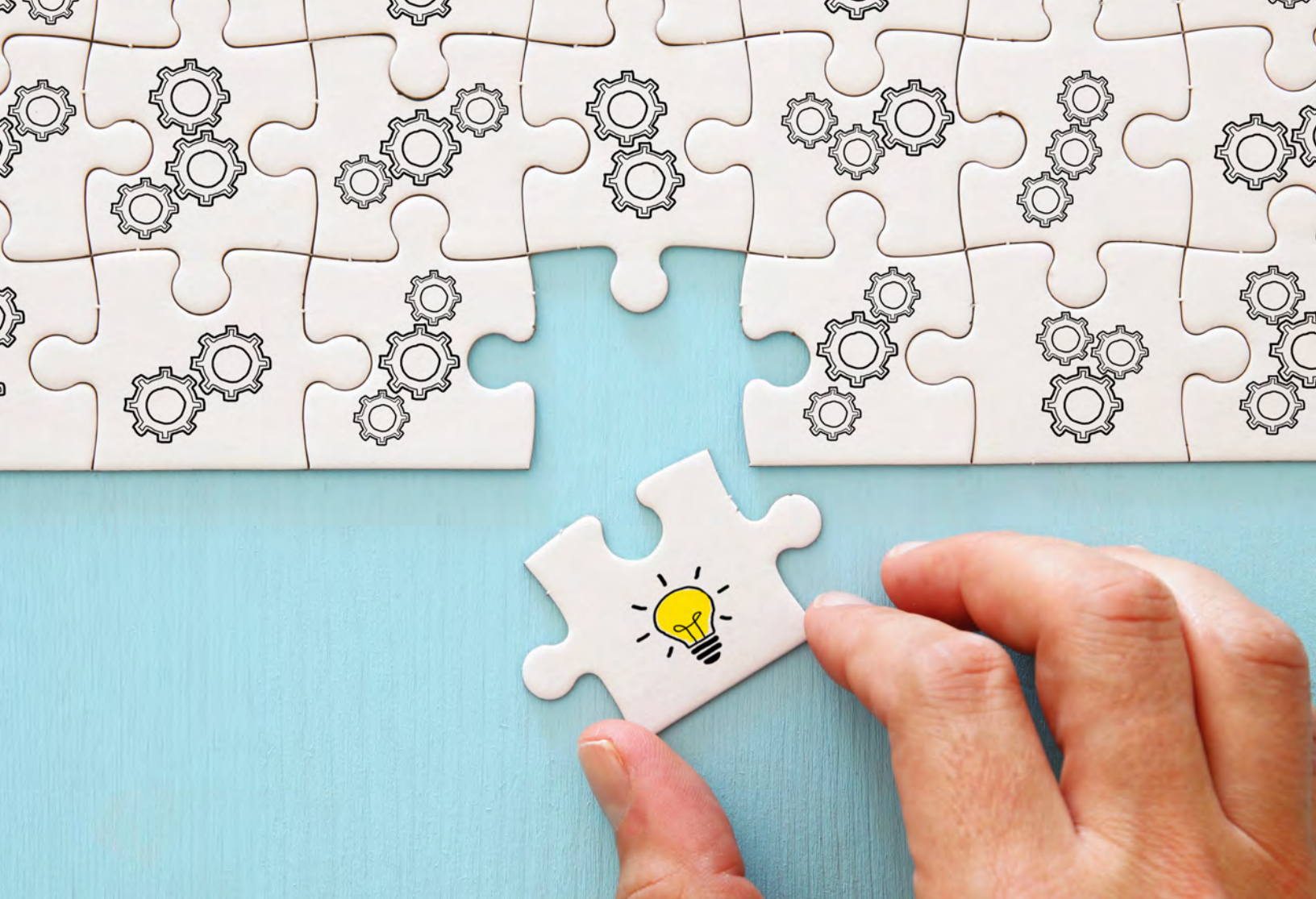
## *Don't Let Your Career Pick You*

How can you avoid a similar situation in your family business? First, address these kinds of issues proactively, and don't wait for them to build up. Keep the lines of communication open and flowing in both directions. Resist the temptation to shut down unwelcome opinions. The fact is, you can't pick your family, but you can pick your career — and obligation shouldn't be used as a blunt instrument to compel obedience. And although you may not be able to see it in the heat of conflict, it's often in the best interests of the family for the business and the individual to part ways.

In most cases, families are able to work through these kinds of issues by defining roles and responsibilities, establishing clear boundaries, finding the right seat on the bus for that family member and opening yourself up to change. But in no way should these two examples be seen as failures. In both cases, the unhappy family member was able to find a better path for himself, the family businesses were able to course-correct, and most importantly, the family relationships were repaired.

These kinds of clashes are likely to become more common as the next generation is asked to step into their parents' shoes. Young people today are not their stoic grandparents, nor do they share their Baby Boomer parents' sense of obligation. They're looking for their own happiness first. That will create challenges for family businesses in which open communication between generations isn't established as the norm.

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# Infusing Innovation Into Family Business Strategy

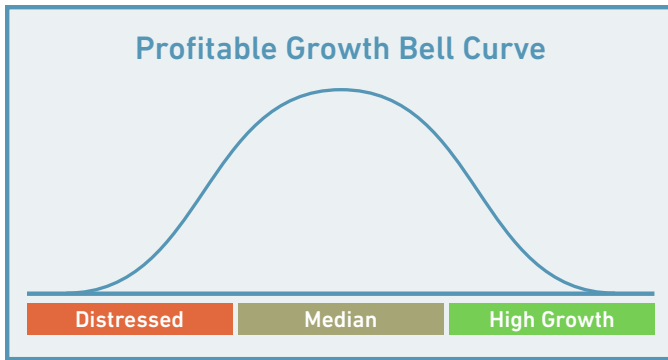
By Joe Schmieder

***D** eveloping strategies for a family business is tough work. Executing the strategies is even tougher. So how can a family business be expected to take planning to a new level? By infusing innovation into strategy!*

If yours is one of the few family firms that creates a strategic business plan, adding an element of innovation into the process will ultimately be more stimulating, thus increasing the probability of more meaningful plans that have true impact on the family business. Innovative strategies can also be more inspiring to execute. Infusing innovation into the strategic planning process is like the wind behind your back, lifting and supporting the strategy-development process to new heights.

## ***Finding the Right Innovation for Your Business***

Before diving into the question of how to infuse innovation into strategy, it is vital to understand the current economic health position of your family business. Determining the growth position will be a key determinant of the type of innovation thinking appropriate to aid in achieving the strategic initiatives you have developed.



On a classic bell curve of profitable growth, the “high growth” outlier region indicates those family firms that are growing at double-digit rates, often times doubling every couple years. The “distressed” outlier includes the few family firms struggling to make a profit and preserve the family business. The majority of family firms reside in the hump of the bell (the statistical zone of the mean and median) where they typically grow around the pace of the economy or in the single-digit range of 2% to 9%.

### *Innovation at the Extremes*

Interestingly, the family firms residing in either extreme of the bell — those in distress or those in high-growth mode — are more apt to infuse innovation into their strategies. The high-growth family businesses, characterized by the need for cash to fund growth elements such as inventory and accounts receivable, often need to be innovative about how to ramp up operations to meet the high-growth demands. They find themselves trying to live up to the proverb “make hay while the sun shines.” Innovative strategies to increase production become paramount: adding and blending a mix of more labor, more automation and more markets, both domestic and international.

For example, at a recent strategic planning session of a family business, the second-generation family leader celebrated the firm’s third consecutive year of growing more than 20% per year. He incentivized his leadership to “make more guesses on labor and capital needs, even if you over-hire or over-purchase capital.” A key strategic initiative emerged to develop a more flexible global production capability where they will be able to quickly shift production from North America, Asia and Latin America. In this high-growth phase, it is more important to build capacity while improving quality and delivery, all of which require more innovative approaches than a lower-growth company.

Family firms in trouble are open to trying new approaches because they know they have to change or potentially lose the business. These firms need rapid decision-making, more experimental tolerance, greater discipline on cost controls, and a shift toward compassion for the whole company, rather than individuals. If payroll reductions are required, there are adjustments that can be made for the benefit of the company without the shock of sudden layoffs. Along with moving people to part-time or temporary positions, a creative approach exercised by one family firm is called “tapping on the brakes.” It is a program that offers a steady wind-down of hours while still allowing time for outgoing employees to pass critical knowledge to others without abruptly departing.

A good idea is almost never enough.

Other firms in distress have infused creative financing into their strategies, engaging private equity firms that are more willing to take a minority ownership position. According to Warren Buffet, “A crisis is a terrible thing to waste.” These families should take advantage of their distressed situation and move from incremental changes in strategy to more radical or innovative changes since there is less to lose.

### *Innovation in the Midrange Family Business*

The most difficult bell-curve position for family firms to embrace innovation in their strategy development is found in the large hump of the bell. Here is often found a mindset of “business as usual.” It is with this majority where the need exists to be more purposeful about looking at innovative ways to develop strategies.

While only a third of family firms are known to develop written strategic plans, those that do often stick to fairly standard approaches to the planning process: Conduct a SWOT (strengths, weaknesses, opportunities, threats) analysis; check trends; review financials; and identify key strategic initiatives and performance indicators. What is often missing is a robust strategy development session forcing the planning team to look at things differently, suggest new approaches, think beyond best practices and try new concepts.

Some of the ways for these stable, status-quo-satisfied family firms to infuse innovation into strategy development are to:

1. Ask more probing, provocative questions.
2. Strive to develop best practices in their business or industry instead of copying what others may proclaim are current best practices.
3. Place a family member on an innovation team either as the leader or member of the team.

### Asking the Right Questions

Before diving head-first into a planning session, develop a list of relevant questions to trigger different perspectives and encourage creative thinking about the firm's strategy.

For instance, when one family continued to lose market share from their traditional direct sales channel, they began to ask:

- Why do we continue to market our products the same way when the channels of distribution are rapidly changing?
- How can we adapt to the digital world more quickly?
- How can we make money or “monetize” in the digital world?

These questions led to the development of a Digitalization Task Force that included millennials working in the business and a young marketing professor to assist the family in creating a multipronged approach to the digital world. New service offerings for developing websites, conducting focus group research and forming a digital communication agency have already emerged from this team.

Another family presented the following questions to its strategic planning team during an off-site planning session:

- Will our vision and mission help us achieve a long-term family business?
- What are 10 ways we can reimagine and package our product offerings in new ways?
- What are we doing to reboot our offerings and marketing for the new realities of customers buying in dramatically different ways?
- How are we going to take advantage of multimedia channels?
- What are we trying to do for our customers? What do our customers really want?
- When it comes to customers, how is our organization shifting from a “how many” to “who” focus?

Other family firms follow questions that management gurus like former General Electric chairman Jack Welch have posed to public companies. Welch has a series of competitive questions that could help a family firm trying to break out of their status-quo mentality:


1. What does your competitive environment look like?
2. In the last three years, what have your competitors done?
3. In the same period, what have you done to them?
4. How might they attack you in the future?
5. What are your plans to leapfrog over them?

### Making Your Own Best Practices Even Better

Meeting current best practices keeps you even with competition. Creating new best practices advances you past the prevailing conventional wisdom.

When Jimmy John Liataud, founder of Jimmy John's sandwich company, tried to beat Subway in the marketplace with higher quality ingredients, he learned that the consumer only placed an incremental value on the substantially higher quality meats, cheeses and other ingredients that Jimmy John's offered. They had





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already achieved the industry level of best practices in quality, operations and delivery time, so how could they differentiate themselves?

After much strategic discussion with many of their family-owned franchises, Jimmy John's decided to move past the current best practice for delivery time. This led to their "freaky fast" approach. Liautaud claims this changed everything. By upping their game in this key element to become the quickest sandwich delivery in the business, this strategy led to greater innovative thinking on improving order taking, sandwich making, delivery training and menu adjustments.

### *Infusing Family Into the Process*

When a family member is involved in the innovation process, it brings a heightened awareness to the process and forms an advantage for family businesses. A family member typically brings clout and an insider level of persuasion to effectively work through "messy" and often politically dicey development tasks, like securing funds for research and development or building a quick prototype. The presence of such innovation champions in the family leadership is essential for family businesses to grow beyond their core business. Of course, such champions require fundamental management skills to see innovation through. A good idea is almost never enough.

Matt Schad, a fourth-generation member of the family-run Nucraft Furniture Company, is a great example of an innovation champion. The business

creates high-end office furniture found in some of the most prestigious law firms and government agencies in the United States. Schad worked as an attorney with a Washington, D.C., law firm before joining Nucraft, where he rose to lead new product development. Though admittedly not a designer himself, he has the family position, business savvy and law experience to maneuver new products through the organization effectively. By combining inside talent and external design support, along with his deep law-firm experience, Schad has created a steady stream of products that have driven revenue growth and won high-profile industry awards. Schad was recently named chief executive officer, partially because of his success in creating new creative offerings.

It takes multiple approaches to infuse innovation into family business strategy. Asking provocative questions, developing your own best practices and inserting family leaders are just three ways to improve the odds of incorporating creative thinking into strategy development. Adding innovation should not be considered an additional step in the strategic planning process, but rather an integral part of the process.

And as one family leader pointed out: "Innovative thinking is not only critical for advancing the family business, it's a lot more fun!"

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— newsletter —

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