Hello. This is Wayne Rivers at The Family Business Institute. Before we get to our message this week, I want to bring up an opportunity. Our friends at NBC would like to do a documentary about family businesses, a 30-minute documentary. They're looking for a family business or two to raise their hands, that might be subject to putting together a succession program. What they're really looking for is a family business, unsure about succession, in need of succession. NBC is willing to put in resources on behalf of this family in order to create a documentary that can witness to other family businesses, how important the process is, what the tools and techniques are, etc.

So, if you have an interest in being a part of this documentary, send me an email, WRivers@familybusinessinstitute.com, and I'll get in touch with the producers at NBC and we'll have some conversations and see where it goes. May be an opportunity to get your succession planning not only done, but paid for. So, it might not be a bad deal for you.

Okay. So, let me get to my message for the day. I want to tell you about a book that's called Levelheaded - Inside the walls of one of the greatest turn around stories of the 20th century. This is written by two guys actually in the construction business, Doug Pruitt and Richard Condit, executives with a company called Sundt, which had been a family business, which actually started in 1890. Now, it doesn't matter if you're a contractor or a car dealer or an ag producer or a manufacturer, it really doesn't matter. The lessons in this book are tremendous and you will learn from it.

I could put it down. Especially the first half when they're talking about how they got into hot water and what they did in a macro sense to get themselves turned around. I really think it's a terrific book and I think you should get it. The story of Sundt is that it started in about 1890. By the time these authors are involved with the company, it's the 1990s and the company has celebrated its hundredth anniversary. It's now in the transition stage between generation three and generation four of the family.

One of the very first chapters is called Captain of a Sinking Ship. Mr. Pruitt, one day the owner walks into his office, the primary owner, and says "Hey, you're now the company president." He didn't expect it. He didn't know it was coming. Once he began to dig around a little bit, he realized that this company was in really, really bad shape. This was a several billion-dollar construction company and it had a reputation that just couldn't be believed. It had a terrific reputation. So how did they get into so much trouble, where almost coincident with their hundredth anniversary, the company's about to go belly up?

Two things. Pruitt describes it as arrogance. We would say, at the Family Business Institute, we would say complacency. I can't tell you how many times we've seen really successful companies, almost begin to look at their success as an entitlement. Well, we've been around for a hundred years, or we've been around for fifty years, or this is a terrific company, we've never lost money. I can't tell you how many times I've heard these things. If I go back to my files, which date back to the 1980s I guess I'm happy to say, I can show you example, after example, after example of companies that were printing money in the '80s or '90s or early 2000s, that aren't here anymore.

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You can almost always point the finger, at some point people got, let me be blunt, what we say around here, people got a little fat, dumb and happy. They began to rest on their laurels and to enjoy last year's success, or last decade's success, even. They stop adapting and making the companies that they run, as good as they could be. In this case, there was no sharing of numbers, which is critical in any company. If you don't share your key numbers with your managers, you're missing a real opportunity for improvement. You wouldn't have these guys as managers if they didn't have good brains. Why don't you use them? You don't have to tell them how much money you make, but by God, share the numbers with them.

Be transparent, as absolutely transparent as you can. These folks had a lot of the wrong people on the bus. One of their big turnaround things, their come to Jesus meeting, was what they referred to as Gold Canyon. They called a meeting of 60 of the company’s top executives at a conference center called Gold Canyon. They got together. Well, a few short years later, as they're building on their strategic plan, guess what? Sixty percent of those 60 executives had left the company. Some had left. One died, unfortunately. But others didn't like it. They didn't like the changes.

They didn't like where the company was going because they were instituting a culture of accountability for the first time in many, many years. There were no standard operating procedures. One office did things one way. Another office did things another way. A third office did things a third way. They considered that good in the sense that people had flexibility, but too much flexibility in a company is not a good thing. You do need standard operating procedures.

The company was virtually broke. After this come to Jesus meeting, basically what they did is they began to plan as an organization. All the offices together instead of the offices individually. They created an advisory board. They set clear targets. They created a culture of accountability. And guess what? They did a strategic plan, which of course is our eighth building block, that we wrote about just a few years ago. This is the Top Nine Reasons Family Businesses Fail and the Eight Building Blocks for Creating a Successful Closely Held Company, available on Amazon. Be my guest. Both terrific books. In many ways, they share the same message. But if you want a first-person account, here it is. If you want a third-party observer account, here it is.

We thank you for tuning in. Wayne Rivers at The Family Business Institute.

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