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Family businesses are working to keep 'family' in the business

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Phil Brooks wanted to move his produce-wholesaling business into a bigger space. His dad, Irving, did not.

"I wanted to grow the business and build the business," Brooks said. His dad didn't want to take that risk. He wanted to keep the results of his hard work intact.



Smoothing family and business ties
Photo: JOEY MCLEISTER
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In the end, H. Brooks & Co. moved into a 110,000-square-foot building in New Brighton with plenty of room for future growth. Now, Brooks said, his dad agrees -- it was a good move.

Generational differences are inherent in family-owned businesses, Brooks said. It's something that needs to be understood, appreciated and worked through. The generation gap, however, is just one of the challenges for family businesses. Family relationships can be stressful and tenuous all by themselves. Add a business relationship, and a family could wind up with a personal and financial mess.

About 70 percent of family businesses never make it to the second generation. They are sold or closed. Prospects for third-generation ownership are smaller still.

Brooks manages his business by keeping a story close to his heart. Passed down from his grandfather, it's the story of the wise three-legged wolf who teaches the younger generation a thing or two. (See page D7.)

"I try to surround myself with three-legged wolves," he said.

Brooks' dad is retired but he still comes to work every day. He does some buying and checks on the bananas, Brooks said. They talk about business and Dad offers advice.

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"I listen to my dad. Sometimes I don't right away," he said. "But I'm always thinking about what he says."

Tom Hubler, president of Minneapolis-based Hubler Family Business Consultants, says that valuing family members and their individual contributions is key to a strong family and a well-run business. Family businesses are more about relationships than balance sheets and income statements, he said.



Hubler helps families who either aren't getting along or want help with succession planning -- passing on the business to the next generation.

Helping families work together

Photo: JOEY MCLEISTER

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In a typical situation, when there is a conflict, the senior generation blames the kids and the kids blame their parents. No one considers himself or herself part of the problem, he said.

"They expect someone else to change."

Hubler gets down to the nitty-gritty of relationships -- teaching people to connect as human beings on a "spiritual" level. That draws skepticism from some people who don't see spiritualism as an essential element in business. But Hubler insists the spiritual approach is the only way to create harmony. He explains that meeting on a spiritual level means understanding what your purpose and gifts are and making a commitment to peace within the family. Hubler used to be a marriage and family therapist and got his start by writing a paper on how mental health professionals don't do as they say.

He guides his families through a process he calls "family kything." To "kythe," he said, means to present your soul to another. The word has roots in Old English and Scottish. During the initial kything exercise, the entire family gets together and creates a common vision, a family plan, in a process that sets aside their differences. Family members write down what matters to them and then compare notes. Often, their values match, which sometimes surprises them, Hubler said. Each member also reflects on his or her contribution to the family as well as the others' unique qualities.

One family who worked through this process was the Helgesons. They own Gold'n Plump Poultry in St. Cloud, a chicken producer. E.M. Helgeson opened a chicken hatchery in 1926. Don Helgeson, his son, took over and expanded the business in 1950, and in the 1990s his son, Michael, became CEO.

Hubler was hired to help balance the interests of the various family members. Arlene Helgeson, Don's wife and Michael's mother, was called in to the process but she didn't want anything to do with it. "I knew it was going to be an ordeal," she said. Even though Arlene didn't

have a direct role in the company, Hubler said, her participation was important: She is the mother. "They have enormous power and influence over the whole family," he said.

Arlene did get involved and personally enjoyed the process. It also helped the family communicate better, she said. "It truly cemented our family."

Gold'n Plump has at least \$200 million in sales and contracts with 300 growers. But better than that, the Helgesons beat the odds and made it to the third generation -- intact.

A forgiveness ritual

Hubler recalled one family whose troubles weighed heavily on them, and consequently their business. The father and son worked side by side, but for a number of reasons and a number of years, they didn't speak to each other. The son received the brunt of the family criticism, and the father and son communicated through a younger son until he had enough. Hubler was the last of a few consultants brought in to resolve the problem. The resolution included a family forgiveness "absolution ritual" that Hubler facilitated. The ritual, somewhat religious to match the family's beliefs, was intended to release grudges and bad feelings they held for each other. After the session, the family gathered for a potluck supper. "By 7 that evening, the family was sitting around guffawing and telling stories," Hubler said. A solid family foundation has helped the company thrive, he said.

Families who work with Hubler also delve into their histories, three generations worth, so they can learn from the mistakes of past generations. "I teach people how to embrace their history," he said. "What they want to do is push it away."

The No. 1 problem in family businesses -- and arguably any business -- is a lack of appreciation and recognition, Hubler said. The source of conflicts and power struggles, sometimes unspoken, is almost always emotional -- Mom likes one son better than the other, or Dad never says, "I love you." Hubler tries to get them to see that it's an organizational problem, not an individual problem.

Another common problem is the issue of entitlement, a negative trait commonly attributed to the younger generation. But in family-run businesses, a lot of times, a sense of entitlement is more prominent in the senior generation, Hubler said. Fathers -- family businesses are primarily headed by dads -- have built the business and can be stubborn when it comes to relinquishing power to the younger generation. In fact, members of the younger generation often have to prove themselves to their parents.

Passion is required

Brooks would like to pass on the business to his children, but only if they are willing to work hard. "You have to be qualified and passionate," Brooks said. Brooks began working with the company when he was 12 years old, helping out on the delivery trucks.

Ben Olk, CEO of National Checking, a St. Paul company that makes guest checks used in restaurants, has five sons, ranging in age from 31 to 40. They all have managerial positions with the company -- the family is the majority owner -- but none of them had a free ride. Olk told them: "I want you to bring something to the business." And they have, he said. "I've been here for a million years," he said, but his sons offer insight and fresh ideas. Sometimes he and his sons don't agree, but that's normal, Olk said.

The Olk sons meet periodically with Hubler for performance reviews, which include a series of tests that profile their skills and strengths. Ben Sr. uses the review to develop their strengths.

Brooks and his dad have found a way to use their differences to their advantage. Brooks feels strongly that everyone who works for H. Brooks is part of the family. The company has younger employees as well as people who have worked for the company for many years; people in different phases of their careers, he said. So early on he and his dad decided that Brooks would manage the younger people and his dad would relate to the people from his generation.

"If you get these people learning, talking and communicating with each other, it's a beautiful thing," Brooks said.

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