



Volume 10, Issue 2
May 2002

FAMILY BUSINESS NEWSLETTER

A publication of the Delaware Valley Family Business Center



**Tripp Davis &
Louis D. Davis, Jr.**

**L. D. Davis Industries, Inc.
Huntingdon Valley, PA**

Letting Go Is a Two-Way Street ...

What We're Learning About Succession: *the Good, the Bad & the Extraordinary*

Wednesday, May 15, 2002

7:30 a.m. to 11:15 a.m.

Indian Valley Country Club, Telford, PA

started working here, he said, 'I don't want a spoon-fed job; I want something I can sink my teeth into.' Tripp earned his stripes by starting as a night-shift plant manager in North Carolina, then began handling more and more in sales. All the while, he learned from his father and four professional managers (whom Louis Jr. had brought aboard several years after the "dark days" of the late '70s and early '80s).

A smooth transition in any relay race is vital if the team hopes to win that race.

So it is in business – especially family businesses. "One's got to be passing the baton forward, and one's leaning back to take it," says Tripp Davis. "Otherwise the baton is dropped, and the race is over."

Tripp and his father, Louis D. Davis, Jr., are the featured speakers at the next DVFBC Forum on May 15. Their topic: "What We're Learning About Succession – the Good, the Bad and the Extraordinary."

In May 2000 Louis D. "Tripp" Davis III, then 36, took over as owner and president of L. D. Davis Industries, corporate offices in Huntingdon Valley, Pa. By all reports, the transition went well – and continues to do so.

Successful succession, however, is anything but automatic. In fact, it's axiomatic that "if it were easy, everyone would do it," says Tripp, who observes that the smooth handoff of the baton can have a relatively small "window." To illustrate, he says it would have been a big mistake for him to have taken over straight out of college, just as he would not have stuck around into his 50s or 60s had his father clung too long to the company reins.

The carefully planned and implemented transition from Louis Jr. to Tripp stands in stark contrast to the transfer from Louis Sr. to Louis Jr. That "transition" essentially consisted of the death "in the saddle" of Louis Sr. in 1977 at the age of 77. "Tripp is much better prepared than I ever was," says Louis Jr. "The difference is *night and day.*"

Louis Sr. left the family farm and moved to Philadelphia. In 1926 he invented and patented a sandblasting stenciling device for the cemetery monument industry. One of the raw materials he made for the process was animal protein glue. Over time the admixture became, well, the "glue" of the business; L. D. Davis Industries has sold it and other adhesive products largely to box makers and book publishers for three-quarters of a century. The company is now No. 1 in the world, employing about 60 persons in Pennsylvania, Georgia and North Carolina, with annual sales of more than \$15 million. "We're a very big fish in a very small pond," says Tripp Davis.

After serving in the U.S. Army and finishing college, Louis Jr. approached his dad about a job. The working relationship, though often rocky in the extreme, lasted 16 years – until Louis Sr.'s death. Louis says his father's managerial style could best be described as "my way or the highway."

When Louis Sr. died, his 1954 will made no allowance for the fact that a son had been deeply involved in the business for 16 years. He also had a mere \$5,000 in life insurance, a policy he had taken out in 1929. And Louis Sr. had \$890,000 in the bank, which meant a half-million dollars ended up going to Uncle Sam.

Out of his own experiences with his father, Louis Jr. vowed that things would be different – both in terms of finances and preparation – if his son came into the business. He kept his word.

And Tripp did his part. After college, he got established in the business world for three years before returning (in 1991) to L. D. Davis Industries where he had helped out as a teenager. According to Louis, "When Tripp

Approaches Seniors May Take to Succession

- I'm going to die in the saddle!
- I expect the next generation to figure it out
- Let's work at succession planning together!

Which of the above best describes your family's approach?

In the fall of 1998 Tripp contacted Henry Landes. The owner-to-be felt the need for an outside mentor – "a person who could help me avoid groupthink and help me think 'outside the box.'" Reflects Tripp: "I don't think I could've picked a better person. **I remember Henry asking, 'What do you want to do with your life? You can be anything you want.' That was an epiphany!**"

After Tripp began meeting with Landes and a TEC group, Louis noticed a difference in his son. "I saw a quantum leap in his ability after he got mentored by Henry," says Louis, citing increased confidence *and* competence in Tripp.

Tripp took over as owner and president on May 18, 2000 – his father's 66th birthday – more than a year ahead of schedule. That day Louis laid a remarkable and heartwarming letter of congratulations on his son's desk; the letter was excerpted in the November 2001 DVFBC newsletter.

The May 15 Forum is sure to be both enlightening and entertaining as the Davises describe their adventures in *The Succession Zone*.

Why We Avoid Succession Planning

When will Dad or Mom die? Succession would be easy IF WE KNEW when. Since we really don't like to think or talk about death (especially those whom we love most dearly), succession planning is often avoided at considerable risk to the family and the business.

Learning Lab Opportunities

Luncheon Meetings, 11:30 a.m. to 1 p.m.

Women in Family Business: April 5

Next Generation: May 15, after Forum

Lead Siblings: September 19, after Forum

CEO Spouses: To be announced

To register or for more information, please contact Sally Derstine at (215) 723-8413 or sally@dvfambus.com.

Scenes from Our March 14, 2002, Family Business Forum

Beyond Shouting, Sarcasm & Silence: Transforming Your Work & Family Relationships— One Conversation at a Time

with Susan Scott, Fierce Conversations, Inc., Seattle, WA



Over 160 persons are challenged by a dynamic morning of interactive learning to engage in "fierce" conversations as leaders, family members and colleagues.



Using a beachball and a flip chart, **Susan Scott** illustrates how each color represents a different point of view. Each view is a "piece of the truth." **Susan's** "decision tree," a tool for delegation and professional development, was also a valuable and practical take-home handout.

Member Highlight at March 14 Forum

Ron Wurz, President, Accu-Sort Systems, Inc., Telford



Ron Wurz shares how the Forum and TEC (The Executive Committee) have helped him to grow in his role as CEO at **Accu-Sort Systems, Inc.**

In groups of three, **members apply what they're learning** about "Mineral Rights"—mining for greater clarity, improved understanding and impetus for change.



Cleo Weaver, Triangle Refrigeration, Leola; Leon Moyer, Moyer's Chicks, Quakertown; Scott Orzechoski, Quakertown National Bank



(Left to right) **Phares Zeiset, Mel Weaver, Jesse Martin, Ken Weaver, Lynn Burkholder, Weaver Companies, Goodville.**



Beth Fluke & her daughter, Leslie Woodward, Dandelion, Philadelphia.

Henry Landes, DVFCB president, presents the first-ever "Total Family Attendance" award to **Debbie Hollinger** and granddaughter **Analeise, Four Seasons Produce, Denver.** The plaque is a poem titled "Our Chosen Family."



The Hollinger Family represents three generations of learning: **Scott, Jolienne & Analise Guthridge; Theresa & Jason Hollinger;** and (back) **Debbie & David Hollinger.**



Ted Heeps & James Heeps, K. Heeps, Inc., Allentown.



Cheryl & Gary Derr, Diversified Refrigeration, Dublin.



Henry Landes chats with **Carol & John Stoltzfus, I. K. Stoltzfus Service Corp., Manheim.**

Welcome to NEW Forum Members

Diversified Refrigeration, Dublin
Hypex, Inc., Southampton
J. W. Carrigan, Inc., Lansdowne
K. Heeps, Inc., Allentown
Nemath Construction, Lansdale

Members Comment on March Forum ...

I was particularly challenged to "have the necessary conversations today." The "confrontation model" outline was very insightful, and I am planning on using it.

Dan Balmer, Penn Valley Bottled Gas, Telford

Susan Scott's examples of real-life communication were the best testimony on how to communicate! I feel we can immediately apply what she presented.

Meg Schell, Electronic Systems Company, Allentown

Very powerful! Loaded with practical insights. I rate it a 10.

Cleo Weaver, Triangle Refrigeration, Leola

Unable to Attend the March 14, 2002, Forum?

___ Please send me the audio tapes (set of 2) and handouts of the last Forum featuring Susan Scott, "Beyond Shouting, Sarcasm & Silence: Transforming Your Work & Family Relationships—One Conversation at a Time." (\$20)

Name _____

Address _____

Please add 6% sales tax and \$3 shipping to the total and make your check payable to Delaware Valley Family Business Center, 1011 Cathill Road, Sellersville, PA 18960, (215) 723-8413.

News & Notes from Our Director

It's Back!

Spring is a time for rebirth ... hence, a most appropriate time to invite you to become part of the new beginning of a special group, "Women in Family Business."

In 1996 and 1997, as some of you will recall, we offered a variety of "breakout sessions" immediately following Forum events. One particularly dynamic group, "Women in Family Business," blossomed into gatherings of anywhere from five to 25. We adopted a mission statement that began, "To create a supportive environment where we can assert ourselves through sharing our individual strengths and skills ..."

A highlight of this group was a holiday luncheon. Beryl Byles presented "Women, Work & Wonder: Finding Our Voices." The exercises were invigorating and enlightening as each of us explored our internal priorities, followed by our external realities.

Now in the spring of 2002 we'd like to see the rebirth of this group. I invite both past members and new participants to attend our rejuvenated "**Women in Family Business Learning Lab.**"

Let me know if you'd like to join this special gathering — or simply learn more about it.



Sally Derstine
Forum Director

Finding the Right Buyer for Your Business

For many owners, selling the family business is a lot like selling the family home. You don't want just anyone moving in and sitting in the captain's chair. Because it's such a personal transaction, who buys your business is sometimes as important as how much they're willing to pay.

A Buyer's Real Value

Once you put your John Hancock on the sales agreement, you generally no longer have say over what happens to your company. Buyers can change the name, revamp the product, move the company, sell its assets, fire the employees, and so on. They can do what they want with the company.

That's why many family business owners seek a buyer with similar values and goals. "The sellers of a public company have a fiduciary responsibility to sell to the highest bidder. Family companies have no such constraint," explains Netbusiness Expert Charles Stein in "Selling the Family Firm without Tribal Feudalism" (<http://netbusiness.netscape.com/fsb/features/index5.psp>, Feb. 14, 2001).

Those who feel this strong community commitment get depressed even thinking about the next buyer pulling up stakes and moving. Not only will the company name be lost to the town that nurtured it, but longtime employees could lose their jobs. Finally, if the company's activity is critical to the area's economic stability, its removal could destroy a town.

Other business owners whose family names have graced the skyline

for generations are saddened when the new owner changes the company name. It seems that a part of history is lost, not just family memories. And those owners who view a company as a living entity are distressed to discover the buyer plans to strip the company of its assets (land, subsidiaries, etc.), then dissolve it.

Sharing the Vision

Once you've decided to sell, you must determine what you (and the rest of the family shareholders) want out of the sale. Is it simply cash? Or freedom from the responsibilities of ownership? Are you looking for new capital to grow the business? Your answers will help you determine which buyers share your values. Because it typically takes two years to sell the family business, you have time to really study your prospective buyers.

Agreements regarding the company's future after acquisition must be part of the original deal. Therefore, anything to do with severance packages, headquarters location, company name, and responsibilities referencing your continued association with your company must be in agreement.

A business owner who sells but continues working in the business as an "employee" or "minority partner" may be in for some unpleasant surprises. Of all approaches, this plan requires that the new and old

owners see eye to eye, have the same values and objectives, and approach the destination with similar philosophies.

If you sell to a consolidator or public company and plan to stay in the business, don't be surprised if their goals are very different from yours.

If you're accepting the acquirer's stock as part or all of your remuneration for tax purposes – or because this is the only way the deal will go through – research the new company, its management and business philosophies thoroughly. Ask yourself if you agree with them regarding community and loyalty. Find out how much they value the company name, or if they're really after something else (market share, properties or patents, for instance).



Kevin Nicholson
Walsh & Nicholson Financial Group

No matter what you finally negotiate regarding the sale of your business, once it's done, it's usually over. (There are rare tales of prior owners who rebel at the purchaser's vision and reacquire their companies.) In any case, you have to move on emotionally to succeed.

Walsh & Nicholson Financial Group, an independent financial planning firm in Bala Cynwyd, partners with the Delaware Valley Family Business Forum.

MEMBERS! If you haven't already taken advantage of your **Estate Planning Fire Drill** to ensure short-term protection for your family and business in the event of a catastrophe, call Kevin Nicholson or Brian Walsh at (610) 664-4400.

Welcome to Our NEW Forum Partner



Please join us in welcoming **Steve Wisocky** from Clair Odell Group, a premier provider of property & casualty insurance in Plymouth



Steve Wisocky

Meeting. With 15 years' experience, Steve is well-equipped to help you identify and manage insurance costs, as well as the exposures inherent in your business operations. **Forum Members, take advantage of your complimentary *Corporate Risk Audit*.** Call Steve at (800) 220-3008, ext. 6582, today!

How Can Family Business Forum Membership Help MY Business Family Thrive?

1 **Quarterly Forum Meetings.** Learn from successful business families and experienced family business advisors. **Member companies receive one FREE registration to EACH Forum.**

5 **Get instant answers** to almost 100 family business topics through an exclusive on-line library housing hundreds of articles (www.dufambus.com).

2 **Policy Handbook for Business Families.** A practical, how-to handbook designed to educate and help business families meet together to develop their OWN family business policies and plans. **Members receive new Handbook inserts at each meeting!**

6 **Introduction to the Family Meeting Process.** An individual meeting with your family to introduce the family meeting process, how to use the **Policy Handbook** and other resources.

NEW! 3 **Learning Labs.** Unique opportunities to focus on specific issues in a smaller learning environment, i.e., Next Generation, Women in Family Business, CEO Spouses, Key Non-Family Managers.

7 **Estate Planning Fire Drill.** A quick, concise process designed to identify and resolve problems associated with your untimely death; includes a valuable written report (\$500 value).

4 **Family Business magazine annual subscription.** Written exclusively for the owners and managers of family companies focusing on the tough issues virtually all business families must face (\$95 value).

NEW! 8 **Corporate Risk Audit.** A complete study of your company's property & casualty insurance exposures to ensure total protection.

NEW!

9 **Legacy Review.** A quick review to determine if your legacy plan adequately reflects your values and desires.

10 **2002 Membership Directory**, which facilitates member-to-member learning.

Annual Membership Fee. Thanks to the generous support of our partners, the annual membership fee is \$600. Limited to family firms; subject to review by our Membership Committee. Membership is on an annual basis.

WHAT is the Family Business Forum?

An association of about 90 business families which meets quarterly for educational, informative, interactive programs to help **strengthen** families and **build** high-performing businesses.

Our FAMILY BUSINESS CENTER

Since 1989, our clearly defined process helps families beat the odds through **The Succession Zone**. Our team of experienced consultants, educators, and speakers helps business families:

TALK about the real issues,
WORK TOGETHER in teams and
PLAN for the future.

Return this Form to Register for May 15 Forum



Business Name _____
Address _____ City _____ State _____ ZIP _____
Phone _____ Fax _____ E-mail _____ Website _____

May 15, 2002 What We're Learning About Succession - The Davis Family



Name(s) _____
Total Registrations (less one FREE) _____ X \$75 = \$ _____

Non-members may attend once as a guest at a \$100 registration fee.

NEW MEMBER \$ 600

Draw check and mail to: Delaware Valley Family Business Center, 1011 Cathill Rd., Sellersville, PA 18960
Cancellations must be made two days prior to event. The registration fee cannot be refunded or waived when cancellations are made after that date or when the registrant does not attend.

Total: \$ _____



The **Delaware Valley Family Business Center** has helped over 400 business families to thrive through family meeting facilitation, strategic business planning, team building, succession planning, mediation, mentoring successors, outside board development, compensation. Call (215) 723-8413.



Hamburg, Rubin, Mullin, Maxwell & Lupin is one of the premier Montgomery County law firms, serving the community for more than 30 years. We have helped hundreds of family businesses with succession planning. Our other areas of specialty include business law, estates, family law, real estate and environmental law, commercial litigation, personal injury, and employment law. For further information, contact **Jonathan Samel** at (215) 661-0400, or visit our website at www.hrmmml.com.



Detweiler, Hershey & Associates, P.C., believes success is a result, not a goal. And succeeding takes more than great ideas and hard work. You need wisdom and counsel from trusted advisors. Someone who understands where you want to go ... with the experience and training to get you there. For more than 56 years our individual and business clients have enjoyed financial success using timely advice from our team of consultants. Contact **Bruce Detweiler, Bob Schoen, or Jim Rittenhouse** at (215) 723-8901, or visit us on the web at www.detweilerhershey.com.



The Quakertown National Bank is an independent community bank which provides a full range of banking services to business organizations and families. Founded in 1877, QNB has seven offices located in Bucks, Montgomery and Lehigh counties. Our vision is to help our clients achieve their goals by providing a financial relationship built upon exceptional personal service and a sincere interest in their success. For further information, contact **Bob Wicand** at (215) 538-5600, ext. 5611, or visit our website at www.qnb.com.



Stewardship Solutions
MMA Trust Company



Mennonite Foundation and MMA Trust Company are dedicated to helping families make a difference in the world by incorporating their goals and values into their estate planning. We assist families with charitable/noncharitable estate planning and trust administration. Contact **Arlin Lapp** or **Steven Hunsberger** at (800) 332-4141 or **Bill Hartman** at (800) 494-6622.

Walsh & Nicholson Financial Group, an independent financial planning firm in Bala Cynwyd, tailors financial plans for your cherished family business to support your current success and keep you competitive for future generations. We focus on the dynamics of your unique family and industry, and work with you to create financial harmony and balance based on your family goals and structure. Contact **Brian Walsh** or **Kevin Nicholson** at (800) 433-5532, or on the web at www.WNFG.com.



Brown Brothers Harriman, founded in Philadelphia in 1818, is the oldest and largest privately owned bank in America. The firm maintains offices across the U.S. and in the world's major money centers. BBH focuses on substantial, privately held companies, and their owner-managers. We help our business clients particularly in the areas of capital formation, mergers, acquisitions, divestitures, wealth management, and the intergenerational transfer of assets. Contact **Thomas J. Saunders** at (215) 864-1869, or on the web at www.bbh.com.



Clair Odell Group provides property and casualty insurance to hundreds of family-owned businesses. Founded over 70 years ago as a family business and headquartered in Plymouth Meeting, COG has over 100 licensed insurance professionals that can help you with your property, worker's compensation, general/product liability, business automobile and all other commercial insurance needs. Contact **Steve Wisocky** at (800) 220-3008, ext. 6582.

The President's Corner ... Henry D. Landes

Learning Labs for CEO Spouses – and Other Incredible People



While on vacation last summer with our family in the Canadian Rockies, we took a sightseeing cruise on Maligne Lake in Jasper National Park. The engine of our watercraft packed some healthy horsepower – and I happened to notice the substantial wake V-ing out behind us.

Suddenly the captain cut the throttle, almost to idle. Momentarily puzzled, I looked around and up ahead. It was then that I spied two kayakers stroking their way across the lake, using human muscle power, not mechanical motor power. The captain clearly

realized that the wake of his craft could have capsized the kayakers had he continued at 20 mph past them.

So it is sometimes with the spouses of CEOs. If the CEO isn't careful, his (or her) wake may end up swamping a spouse who is using the same lake. Indeed, being married to a CEO can be difficult, sometimes lonely. **CEO spouses have been known to have trouble keeping their balance when bouncing in the other's wake; a few wind up with their face in the water.** Sometimes the throttle can't be cut in time. Sometimes the CEO is so "into" his or her duties that the spouse isn't even noticed bobbing in the kayak.

Comparable vocational situations include high-profile politicians and college presidents. Spouses of these people have unique and daunting challenges. "I love my husband, but I don't want to be at every banquet," I once heard a woman say. Just as not all

CEOs are cut out of the same cloth, neither are the spouses of all CEOs. In other words, how does one deal with the special privileges, opportunities and obligations of being married to a person with power, without feeling overwhelmed or overshadowed?

Let's remember that these folks aren't "over against" their spouse. Rather they are needing to claim what is rightfully theirs – their *own* sense of purpose and destiny, the integrity

of their own walk. While it's helpful for others to realize that the spouse *also* has a life, the most vital affirmation of the spouse's unique identity comes from the CEO himself or herself.

While most (90 to 95 percent) of these CEO spouses are women, the number of women-owned businesses is growing at twice the rate of all U.S. businesses. But activities for spouses at conventions, for example, usually are oriented toward women. **Male spouses in such situations can be the loneliest of all.**

In response to member interest, one of the exciting new developments of the Delaware Valley Family Business Center this year is what we're calling **Learning Labs**.

While our quarterly Forums are essentially "large learning labs" for business families, these smaller **Learning Labs** will help address more specific needs of our members. **Learning Labs** currently under development include:

- **CEO Spouses**, which I will be facilitating.
- **Women in Family Business**, facilitated by Sally Derstine.
- **Next-Generation Successors**, facilitated by Marty Roark.
- **Lead Siblings in Family Business**, facilitated by Hank O'Donnell.

And others, no doubt, in the future; perhaps you have a suggestion for a Learning Lab.

If you would like to join or learn more about these **Learning Labs**, contact Sally Derstine at (215) 723-8413 or sally@dvfambus.com. Let's brainstorm!

With support and camaraderie, we not only will be able to keep our head above water, we might even decide to go water skiing. Indeed, each of us can have some great adventures together as, paradoxically, we take a journey that is uniquely our own.

Spouses of CEOs need to claim what is rightfully theirs – their own sense of purpose and identity, the integrity of their own walk.

2002 Program Schedule – Mark Your Calendars!

Wednesday, May 15

7:30 a.m. - 11:15 a.m.

Indian Valley Country Club, Telford
What We're Learning About Succession—the Good, the Bad & the Extraordinary
The Davis Family, L. D. Davis Industries, Huntingdon Valley, PA



Thursday, September 19

7:30 a.m. - 11:15 a.m.

Sons of Bosses/Daughters of Bosses: Heartburn, Heartbreak or Heaven-Sent
John Fast, Ph.D., Centre for Family Business/Conrad Grebel College, Waterloo, Ontario, Canada



Thursday, November 21

7:30 a.m. - 11:15 a.m.

The Secret(s): Tools & Choices for the Leaders of Today & Tomorrow
Walter Sutton, W. G. Sutton International, Ltd., Seattle, WA



Delaware Valley Family Business Center

1011 Cathill Road, Sellersville, PA 18960
PHONE (215) 723-8413 FAX (215) 723-8351

ADDRESS SERVICE REQUESTED

Presorted Standard
U.S. Postage
PAID
Permit #33
Sellersville, PA