



FAMILY BUSINESS

newsletter

Olsen's Grain

Thriving Through Economic Ups and Downs

When family-owned Olsen's Grain began selling food for livestock and pets in Chino Valley, Arizona, in 1979, the company didn't realize how industry changes would influence its development. Now, 40 years later, the business has added five locations across the state.

Owners Mike and Sherrill Olsen, Steve and Kathy (Olsen) Sischnka, and Dan and Barb Olsen work together to drive the business to success.

"We were taught to have a strong work ethic, which has carried us through the years," Mike Olsen says.

Together, the family exemplifies their values by working together to meet the needs of customers by helping them maintain their rural lifestyle.

While there's a sense of purpose and pride working in a family business, it does come with some challenges.

"There is a lot of physical lifting and moving products," Olsen says. "Plus, the market has changed, and our business evolved drastically in the last 40 years."

As with any corporation, the economy plays a role in the success of a business. However, for Olsen's Grain, knowing what is happening in the industry has kept the business thriving through the economic ups and downs.

Through teamwork and dedication to the success of the corporation, Olsen's Grain was awarded the "Checker Up America" community leadership award by Purina Mills. "It is a great achievement for our family business," Olsen says.

He notes that one of the perks of being part of the family business is having a voice in the direction of the company.

"We control our own destiny and have a road map that we follow," Olsen says.

However, entrepreneurship does come with its own difficulties. Being on the same page and effective decision-making are a few roadblocks Olsen's Grain has encountered while striving for success.



Olsen's Grain owners Mike Olsen, Steve Sischnka and Dan Olsen.

But regardless of what hurdles the team comes across, it all comes down to communication.

"There are going to be different opinions. But, we have always been able to work towards what's best for the family and business," he says.

The future is bright for the Olsen family. As the business continues to evolve, Olsen's Grain is developing their succession plan and determining who will be leading the company's success into the future.

"Our ownership interest will be passed onto our children. They will become the owners of the business and carry it forward however they would like," Olsen stated.

Currently, Kyle Olsen, feed mill manager hay and grain buyer, and Kristi Hubbard, manager of the Flagstaff store, are part of the next generation who are the upcoming key players in the company.

No matter what the future holds, the core values that started the business will remain. Olsen's Grain will continue to thrive and be a reliable producer of livestock and pet food in the years to come.



Building a Foundation for Multigeneration Success

How Enterprising Families Become Champion Families

By Joshua Nacht, Ph.D., and Gregory Greenleaf

Much has been written about how family business owners can beat the odds of “shirtsleeves to shirtsleeves” in three generations. But far too often families wait until a business crisis or a disruption in family harmony forces them to create policies, procedures, and governing bodies such as boards of directors and family councils that help families navigate the challenges of being a business-owning family. There is, however, the rare family that doesn’t wait for a crisis but rather anticipates and plans for change and transition. These families, often working with the guidance of an experienced family business adviser, estate attorney and wealth planners, are proactive enterprising families that don’t play from behind. These families are champion families.

A champion family is a business-owning family that has actively and intentionally invested in its development and has created long-term success as a group. Champion families typically are larger multigenerational families that have thoughtfully managed the complexity of their situations and performed well as a large, growing ownership group. These families proactively invest in the development of seven key areas: leadership, purpose, values, governance, education, communication and relationships. Champion families do not achieve success by chance or accident. They deliberately invest the time and energy to overcome their challenges and make the most of their potential. Champion families are an inspiration and guide to other business-owning families,

and we have learned a lot from our champion family clients who have thrived across generations.

Champion families share seven notable hallmarks that make up the foundational elements of success for business families. This assessment is based on our extensive personal experience working with families, as well as established perspectives from colleagues through the field of family enterprise consulting. Each element helps promote performance, continuity, and family harmony, and are generally seen across successful business families. Consider your progress or needs pertaining to each of the elements described here.

Seven Elements of Success



Leadership: Distinct Leaders for the Business and Family

Champion families have dedicated leadership for both the business and family. These leaders have specific skills and attributes that let them excel in their domain. For instance, a **family champion** acts as a catalyst to facilitate significant development throughout the family by engaging and inspiring everyone to work collectively to sustain their legacy. Separate but complementary leadership specific to both business and family ensures that each aspect of the system receives specific and proper attention. Leaders work together in a complementary fashion, while also respecting boundaries between family and business.

Purpose: Alignment and Clarity

Having a clear sense of purpose gives meaning to the work the family invests in and helps support the development of what we call patient capital. This term refers to how business families approach their finances with a long-term perspective and allows them to make decisions with a far-horizon time frame. An aligned vision is a key factor in producing successful results. Vision is closely related to purpose, and we believe that having a clear vision is essential to champion families because it gives direction and inspires action. Champion families make decisions based on the clear intention to achieve their purpose and vision.

Values: Clearly Defined Guiding Principles

While purpose gives direction, the family's values help provide the why for doing the work and guide

decisions about family employment, ownership and conflict resolution. Values evolve from family culture, and they inform and perpetuate it. Values shape how family members treat one another and other stakeholders (employees, customers, suppliers and the broader community), and are clearly articulated by the family.

Governance: Robust and Specific Governance Structures

Governance is a broad term for an organized way to guide a group of people and to make decisions together. Governance applies to the family (a family council or ownership council) and business (board of directors). These structures work together and have distinct areas of focus. Family members can serve on both, connecting family and business productively. Effective governance is an essential way for business families to steward the business and manage the complexities of growing families in an aligned and systemic fashion.

Education: Striving for Growth and Fostering a Learning Culture

Champion families recognize the complexity and challenge of caring for a family enterprise. Through continuing education for both family and individuals, they create a culture of growth and development for family members of all ages and generations. Education is approached as a long-term investment that supports a culture of continuous development. The family might bring in educators, consultants and professionals to introduce specific content.

Communication: Healthy Interactions

Champion families pay close attention to how they communicate and interact. For many families, working on communication is the single most important activity because it is so foundational in nature. Effective communication and fair process produce a culture of meaningful interaction, trust, transparency and open-mindedness. Champion families often have communication agreements that address codes of conduct and provide policies, guidelines, explicit standards, and expectations.

Relationships: Strong Interpersonal Connection

Families who love and feel affection for one another are more willing to do the hard work of being owners together. In looking at the failures of business families, poor relationships and family dynamics are common contributors to strife, failure and negative outcomes. Respect and strong relationships produce and sustain the

bonds that make family members want to be together for a greater good. “I deeply love my family and want us to be wildly successful together,” one business family member we know said. “Not just in the business, but in the family.” An investment in good relationships helps champion families manage their discord productively. Families inevitably have disagreements — it goes with the territory. But champion families resolve conflict in a fair and inclusive way. They strive for greater trust and better relationships through a healthy resolution of conflicts.

A Champion Family in Action

Let’s look at a family that has consistently invested in their growth and capabilities as a family. The proactive Anderson family is an excellent example of a champion family, and they illustrate how hard work and dedication as a family can lead to positive results.

Champion families do not achieve success by chance or accident.

The Proactive Andersons

On the outskirts of a small Midwestern town is a billion-dollar business with diversified holdings in professional services, construction and real estate. The Anderson family owns an enterprise that includes more than 15 companies with operations in three states. The business family now includes three generations. Five siblings of the second generation — two sisters and three brothers, all in their late 40s to late 50s—lead the business with the assistance of a team of talented nonfamily executives. The founding generation is no longer active in day-to-day operations, but the patriarch is active in identifying new business opportunities. Three third-generation members and two in-laws work in the business as well.

The family recently formed a continuity planning committee including the matriarch, patriarch, all five second-generation siblings, chief financial officer, estate planning attorney, and their family business adviser to develop a multiyear plan for ownership and leadership succession. The Andersons created the committee when the older second-generation siblings realized they needed to plan for their own leadership succession and move out of an operating role within five to seven years. Additionally, the size of the fast-rising third generation (15 members, the oldest in their mid-20s) means it’s critical to educate and integrate these new owners into the governance process.

Following the lead of their parents and grandparents, two cousins in the third generation stepped up and organized monthly meetings where the cousins discuss business and family matters. Their goal is to become more informed, capable stewards. Each meeting has a structured agenda with agreed-upon discussion topics. Building on the education programs they attend at their family’s annual stakeholder retreat, several of the older cousins volunteered to study one of their operating companies and prepare a high-level update. In addition to helping them understand the family’s business, this exercise allows them to demonstrate and build their skills.

On the business governance side, the Andersons are developing a formal holding-company advisory board that includes the founders, all second-generation siblings and outside advisers. This group will evolve into a fiduciary board with independent directors. In thinking about any of these efforts, the family considers implications within and across the three circles of family enterprise — family, business, ownership, and adjusts their strategies accordingly.

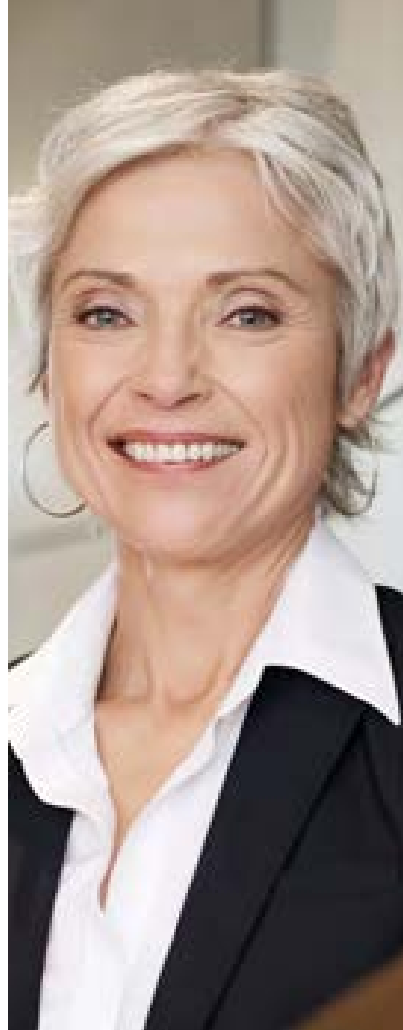
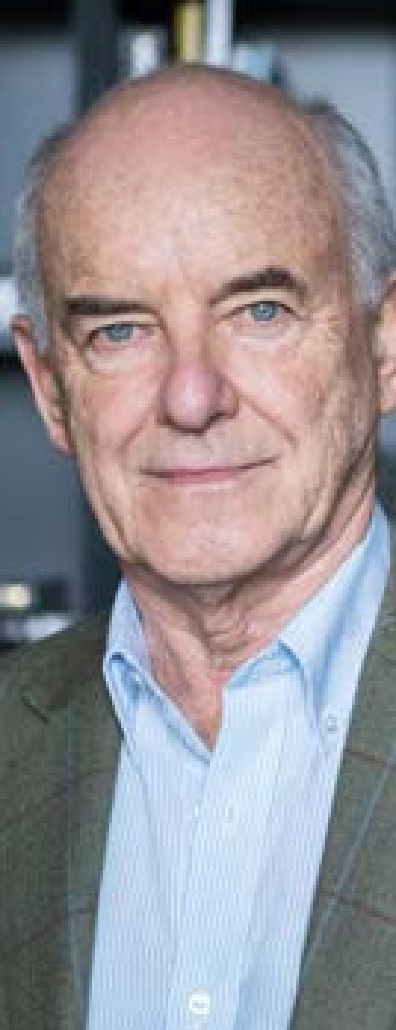
All siblings live within easy driving distance of one another, and the extended family meets often for holidays, barbecues and other family events. These get-togethers feature a balance of casual conversation and shop talk. Beyond such casual interactions, the family also has a conflict resolution policy that stipulates members do their best to work out issues among themselves first, and then to escalate as needed to an impartial person within or outside the family. So far, the system has worked well to foster healthy resolution and avoid the buildup of resentment. The Andersons continue reaping the material and intangible rewards of their enterprise.

Moving Toward Family Championship

Champion families have a tremendous amount to teach us about how they have achieved their success across generations. By looking at aspects of your leadership, purpose, values, governance, education, communication and relationships, you can create a strategic plan with your family that fosters the development of each of these vital areas. Acting proactively and with intention can help families who are in business together truly become Champion Families.

Joshua Nacht, Ph.D., is a consultant with The Family Business Consulting Group, Inc. working with multigenerational families to develop structured plans for continuity.

Gregory Greenleaf is a principal consultant with The Family Business Consulting Group, Inc. where he is an expert on succession, governance and professionalization of the family business.



Four Generations, One Workforce

Valuing Generational Differences in a Family Business By Joe Schmieder

Baby boomers think everything revolves around them. Traditionalists are old fashioned. Millennials are never on time. X-gens have no identity.

Stereotypes abound in the study of generations. Labels have created a generalized description of an entire population — some of it based on facts, yet much based on over-simplifications. Regardless of definition, today the U.S. workforce is composed of four major generations, each with members who were influenced by the events and technology in which they were born.

From Traditionalists to Edgers

In 2015 the Millennials became the largest generation in the U.S. workforce, followed closely by the X-gens.¹ Although out-sized in this workforce demographic metric,

Baby Boomers still hold most societal leadership roles; thus, their influence continues to be strong, albeit waning.

Never before have we had such a wide mix of multiple generations — from Traditionalists (born before 1946) to Baby Boomers (1946-1964) to X-gens (1965-1979) to Y or Millennials (1980-1995) and to a yet-to-be-fully-accepted younger gen referred to as “Z” or “i” (for iPhone, iPad, iPod) or Edge gen (born after 1995).

While these multiple generations affect all of society, they are having an especially unique impact on family businesses. The ongoing struggle between honoring tradition and pioneering change is playing out as Traditionalists and Baby Boomers try to maintain the family business values and guiding principles, while X-gens and Millennials seek more rapid change, particularly in the culture of the workplace.

While these multiple generations affect all of society, they are having an especially unique impact on family businesses.

- One family business millennial recently opted to stay with a young, hipster type culture instead of joining what she refers to as her “dad’s ole-boy-network business.”
- A 105-year-old family business manufacturer ripped out its old oak-paneled private offices, tossed out the Dilbertville cubicles, and created an open environment where even Millennials say it’s sometimes difficult to find a quiet place to talk!
- Another family business created multiple collaborative spaces with Starbucks-like venues where people gather to solve problems and join in video conferences around the globe.

Differences Power Family Business

Studies show that family businesses outperform their nonfamily counterparts over the long-run (McKinsey, BCG). Can this strong performance continue in light of some seemingly dramatic differences among the generations? Activities within family businesses suggest that they can indeed continue to be over-achievers as they embrace the strengths of each generation. Following are some areas where family firms are taking advantage of generational differences and may trigger ideas for your family business.

Providing a Voice

Family members from different generations have naturally close relationships — they are the grandparents, parents, young adults and children of family businesses. They often see each other in social and business environments. They build trust and understanding for each other’s viewpoints. Thus,

giving the younger generation members a meaningful voice in influencing decisions, if not actually making decisions, keeps family firms out front of market trends and prepares next leaders early. Many family firms now include Millennials as observers in the board room and members of key strategic committees. One family business created a separate “Next Gen Fund” to allow the X-gens and Millennials to investigate and recommend investments outside of the core business.

Longer-term Horizon With Greater Sense of Urgency

It is well-known that family firms take a much longer view of the business and their return on investments than nonfamily businesses do. While this patience is mostly a good thing, it can also be a disadvantage, as the overly-patient family firm may delay making adjustments in processes and product/service offerings. This is an area where the faster-paced younger gens can help move initiatives more quickly through the business. Does it really need to take two to three years to create a new product? Not with 3D printing, rapid prototyping and open source sharing — the types of tools that fit the younger gens’ mindsets.

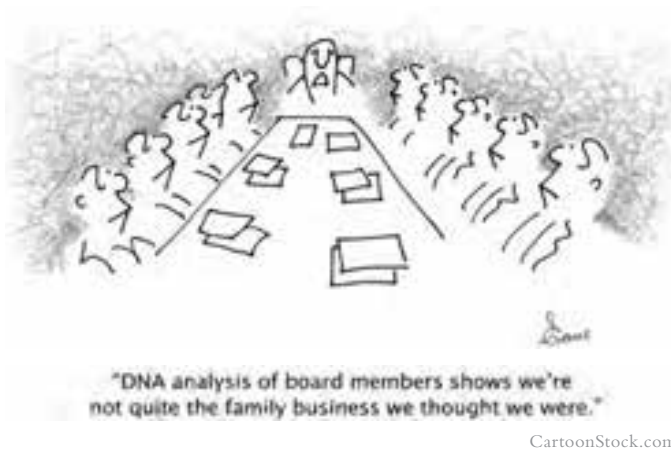
Shared Values Over Shared Profits

Unlike public-owned companies that are driven by shareholder demands for quarterly results, family businesses look beyond short-term profits to other values that have enduring impact. Millennials are seeking purpose-driven organizations. They want to make a difference, and do it quickly, as they believe our planet has been severely damaged by previous generations.

Consider a Generational Reset

Resetting the family business vision with input from the younger gens has helped some firms re-energize the company and attract younger people to join in the family business journey. Here are some “reset points” to consider:

- **Communication:** Arguably, the smart phone has been the most pivotal technological development for the Millennial generation, according to Phil Gwoke of BridgeWorks, a specialist in generational trends. This generation is best prepared to implement digital-driven initiatives. The younger gens are taking on roles in new product and service development, social media communication, and e-commerce — all

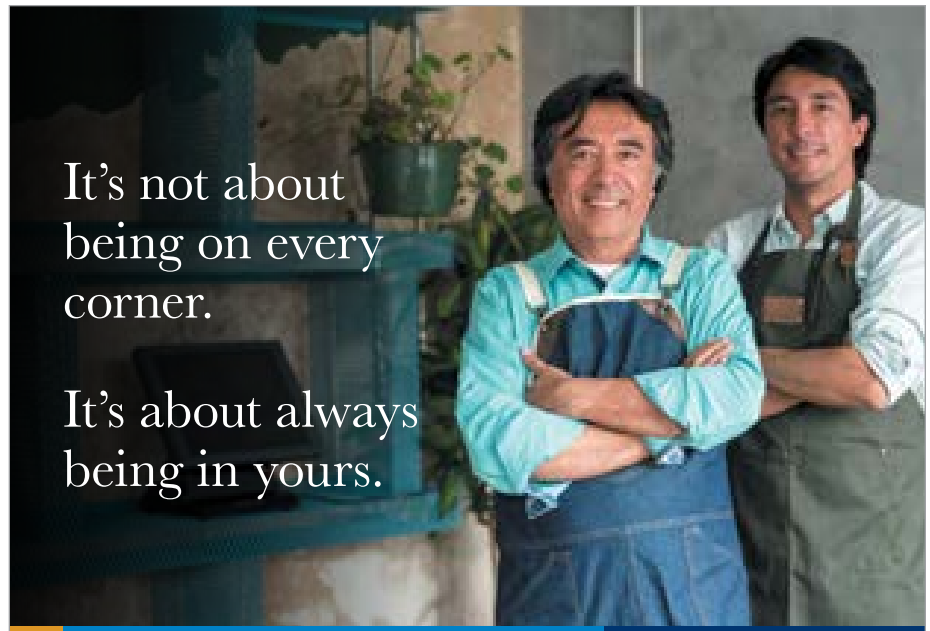


contributing greatly to the “re-invention” of their family business.

- **Incrementalism:** Groundbreaking new products, like the iPhone, rarely emerge from family businesses. Family-run enterprises tend to prefer smaller-scale, incremental innovation over radical changes. This “incrementalist” approach dominates partly because family businesses are averse to assuming large risks and taking on large debt. Not surprisingly, then, family firms tend to be quick followers or quick improvers, rather than original innovators. A few years ago, a manufacturer of foodservice equipment saw a shift in the way restaurants delivered food to their patrons. The younger gen members used their restaurant knowledge and generational experience to create a dynamic offshoot company that is now addressing this segment.
- **Family leadership:** Recently a Baby Boomer passed the leadership baton to his X-gen son. The fourth-generation member of the family-run furniture company prepared for his role through his experience as a practicing attorney and seven years working in various roles within the family business. It is a great example of transitioning family leadership smoothly from one generation to the next. The elder leader realized it was time to let go and keep a family member in the leadership role because customers, employees and suppliers find family ownership and leadership to be a strong asset. The X-gen son has the business savvy and legal experience to maneuver the family business in a new era of changing demands.

Our Times and Our Businesses

Each of us is shaped by the time in history in which we go through our formative stage from early childhood to young adult. “Times shape people and people shape times,” as Gwoke explains. The rising generations, shaped significantly by digital technology, are rapidly moving into leadership roles. Family businesses can



It's not about
being on every
corner.

It's about always
being in yours.

When running a family business, it's easy to get wrapped up in the day-to-day details. Which can mean you neglect vital financing needs, operational demands, and planning for a transition to the next generation.

Let us help with all your family business matters. Call or visit us online today.

calbanktrust.com/inyourcorner
1-800-CALIFORNIA



©2019 Zions Bancorporation, N.A.
A division of Zions Bancorporation, N.A. Member FDIC

continue to take advantage of this transition. Baby Boomers can let go and choose to empower their successors. Millennials can drive change that builds upon the success of the past. X-gens can bridge the gap between Boomers and Millennials while providing new ideas and energy. And lest we forget the greatest generation, Traditionalists can continue to ground us in the bedrock values that have guided our family businesses to be the strongest performers of any economic system.

1 Pew Research Center: “Millennials surpass Gen Xers as the largest generation in U.S. labor force,” May 2015 and “Millennials overtake Baby Boomers as America’s largest generation,” April 2016.

Joe Schmieder is a principal consultant of The Family Business Consulting Group, Inc. and the author of the book “Innovation in the Family Business: Succeeding Through Generations” and numerous family business articles.



FAMILY BUSINESS

— newsletter —

4320 La Jolla Village Dr, Suite 250
San Diego, CA 92122

calbanktrust.com

IN THIS ISSUE:

- Olsen’s Grain: Thriving Through Economic Ups and Downs
- Building a Foundation for Multigeneration Success: How Enterprising Families Become Champion Families
- Four Generations, One Workforce: Valuing Generational Differences in a Family Business

Articles provided by The Family Business Consulting Group, Inc. and reprinted with permission from “The Family Business Advisor” newsletter. Copyright 2019. Chicago, IL. All rights reserved.

www.thefbcg.com or 773-604-5005

The Family Business Newsletter may contain trademarks or trade names owned by parties who are not affiliated with California Bank & Trust. Use of such marks does not imply any sponsorship by or affiliation with third parties, and California Bank & Trust does not claim any ownership of or make representations about products and services offered under or associated with such marks. California Bank & Trust is a division of Zions Bancorporation, N.A.

Articles are offered for informational purposes only and should not be construed as tax, legal, financial or business advice. Please contact a professional about your specific needs.