

THE FAMILY BUSINESS

CONNECTION



FEATURED INSIDE:

9 multi-generational family business stories

Third-generation family manufacturer finds formula for future success

Brothers prepare to lead packaging solutions business into third generation



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An outreach center of the Beacom School of Business at the University of South Dakota

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Hello!

Enjoy the family business stories featured in *The Family Business Connection!* As you read these stories, my goal is that you become inspired to take action. One step forward in your family meetings, business planning or communication is a successful step. Our mission is to help family businesses thrive through generations. You'll learn about several options for steps to take in this publication. In fact, our very first story will provide you with the top three indicators of family business success.

In this issue, I invite you to pay special attention to a few key family business items.

- » How a small step, conversation or risk enabled the family to move forward. The path may have been unknown before taking that step forward, just like in did for MDS Manufacturing. Read about it in the ***Third-generation family manufacturer finds formula to position business for the future*** article on page 8.
- » How sibling teams are working on ownership, leadership and growth of their multi-generational family businesses, as described in ***Brothers prepare to lead packaging solutions business into third generation*** on page 19 and ***Third-generation family business scales up going all-in on self-storage industry*** on page 23.
- » And, perhaps the most impressive longevity story, Schlachter Lumber planning for the future at 135 years old in ***Fourth-generation building materials business marks big anniversary with fresh approach*** on page 26. Century status has certainly been achieved by the Schachter Family and they are not stopping there as 150 years is on their horizon.

One of our PFBA Three Uniques, as described by EOS® (Entrepreneurial Operating System®), is that we meet families where they are. We meet families where they are in terms of geography and in terms of where they are in their family business journey. Involve PFBA at whatever stage you're at in your business journey.

Enjoy these inspiring stories. If you take action on just one item after reading these stories, then this publication will be considered a success.

We are here to serve. Reach out with any questions or insights on how we can help your family business thrive through generations.

Warmly,



Stephanie Larscheid
Executive Director



◀ Andrew Keyt leads a discussion at the Prairie Family Business Association's Board Bootcamp in Sioux Falls, SD.

Research shows these 3 elements are key to successful family business transitions

The success of a generational transition is not, as one might expect, an outcome of meticulous succession planning.

Decades of research have shown that there are three key elements to multigenerational success.

"Most businesses don't fail because they can't solve the business problems. They usually fail because of a lack of alignment on the family side of things," said Andrew Keyt, founder and CEO of Generation6, a firm that helps address family enterprise challenges.

He points to initial research from Joe Astrachan, which found "there wasn't any correlation between succession planning and successful transition," Keyt said. "Over decades, we built on research published by Joe that found there were three things that always correlated with a multigenerational success."

They are family meetings, strategic planning and a board of directors.

By prioritizing those elements, countless family businesses have found their way into new generations of successful leadership.

"The investment that we have made in our meetings, strategic planning and board are significant, but it was critical for the unity of our family and business,"

said Christie Ernst, executive vice president of property management at her family business, Lloyd Companies, and chair of the Prairie Family Business Association board.

"Our business has grown because of this investment, and our commitment to our family, employees and community has been able to grow also. I feel blessed that my parents allowed us the ability to work through all of this as I know some parents shut the conversation down. I would encourage next-generation family members to get involved in PFBA and set the table for having these discussions with their parents. Make it so that it is easier to pass the business down to the next generation so that selling it doesn't seem like the easiest or best option."

Often, families don't know what steps they need to take, said Stephanie Larscheid, executive director of Prairie Family Business Association.

"But they know they need to do something, and this is a way to hone in on a proven approach," she said. "It doesn't have to be perfect. Just take a small step. By putting processes in place, you can see that your business can live on for the next generation. The business does not need to end or be sold when the current generation is ready to step back or retire."

1. FAMILY MEETINGS

Start simply: Commit to regularly scheduled communication.

"It's about how often do we talk, how long do we talk and what's the depth of conversation," Keyt said. "The most basic element is being consistent and providing a regular forum to communicate, stay aligned and ultimately resolve differences as they come up."

IN REAL LIFE

The Lloyd family started with family meetings in the 1990s to discuss the business.

"In hindsight, the meetings were far from perfect and focused too much on the operations, but if we would have waited for the perfect meeting, then we would still be waiting. It was years before we invested in hiring a facilitator for these meetings," Ernst said. "Having a facilitator helped us gain traction in our transition while also educating us on best practices for developing strategic plans and the role of a board."

Bringing in a facilitator "was a game-changer," Ernst said. "The conversations you have with your kid who wrecked the family car or the sister who always stole your clothes have a different tone than a conversation with your business partner and are more effective with a facilitator to keep a pulse on that tone. We have different meeting cadences for different committees of our family group."

The entire group meets at least once annually, and a facilitator will reach out to each family member to learn topics of interest and then work with the family council to draft an agenda.

"As we prepare the agenda, the facilitator is able to bring forward information from the individual meetings to help us understand what topics may be more emotional than others so that we can time those conversations at the right point during the meeting with the appropriate amount of time dedicated to that topic. I have talked to a number of families over the years, and the fear of conflict in meetings is what stops them from meeting at all," Ernst said. "If this is the case for your family, vet several facilitators to make sure that the person you are hiring is going to keep everyone engaged, allow for conflict, navigate or solve the conflict, and unite the long-term goals of the family and the business."

HOW PFBA CAN HELP

Not sure where to start? Prairie Family Business Association has a sample family meeting agenda you can use as a template.

"We have agenda items in a template, and family members can collaborate to add additional topics," Larscheid said. If you're looking for a facilitator, which PFBA recommends, "we provide referrals of professionals who work with families every day," she said. "We also can help with a live case study, which is a 90-minute family meeting that includes a team of advisers in a confidential environment."

2. STRATEGIC PLANNING

Think of it as a road map for the future. Family businesses with solid strategic plans are well positioned as they transition through generations.

"When we talk strategy, we're talking about our orientation for the future – where are we going, what are we trying to accomplish – and if we can articulate that throughout the organization, that means everybody is working toward those goals," Keyt said.

"Once you have a clear strategy, people can better understand how their role contributes."

Additionally, businesses can use their strategic plans in identifying future leaders.

"Families often talk about who is going to be the next leader, and that's the wrong place to start," Keyt said. "It needs to start with what we need from the next leader of the company to achieve our strategic goals, and once we're clear about that, we can be more objective about whether it should be a family or nonfamily member."

IN REAL LIFE

At Lloyd, "our first attempt at a strategic plan was a bit of a train wreck!" Ernst said. "Once again, we tried to do it without a facilitator and with a management team that was not experienced in writing strategic plans."

The company now is using Traction, the Entrepreneurial Operating System (EOS) approach, for quarterly and annual planning.

"Our ownership group comes up with an Owner's Plan that talks at a high level about the values, needs and goals from the business, and our management team uses this guidance for developing the strategic plan," Ernst said.

HOW PFBA CAN HELP

A live case study through PFBA can serve as a great foundation for a strategic plan.

"It's so important to create one-, three – and five-year plans and revisit them regularly," Larscheid said. "Often, our families share their live case study recommendation documents with their adviser team to move more efficiently toward implementation."

Need help implementing the EOS approach to assist in planning? PFBA can connect you with implementers who are experts in EOS.

Plus, the upcoming PFBA Next Gen Retreat in October 2024 will be a great opportunity for the next generation "to help define the strategic plan in the context of innovation, which is essential for next-generation success," Larscheid said. "The business doesn't have to be the same as it was for past generations. It can and should evolve."

3. BOARD OF DIRECTORS

The final indicator of successful succession is utilizing a board of directors.

"It's extremely key because it brings in

objective and experienced people who can help you see around corners with your strategy," Keyt said. "The board can challenge your assumptions, ask questions and share experiences. And just having to articulate your strategy before a board provides accountability and makes you think differently."

A board also is helpful in succession, Keyt said.

"If we have multiple next-generation members wanting to be considered, it's much better to have an objective process with objective people rather than Dad having to make the decision."

IN REAL LIFE


Lloyd Companies attended a PFBA retreat in 2008, and a facilitator discussed having a board. At first, founder Craig Lloyd was only mildly interested, but when his nephew Chris Thorkelson was identified as his successor around 2010, having a board became important for a successful transition while allowing balance between family and business and maintaining unity within the family.

"Our facilitator helped us understand the importance of filling our board with non friends and non advisers. Over the next year, we developed our Owner's Plan, a job description for our board, and started reaching out to people we knew that may know someone who would be a fit for our board — because we couldn't ask friends or advisers to be on our board," Ernst said.

"Our first advisory board meeting was in October 2011 and included three outside members and Craig. Our board transitioned to a board of directors in 2016 when Craig 'retired.' Today, we have seven independent board members plus Craig and Chris Thorkelson. Additionally, we have built out a committee structure, which includes governance, compensation, audit and investment committees."

HOW PFBA CAN HELP

This one is easy: Come to the next scheduled PFBA Board Bootcamp.

"Learn what you don't know," Larscheid said. "Surround yourself with like-minded people asking themselves the same questions you are and who have hit roadblocks at the same points you are. We have so many resources. We help place board members on family business boards. Engage with people who have set up an advisory or fiduciary board. It can be eye-opening to see the possibilities of what a board can do for your family and business." 



▼ Craig and Pat Lloyd, Christie Ernst and Mary Lloyd-Huber at the PFBA Family Business Retreat in 2008.

Granddaughter buys jewelry store from grandfather, brands it for the future



◀ *Samantha Tupper at Wink's Fine Jewelry in Brookings, SD.*

First, what's the history of Wink's? Has it always been in your family?

Wink's was actually founded in 1963 by V.H. Winkelman, and my grandfather worked for him while he was a student at SDSU. My grandfather, Jerry Miller, had always had a passion for jewelry – he started in the industry at 14 – and after college, he moved west to work for another jeweler before V.H. called and asked if he was interested in buying the business, which he did in 1981.

How did your grandfather evolve the business?

He grew it significantly. When he bought it, it was a little room, and while we're still in the same location, he expanded and remodeled multiple times. We now have a large showroom, and our backroom where we do repairs is just as big. He really built the business to what it is now: a business known for high-end, top-quality jewelry and honest customer service. Most people will ask if Wink is here because they think his name is Wink. But he mostly kept the business name because it's catchy.

What was your own path into the business?

I grew up in Miller, South Dakota, about two hours away from Brookings, but I always knew this was what I wanted to do. I said it at eighth grade graduation that's what I wanted to be, and no one ever believed me. None of Jerry's three kids had been interested in the business. My mom owns a Dairy Queen in Miller. But in high school, I had to do a job shadow and came to the store and did it, and then everything – every report I wrote, every research project, it was all jewelry-focused. I went to Lake Area Tech in Watertown and got an associate degree in fashion and retail merchandising, and then I talked to my grandpa about how I was ready to start. After talking through it, we realized we needed more time to get ready to work together, but six months later, we talked again. I remember he said: "What if I have to fire you? You're still my granddaughter." And I said, "What if I have

How does a next-generation family business owner market a fine jewelry store? She makes an NIL, or name, image and likeness, deal that turns out to be a big win-win.

Samantha Tupper of Wink's Fine Jewelry in Brookings admittedly was "a little skeptical" when an agent reached out on behalf of SDSU football tight end Tucker Kraft inquiring about endorsement opportunities.

She asked her husband for an opinion. He said, "Do it." Then, she went to her grandfather, who had owned the business for decades before her and "who is a great resource, and he said the same thing: Do it," she said.

Fast-forward to earlier last year when Kraft proposed to girlfriend Baylee with an eye-popping, marquis-cut engagement ring sourced through his new relationship with Wink's.

"He totally knew what he wanted, and we custom-made it from there," Tupper said. "He posted about the ring, and Baylee, his fiancée, also posts about it."

Kraft, who was drafted by the Green Bay Packers after his NIL deal with Wink's, has four-year agreement negotiated by Tupper that will include monthly posts about Wink's and an annual visit to the store for autographs.

"The NIL deal is just one example of the futuristic thinking Samantha is bringing to Wink's Fine Jewelry," said Stephanie Larscheid, executive director of the Prairie Family Business Association.

"She's definitely proving she has what it takes to lead this business into its next generation and beyond."

We sat down with Tupper to learn more about the longtime family business that she's leading into the future.



▲ Jerry Miller and Samantha Tupper

to fire you?" And we knew at that point we were going to be fine. I started working here in the fall of 2014.

How and when did your ownership transition happen?

We were very transparent with everyone from the start. Anyone who came in, he would introduce me as his granddaughter who was going to take over someday. We were open with the public and the staff that I was going to buy the store one day. Then in 2017, we attended a workshop put on by our jewelry buying group about succession planning, and we realized he had a lot to figure out before he sold the business. And I had to come up with the money. But the big thing they asked the first generation was "Who are you if you're not Jerry from Wink's Jewelry?" And he really had to figure that out. So that was a moment. And then, we talked about having an "A" team, a good team in place before the transition that's going to be there after because otherwise you don't have the right support, and that was something we needed to sort out.

The plan was that from the fall of 2019 through Valentine's Day of 2020 we would do an inventory reduction, which would help me in being able to afford to buy the business and help my grandpa make some money and retire. I found out I was pregnant with my first child during the sale, and then right after the sale ended, the world shut down for COVID. We reopened right before Mother's Day, and I had my daughter the beginning of June and was off much of the summer, so it ruined Jerry's planned summer of golfing.

So how did you finally transition?

After I came back, I realized Jerry seemed tired, and my mom thought

he seemed off too. It turned out he needed a double bypass and heart valve replacement, so he was out almost 11 weeks, which put us into Christmas. He came back for that, but the holiday season is really hard in our industry and he was recovering from surgery, and Christmas week, he looked at me and said, "I don't want to be here." And I said: "Then go home. I have this." And it was this monumental pivot. When January came, we figured out how I could buy the business and got it all situated with First Bank & Trust, which was fantastic, and I bought it.

So how has it gone since then? Any surprises?

It's been awesome. I enjoy it. It's fun to work. There are always trials and tribulations, and you can't fix everything, but we work in a fun place because we're doing things to make people happy. I changed our hours so we're closed Sunday and Monday, which is definitely a generational thing. People need a break, and my staff are so much more efficient



▲ Derek and Samantha Tupper with their daughters.

now. I had a baby in February this year, and so I haven't been here much of the year, but I have a great staff, and I could take a maternity leave and not worry about not being here. My husband is a co-owner but has a separate full-time job in sales that involves some travel. But if I need help at the store, he's here.

How have you gotten connected to the Prairie Family Business Association?

I was introduced to it by other members in Brookings, Falcon Plastics and Medary Acres Greenhouse, and I met Stephanie after we'd already done our transition. But it's been really cool to see and hear and be part of learning about other family businesses and see other transitions.

What are your thoughts for the future of the business?

Our industry has changed a lot. If you look back 15 years ago, store owners were more all men, and it's much more female-dominated now, which is awesome. Styles are always changing. Yellow gold is coming back, everybody is mixing for our own style, and men are wearing watches again, so that's been fun, and they're wearing them more as fashion than timepieces.

For us, I plan to stay with just one store. I like Brookings, I like being here and getting to know my customers personally. My customers really have become family, and I love how jewelry has a story behind every single piece. I would love for my daughters to work here, but I won't force it even though it's fun to know there could be a next generation. My 3-year-old says she wants to make ice cream, so maybe she'll work for Grandma. 🇺🇸





▲ The Hohns (L to R): Kyle, Brian, Kelly, Steve, Brad, and Alec Hohns.

SUCCESS STORIES

Third-generation family manufacturer finds formula to position business for the future

Steve Hohn is the second-generation leader of a family business that has grown and thrived for decades, but he was nervous walking into a room filled with outside expertise.

"There's bankers, wealth management people, tax people, and they were all asking questions," Hohn said.

"In some ways, it's a little embarrassing. It pulls the scab off the wound. But you've got to be willing to expose yourself in order to heal yourself, and that's what we did."

Parkston-based MDS Manufacturing is an agricultural manufacturer that started as a producer of attachments for farming equipment. That division began serving a single dealer with production of agriculture loader attachments and has grown to serve approximately 1,800 dealers.

To meet the demands of the state's growing swine industry, the business added its livestock equipment division, which builds, manufactures and installs equipment. The swine complexes range from 200 – to 7,500-head farms.

The company's headquarters consists of an almost 100,000-square-foot office and manufacturing facility. MDS also recently purchased an adjacent 10 acres, which includes a 15,000-square-foot

building. That will allow the company flexibility to meet future business needs.

Six years ago, Hohn and his brothers Brian and Bradley participated in a live case study through the Prairie Family Business Association.

It helped illuminate areas of focus that were needed in their business.

"We're a 48-year-old company, and we should have had this guidance years ago," Hohn said.

"The expertise in the room was nerve-racking in one sense, but the rewards of what you found out outweighed any embarrassment you might have had. They said, 'We're here to help, but you have to tell us where you're at.' We're three brothers who love to design and engineer and run a business, but we became sharper-focused and more efficient as businessmen as a result of the Prairie Family Business live case study."

After that, the family business embarked on a multiyear process of

integrating new technology and data into its operation to give a better sense for how MDS was performing and what strategic moves were needed to advance it.

"That's the goal behind a live case study, and to see how effective it's been for the Hohn family is so rewarding," said Stephanie Larscheid, executive director of Prairie Family Business Association.

"Every family business is different, but the experts we bring together in the room know the right questions to ask to help you focus on what you uniquely need to do to optimize the future for your business."

EVOLVING FOR THE FUTURE

MDS Manufacturing Co. Inc. was formed by Marlin Hohn in 1976, along with sons Darrel and Steve – the three initials behind MDS. Later, brothers Brian and Bradley joined the business, and Darrel left in 1990 to pursue other ventures. Steve has served as president since 1995 when Marlin retired.

Brian serves as vice president and plant manager, while Bradley is secretary/treasurer and department head of the livestock division.

The third generation consists of one son from each of the three brothers in the business. Kelly Hohn, after completing a career in the National Guard, joined MDS in 2017 as an agricultural equipment sales representative covering South

Dakota, North Dakota, Montana and Wyoming. He now serves as national sales manager. Kyle Hohn, formerly with NorthWestern Energy as an electrical engineer, joined in April 2022 to become operations manager. Alec Hohn, a graduate of the South Dakota School of Mines, joined MDS in May 2022 as a mechanical engineer and livestock equipment salesman.

"I originally went a different path and didn't think MDS was a possibility because we didn't have a plan for succession," Kelly said.

That changed as MDS connected with advisers and the resources of the Prairie Family Business Association.

"The Hohn family took one of the most critical first steps: understanding one another and their organization's preparedness for the transition," said Agatha Johnson, founder and president of WillKate, who helped guide the family.

"They worked on cultivating stronger relationships, created alignment around a shared vision, developed strategies for the family and the business, and codified ownership, leadership and governance. They also engaged the next generation in the discussions, as well as their spouses. The inclusivity of the approach has made them stronger today. The approach was to blend a parallel process to ensure the

family was family and the business was business."

The third generation now has bought into ownership and acquired officer titles. Kelly is the president of sales, Kyle is secretary/treasurer and Alec is the vice president of the livestock division. The second generation — Steve as president, Brian as president-manufacturing and Brad as president-livestock division — are still officers to assist in the transition over the next few years to ensure the long-term success of the company.

"One of the areas that showed through for this family was the strength they have as a family that supports each other and their work ethic," Johnson said. "This does not mean they did not have their differences or challenges; it means they had shared values, which were seen each day and even in difficult times. Every meeting that was set and the topics that were discussed — difficult or not — they showed up and did the hard work."

The Hohn family regularly connects with Prairie Family Business Association, especially its annual conference.

"The last conference kind of felt like when you're sitting in church and someone says something and it's like they're speaking directly to you," Hohn said. "That was what the whole annual meeting felt like. It was the right timing to

hear what we needed to hear and reaffirm what we're doing. I try to shake as many hands as I can there because the people who are there are successful but not there to brag. They're there to ask what they can do to help you."

Since going through the original live case study, MDS has embraced more formalized meetings, an advisory board and scheduled strategic planning.


"In many ways, it was amazing they were able to do what they did for so long with things running smoothly because we definitely learned the business had become more sophisticated than the tools we were using," Kelly said.

The next generation also has benefited from the Prairie Family Business Association Next Gen Retreat, which Kyle and Alec attended in 2022.

"They thought it was awesome," Kelly said. "Sometimes in this process, you feel like you're in a boat by yourself, and this reminded us how many others experience the same things."


Today, MDS counts nearly 80 employees and has taken an intentional approach to being a preferred employer with a culture shift focused on safety, engaging regularly with the team and showing appreciation.

"There's a lot of exciting growth here," Hohn said. "Our third generation has the




Next Generation
RETREAT

OCTOBER 1-3
KEYSTONE, SD
at the K Bar S Lodge




KATIE RUCKER & JENNY DINNEN
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▲ **MDS**
Manufacturing Co. Inc.
headquarters
in Parkston, SD.

knowledge and drive to fit into key roles, and they know we have to see beyond the numbers. There's expectations. It makes you work twice as hard as the person beside you."

Most importantly, through intentional and ongoing attention to the business, he feels it's positioned to carry on.

"My father never wanted it to be sold," Hohn said. "So I would say mission achieved, and I think my father from heaven is smiling down on this." 



◀ German and Esteban Trejo of SYOXSA, an El Paso, TX based specialty gas supplier.

business sold the operations in Mexico in 2010 and has focused on developing the U.S. operation at the plant in Texas.

In addition to expanding the business, including multiple new facilities in both countries over the past few decades, German Trejo and his son, Esteban, became involved in their broader industry. Through the IWDC, German served on a key committee and is joining the board of directors, and Esteban serves on the marketing committee and is active in a next-generation group.

That's what led SYOXSA to connect with Prairie Family Business Association.

"Knowing we can't do it all, it has been great to partner with Prairie Family Business Association," said Frank Kasnick, president and CEO of the Independent Welding Distributors Cooperative.

"They bring the education and support necessary to navigate generational leadership and ownership transition that occurs in a thriving independent. Here at IWDC, 'Independent' is first; 'Welding Distributors Cooperative' follows!"

Fellow IWDC and Prairie Family Business Association members A-OX Welding Supply coordinated a presentation featuring executive director Stephanie Larscheid for industry members a few years ago.

"The impact of PFBA on our family has been substantial. Experiencing the benefits firsthand, we're passionate about sharing these advantages with others in our industry," said Trenton Elliott, chief technology officer/business development for A-OX Welding Supply, which is based in Sioux Falls.

"The majority of IWDC members are multi generation family-owned businesses. For them, engaging with Prairie Family Business Association and crafting a robust succession plan ensures the torch can be passed seamlessly and supports sustaining the independence and unique identity of IWDC."

When German Trejo heard about the resources available through Prairie Family Business Association, "it came to my mind that this is something we need," he said. "This was an entity that could help us learn how to develop the family business. I already was thinking one of my goals was to make a very good transfer of my business to the second generation and then provide Esteban with all the tools and knowledge available for a good foundation."

SUCCESS STORIES

Texas family business finds help with generational transition connecting in South Dakota

How does a Texas-based family business connect with resources available in South Dakota as it transitions to a new generation?

It's all about relationships.

SYOXSA is a leading distributor of industrial, medical and specialty gases, along with welding supplies and safety products for the southwest region of the United States. It was founded by German Trejo in 1987, originally in Juarez, Mexico, where three years later he became an authorized distributor for AIRGAS Inc.

"Juarez is one of the first manufacturing hubs that was available in Mexico where the government allowed

U.S. corporations and later was open to any business," he said. "I was in a good moment at the right time as U.S. companies were coming into Juarez to open manufacturing facilities and were looking for gas distributors."

After growing in Mexico for more than a decade, German Trejo expanded to El Paso, Texas, with Borderland Welding Supply Inc. in 1999 and became a member of the IWDC, or Independent Welding Distributors Cooperative. The



▲ SYOXSA receiving their first load of new 400 high pressure cylinders at their Juarez, Mexico location in 1992.

Esteban Trejo began working for the family business about five years ago after working for a different company in the industry and being mentored in Seattle. He then worked outside the industry for two years.

"I almost always knew I was going to give the family business a shot, but after working for two larger corporations, I saw the opportunity to build and work for our family, which has been very rewarding," he said. "My dad and the people we grew up with have always instilled the entrepreneurial spirit in all of us." German serves as president of the 22-person company, and Esteban serves as general manager.

One of their first experiences with Prairie Family Business Association was a live case study, where outside experts and advisers gauged the family business' situation today and made recommendations going forward.

"That was very helpful," German said. "In my case, you're trying to establish principles and rules for the business, and I think that meeting helped bring our family together, including my two daughters who work outside the business. It's a learning process, and I'm enjoying it and working on establishing goals for next year."

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For the Prairie Family Business Association, “partnering to bring programming and resources to the IWDC has been a great way for us to expand our reach,” Larscheid said.

“Most IWDC members are family-owned, and some are employee-owned. It’s been so rewarding to connect families like the Trejos with resources they can use and we can provide. We’re looking forward to helping them get to know family businesses in South Dakota and beyond as they continue to connect with our programming.”

The Trejos also have participated virtually in webinars and the association’s annual conference.

“The access to the many advisers and programs are most beneficial,” Esteban said.

“We found our PEO (professional employer organization) through Prairie Family Business Association, and now we are able to offer retirement plans, health insurance and other benefits to our employees, which will help reduce turnover and improve the quality of candidates we receive.”

They’re hoping to join the conference in person next year.

“I would say that joining Prairie Family



◀ Esteban and German Trejo.

Business is of great value,” Esteban added. “You get access to several resources ‘all-in-one’ that you would not have otherwise. And you get to hear and learn from other family businesses’ stories who are going through or have gone through something similar.”

His father agreed.

“It’s clear Prairie Family Business has

been doing this for a while and has a good, growing team,” German said. “I’m definitely planning to meet in person next year because when you interact with similar entrepreneurs, with similar issues, you can establish connections and other sources of knowledge that can really help you keep learning and keep making good decisions for the future.”

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SUCCESS STORIES

Family-owned health services business looks to second generation

It can be as simple as light housekeeping or as high-tech as operating a ventilator.

It can involve an hour of help, 24/7 care in a home or accompanying someone out of state to a family wedding.

In more than 30 years, the Millman family has met whatever needs their clients presented, offering a broad range of health care-related services through the family business, a growing franchise of Interim HealthCare.

"We knew with the aging population and senior boom that home care was an industry to get involved in, and that's proven to be true," co-founder Paul Millman said. "Now we're the senior boomers and the aging population we were looking to serve 30 years ago!"

He became connected to the franchise through a co-worker in the plastics industry who was looking to invest. Paul put his business background to work, and his wife, Lori, brought her experience in nursing. After filling in for a couple of

years, she joined full time.

"We really took it from the ground up, starting with three office employees and no field employees and a little money in the bank, and here we are," he said.

"It's been a lot of patience, tenacity and a willingness to adjust your business model to whatever the environment calls for."

Interim HealthCare serves patients from pediatrics to geriatrics, specializing in veterans, those supported by Medicare and Medicaid, and those on private pay or other insurance.

A passion for people has been key, Lori added.

"It's so rewarding to do home care, and we have excellent long-time staff, and we stay with families for a long time," she said. "We had a client who was with us 14 years. We were in the home 24 hours a day, and there was no family, so we were

everything to them."

Today, the family's Interim HealthCare business includes more than 500 team members not just in Sioux Falls but Brookings, Fargo and most recently Bismarck, North Dakota. Entering its second generation of leaders, the Millmans are looking toward transition and being nationally recognized for their success.

"We've really enjoyed connecting with the Millman family over the last several years and have been impressed by their success in a critical but challenging field," said Stephanie Larscheid, executive director of the Prairie Family Business Association.

"They're taking full advantage of the resources our organization offers and have already seen significant benefit from that – and in many ways, they're just getting started."



▲ Paul Millman and daughter Abby, in the early years.

SECOND GENERATION EMERGES

Paul and Lori's three daughters grew up in the business.

"They did everything from stamp envelopes to clean bathrooms, filled in on shifts and drove clients to appointments — all kinds of things," Lori said.

Abigail Woodford, the oldest, started as a home health aide in high school and college, majoring in exercise science at Augustana University. Her first full-time job was at Dow Rummel Village, but then, the director of operations at Interim HealthCare approached her about working in the family business.

"And 15 years later, I'm still here," she said. "We had a big opportunity to grow at the time, and I didn't really ever think of doing anything else. I still get to be with clients and help wherever needed."

She helped open the Brookings operation six years ago and now serves as vice president and chief operations officer as well as a co-owner since 2015.

"We honestly have a great team," she said. "Our staff in all offices are amazing."

Second-oldest daughter Jennalee Taylor pursued a teaching career in lieu of entering the family business, but her husband, Lee, now serves as assistant vice president of operations. His career began in athletics, and he served as a boys basketball coach at Roosevelt High School and associate athletic director at Augustana before joining Interim HealthCare five years ago.

"College athletics can be a lot of nights and weekends, so this gave more work-life balance and just felt like the right time

to transition and join the business," he said. "There are a lot of rewards. You're around people you can trust who are all bought into the mission, and you're growing the business together."

Taylor has focused on supporting the company's North Dakota expansion as well as its growth into offering supplemental staff support to a variety of organizations. Interim HealthCare's team has stepped in to temporarily fill needs at everything from behavioral health centers to meatpacking plants.

"We became screeners during the pandemic and have continued to supplement in areas like an occupational medicine clinic, filling in when nurses are on vacation or during staff transitions," Taylor said. "The growth has happened kind of organically, expedited by COVID, and that's what originally brought us into North Dakota. So now we're adding home care services, which is our passion, so we're excited to serve more people there."

Youngest daughter Emily Marsh is the most recent addition to the family business. Her degree is in speech language pathology, and she supported clients at Children's Home Society for many years before transitioning into specializing in social media for Interim HealthCare.

"I loved working with kids, it fulfilled me, but then Mom and Dad and Abby began talking about succession planning, the business hit its 30-year anniversary and something just hit me that I wanted to be part of it instead of coming in here and there," Marsh said.

"I felt something tugging my heart – God was saying to help carry on the family legacy. And it's been good, with a lot of excitement and challenges."

PLANNING FOR THE FUTURE

Interim HealthCare is part of a national organization – the Millman family is one of 350 franchised offices – and part of the larger company Caring Brands International.

That brings solid support for the operation. But the family found a big additional resource through Prairie Family Business Association.

"We've made great strides in our succession plan, and I credit Prairie Family Business Association with 100 percent of that progress," Paul said.

They went on the family business retreat at the Paul Nelson Farm in 2021, "And that was epic, life-changing," he continued. "For the first time ever, we got



▲ Awarded the 2023 Leroy E. Dettman Founders Award (founder of what has become Interim HealthCare in 1940). Awarded to the ownership group who best personifies the entrepreneurial spirit with the dedication, discipline and direction necessary to consistently achieve profitable growth and expansion from year to year.



◀ Awarded the 2022 Allan C. Sorensen Business Integrity Award (another founder of Interim HealthCare) presented to the individual(s) who demonstrate outstanding ethics and business integrity in the routine operation of their business while simultaneously increasing overall market penetration.

away, and we had a dedicated facilitator, and it was three days of talking about the business and being very open and honest. I wanted to do it again the next year because it was so beneficial for us.”

Now, “we have a plan,” he continued. “We have a timeline, and I think that helps Gen Two know that Mom and Dad are going to be out of here and gives a light at the end of the tunnel so they know we’re going to step aside and trust them with the business.”

The family also connected with an

EOS implementer through the Prairie Family Business Association to help them begin working with the Entrepreneurial Operating System.

“That’s been another life-changing accountability instrument for us,” Paul said. “Abby, Emily and I have all joined an Affinity Peer Group. We also go to the annual conference to learn and network, and it’s just been completely beneficial.”

Woodford agreed.

“It’s been really good,” she said. “We have a really good peer group, and I

look forward to it every other month. It’s just great to find out what’s working in other businesses and what’s not and get feedback. I really love it.”

The second generation also is mindful of growth opportunities, including new geographies and service lines.

“It’s about finding out where there’s a need for what we do and what makes sense and where we have the capability for growth,” Taylor said.

Their success also is being recognized on a national stage, most recently with the 2022 Leroy E. Dettman Founder’s Award from Interim HealthCare, presented to someone who best personifies the entrepreneurial spirit with the dedication, discipline and direction necessary to consistently achieve profitable growth and expansion from year to year.

“It’s just validation of what we do and how we run our business,” Paul said. “And now I just always look to Abby and Lee and Emily and say the future is up to you.” 🇺🇸

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Law firm marks 20 years helping businesses evolve for the future – including its own

The team at Thompson Law has learned in an intensely personal way over the last few years the value of planning for the future.

The Sioux Falls estate and business planning firm lost its founder, Carolyn Thompson, in 2019.

Thompson founded the firm over 20 years ago, with a vision of helping clients plan for and leave powerful legacies.

Her own lives on, in part, through her team, which has continued to build a thriving firm.

“We’re so proud to have partnered with Thompson Law in multiple ways over the years and to have watched them assist countless family businesses in planning for their futures,” said Stephanie Larscheid, executive director of Prairie Family Business Association. “To reach their own 20th anniversary through a successful transition is an incredible accomplishment.”

We caught up with managing attorney Andrew Knutson to learn more about the firm’s direction and the keys to 20 years of success in business.

It’s been just over four years since you succeeded Carolyn Thompson as the leader of Thompson Law. What have those last four years been like? What have the highs and lows been?



▲ Andrew Knutson, of Thompson Law, PLLC.



▲ The staff and attorneys at Thompson Law, PLLC.

The last four years have been quite successful. We have had the good fortune to grow in this uncertain environment. Since the end of 2019 when I took over, the law and the world has seen incredible change. We adapted, and grew back to the size of firm we feel would most efficiently serve our clients.

The highs come from meeting with and serving clients. Fortunately, recent years have seen an increase in demand for estate and business planning services. This increase in demand has had more to do with helping clients navigate changes and potential changes in the tax code, rather than pandemic mortality fears. Also, more and more baby boomers are estate planning and/or preparing for retirement.

Lows come when outside forces put barriers up to human connection, like we all experienced from time to time during the pandemic. While there have been challenges adapting to new ways of doing business, there have also been opportunities for growth and innovation in response to the changing legal landscape.

For people who aren’t familiar with Thompson Law, tell us a bit about your team and your specialization.

Thompson Law is a boutique law firm that provides estate and business planning. We have five full-time attorneys and eight staff dedicated to just those specialized areas of the law. In addition we have one part-time attorney who is also a full-time professor of trust and estates at USD’s Knudson School of Law.

Whether it is personal assets or a business, we help ensure that your assets pass to whom you want, when you want, and in the manner you’ve chosen.

In order to accomplish this, we provide tailored and comprehensive planning at a level a general-practice firm just cannot do.

The services we provide also include elder law, special needs planning, and asset protection.

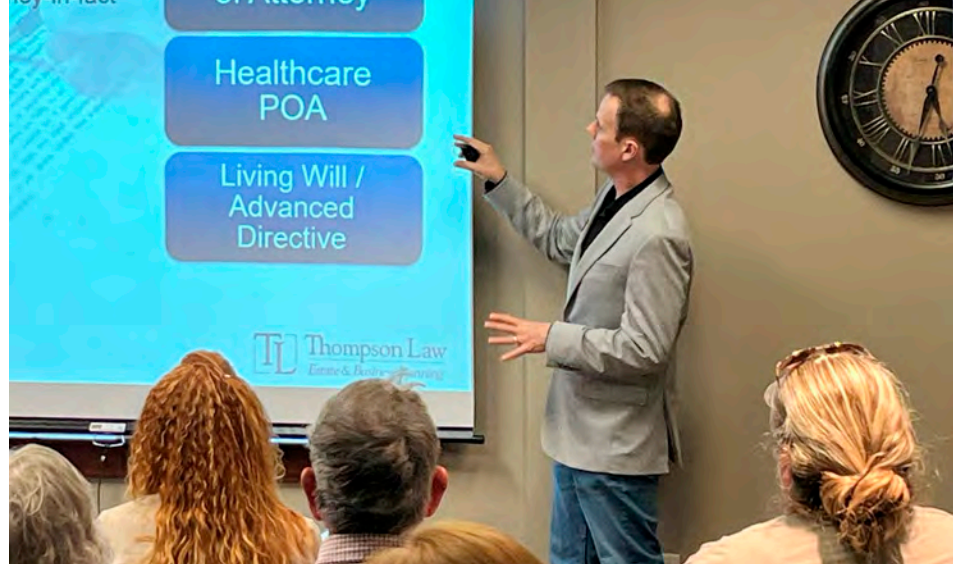
Thompson Law serves clients in South Dakota, Minnesota, Iowa, and Nebraska, and also provides South Dakota trust services across the United States.

You were reminded in a very powerful and poignant way the importance of planning for a business's future. What are some of the key takeaways from that you now share with other businesses?

We talk business succession every day, and eventually we all have to live our own plan.

- ▶ Make sure there is an emergency options plan in place.
 - » Not just about death – but if a key person suddenly cannot work or do their job, without notice, what's the plan? This is especially important for family businesses or closely-held companies where the loss of a key person can have a significant impact on the business's operations.
- ▶ Business succession, business planning in general, must be coordinated with each owner's estate plan. Effective business succession planning maximizes the value of the business by preparing it for sale or transfer to the next generation. This includes developing legal strategies that not only minimize tax liabilities but also boost the value of the business's assets.
- ▶ Be realistic about the most common liabilities a business will face.
 - » In the way that a person might fear sharks, but not heart disease, you need to be clear about what is most likely to throw a wrench into your long-term business survival.
 - » We have insurance for many things. But insurance doesn't cover two of the most common business-destroyers: divorce and business dealings between owners gone wrong.
- ▶ Identify and groom successors. Finding the right successor is as important – if not more important – than any documents you have prepared.
 - » Nurture that relationship, and take the protected risk of sharing information – with the right agreements in place (such as a noncompete, buy-sell agreement, non-solicitation, etc.).
- ▶ Be clear to minimize family disputes. Be clear and transparent with family business owners to avoid disagreements and conflicts that can arise when family members have different expectations or goals for the business.

Looking back over 20 years, what are some of the keys to this firm's longevity?



▶ Andrew Knutson speaking on estate and business planning.

We love people and really truly care about getting things right. This means taking the time to understand their unique goals and concerns, and then providing personalized advice and solutions.

We are also there for the follow-through. Thompson Law has not only helped many families plan, but also has administered those plans after someone has passed on. There are families where we are working with the third generation as clients.

We are responsive and accessible when needed. When a client reaches out, they are going to get a prompt response.

We adapt. We stay on the forefront of new techniques and legal advancements, and are committed to providing the highest level of legal services.

You work with family businesses continually. Are there any themes that have emerged as they prepare for the future that you can pass along to others?

Here are some of the key themes that we often see:

Communication is key. Successful family businesses prioritize clear and open communication between family members. Regular family meetings, both formal and informal, can help keep everyone informed and engaged in the business.

Start succession planning early, even if you don't plan to retire for many years. This process will take time and requires careful consideration and planning. For example, providing successors with the necessary training and experience to ensure a smooth transition cannot be done overnight.

Have a plan on how to function without each key person. I mentioned earlier about an emergency operations plan – but that doesn't necessarily mean only

one plan. What has to occur if Key Person A can no longer work, versus what has to happen if Key Person B can no longer work, might be very different plans. Planning for the death or disability of each key family member will help ensure the business's long-term continued success.

What's next for Thompson Law? How are you continuing to evolve the firm's approach and culture?

In the immediate future, with many tax changes looming that will start Jan. 1, 2026, we will be helping clients prepare for these major developments.

We have evolved technologically. Recent years have seen an increase in electronic signatures, digital documents, secure portals, semi-paperless files, and remote notarization. It wasn't until the last few years that we have been able to notarize documents remotely. And, of course, utilizing artificial intelligence in a responsible way.

Despite those advancements, we plan to stick with our more holistic approach to planning: addressing not just the legal aspects of planning but also clients' financial, tax, and personal goals. This includes working with financial advisors, accountants, and other professionals to develop comprehensive plans that address all aspects of clients' wealth and legacy. We are frequently part of a client's "family office."

We will continue to emphasize education and communication, both with clients and within the firm. In addition to other educational resources we provide clients, we also conduct monthly educational seminars for clients and their invitees.

There are always new developments in tax and estate planning, so we continuously educate ourselves and stay on the leading edge. ■■■



◀ Staff Photo of Watertown Box Corporation in 2022.

we feel confident we can continue this trend," Mike Towle said.

The pandemic also brought "incredible growth," Andrew Towle added.

"With so many items being shipped to homes and less in-person shopping, the corrugated industry as a whole saw record high demand," he said.

"While that did create some supply chain issues along the way, we handled the pandemic well and have set ourselves up for the future. Companies will always have a need for corrugated boxes and shipping and packaging, so our industry is one that appears to be very steady heading into the future."

As the Towles considered their own future, the family benefited from a connection with Prairie Family Business Association that began through fellow Watertown family business Moffatt Products.

"We had known the Moffatts growing up in Watertown, and then when Mike and I moved back to Watertown to start with the company, they reached out and let us know what PFBA was all about and how it had helped them, and we are very thankful for that connection," Andrew Towle said.

"We became more and more involved after a few webinars, and then Mike and I attended a Next Gen Retreat. Every time after we attended a PFBA function, we just thought to ourselves we need to be doing more and more because we found such value in the networking and connection aspect of PFBA. Being able to talk with other families who are going through the same unique family business issues is almost reassuring because we know we are not alone in going through these same types of issues."

Watertown Box is "a fantastic South Dakota success story," said Stephanie Larscheid, executive director of the Prairie Family Business Association. "It's been so rewarding to connect with this family and help them tap into the multiple resources we provide to assist in their transition and overall business operation."

The brothers shared multiple ways Prairie Family Business Association has helped support their business and family needs.

PRAIRIE FAMILY BUSINESS RETREAT

In 2021, the Towle family participated in the annual Prairie Family Business Retreat at the Paul Nelson Farm near Gettysburg.

SUCCESS STORIES

Brothers prepare to lead packaging solutions business into third generation

If your business has to ship it, their business likely can box it.

Watertown Box is an independent sheet plant based in Watertown that creates packaging solutions for the manufacturing, service and retail industries.

"Think Amazon boxes that are properly sized for their product and printed with our customer's logo. We also design point-of-purchase displays for retail, custom inserts, partitions, corrugated pads and packaging supplies," said Mike Towle, a third-generation member of the family business.

"Most of our customers are within a 200-mile radius of Watertown, and they make anything from welding supplies to pizza boxes and everything in between."

Founded by Thomas J. Towle in 1984, the family business employs 35 people and is entering its third generation of leadership.

"Almost anything that can be shipped in a box or can be aided by corrugated packaging, we can handle it," Andrew Towle said.

"While we may not be the largest packaging and box company around, our customer service and quality and responsiveness are what we feel sets us apart."

Brothers Mike and Andrew Towle entered Watertown Box in 2014 after their father, Patrick, who had succeeded their grandfather as president, unexpectedly passed away. Their uncle, Bill, who was vice president then became president.

"The board of directors came to Andrew and me asking if we had any interest in moving back to Watertown from Fargo to help with the family business," Mike Towle said. "Since we came back, I took over the box design and sales management position while Andrew focused more on the nuts and bolts of the company as the operations manager."

Bill Towle retired in November, leaving the brothers – now shareholders and board members – jointly to run the business. And there's a lot to celebrate. While Patrick's death in 2014 could have created a crisis, everyone banded together to make it a record year. Since then, sales have grown by 57 percent, the company just completed a 7,500-square-foot addition, and it is bringing on a new press.

"We hope to continue on this path, and with the rise of online shopping and shipping boxes directly to the consumer,



▲ *Grand Opening of Twin Town Box Corporation (Now Watertown Box Corporation) in October of 1985. Thomas and Dorothy Towle (First Generation Owners) cutting the ribbon with Pat Towle (Second Generation Owner) holding the ribbon on the right side.*

"The retreat was really the catalyst that got the transition jump started," Mike Towle said.

"The Towle family as a whole typically avoids conflict and asking the difficult or uncomfortable questions. So for seven years, we always knew the plan was for us to take over, but no one really ever laid out a plan and what the transition would look like. We were just kind of hoping it would go smooth when it happened, and hope is not a management strategy."

Andrew Towle agreed.

"It gave us all just a chance to break away from the business for a few days and work on the business and the future of the company rather than working in it. It gave us a chance to sit down with one another and have hard, meaningful conversations about where we were at and where we saw the company going into the future," he said.

"All of us came away with such clarity and understanding of where everyone was at that I couldn't recommend attending the retreat enough. Also, getting to network and connect with other family businesses going through the same issues was so helpful as well as it gave us another resource to rely on."

At the retreat, they met facilitator Kyle Kangas, who helped the family through its discussions.

"It was really the first time we had laid out a plan for the transition and what it would look like," Mike Towle said. "The difficult questions were asked, they were discussed, and a plan was laid out. It was like this big weight had been lifted now that we finally had a game plan for the

future of Watertown Box. There were so many positives that came out of the retreat that I can't say enough good things about it."

ENTREPRENEURIAL OPERATING SYSTEM

Through Kangas, the Towle family was introduced to using the Entrepreneurial Operating System, or EOS.

"This was one of the best decisions we could have made as a company: to implement and follow EOS. Our entire leadership team always seemed to get lost in the day-to-day operation of the business that we didn't often take the time to step back and plan for the future and figure out what goals and improvements we should be trying to make to help us reach our long-term goals," Andrew Towle said.

"Just the strategic planning and 'rock' aspect of EOS is something that helps us immensely all get on the same page and helps us all work together towards those goals. I can't even describe how much it has helped our meeting structure

and also helped us focus on what's most important for the business and how we can achieve our goals as a team." Their implementer continues to help provide a neutral perspective and narrow the focus so the company can concentrate on the root causes of its issues.

"Honestly, EOS is one of the best things we have ever done for our business," Mike Towle said.

"Until EOS, we were basically doing things the way we have always done them. It's not to say that it hasn't worked, but my dad's favorite movie, 'Tommy Boy,' had a great quote about growth: 'You're either growing or you're dying; there ain't no third direction.' We didn't know how or where to grow because we didn't know where we were going. EOS allowed us to set future goals, and even though we don't know exactly how we are going to get there, we at least know where we are headed as a company."

AFFINITY PEER GROUPS

Both brothers are involved in Prairie Family Business Association Affinity Peer Groups.

"It's definitely something we both wish we had done sooner," Andrew Towle said. "After every one of our quarterly meetings, I think I can speak for Mike and I in saying that we both leave them very fulfilled and with a better understanding of what issues we all are facing and steps we can try to take to help our businesses succeed in all aspects."

The peer groups provide an outlet to discuss not just business but personal and family issues in a confidential setting.

"I have found immense value from my group," Mike Towle said.

"It is refreshing to see that you are not alone and that there are other people struggling with the same issues you are."

"The open and honest communication helps from people outside of your industry or echo chamber and brings some much needed new perspectives." 🧩





◀ Curt Bauman of Bauman Agency, Inc.

grew fast enough that Jonathan joined to support it in both sales and as a planter technician.

"I like the sales and education side, and he likes the service and technical end, so it's a really good pairing," Callee said. "And I have grown my involvement to include insurance. My husband and I both enjoy contributing to other people's operations. That's a special place – being a contributor, and we know that as farmers ourselves — so we take it seriously."

Now, with four family members in the business as part of a team of 10 full-time people, the Baumans are focused on preparing for the future of their businesses.



▶ Callee Bauman Wachter and Louise Bauman.

We asked Louise and Callee to detail how the organization is helping them position for the future.

How did you originally get connected with Prairie Family Business Association?

Louise: A young woman we'd known for a long time in Huron actually nominated us for one of their awards, which was very nice of her, but what I most appreciated from it was the connection to the association. We received a complimentary initial membership and began connecting to the resources Prairie Family Business offers. I love it. I enjoy learning those kinds of things, and the opportunity to have these resources is amazing. I was so excited to attend the first Prairie Family Business conference. Someone from the association came to my office, so it was a warm introduction, and they would keep telling me about things available, and it was amazing. I find the membership fee highly valuable, with many opportunities at no cost and others at a low cost. During the pandemic, it

Q&A

Longtime agribusiness leaders look to next generation

Farmers serving other farmers has been a guiding principle for a Huron family now looking toward its second generation.

The roots for Bauman Agency are deeper than that though, beginning with Curt Bauman's grandparents, who were farmers near Hitchcock. When Curt married Louise, they also farmed in east-central South Dakota.

When a neighbor who represented Pioneer Seed retired, a manager approached Curt to see if he'd be interested in taking over the business.

"It was right in his wheelhouse," Louise said. "Although Curt's degree from SDSU is in animal science, he'd always been interested in plant science and agronomy, so he grabbed at the opportunity."

It was a timely move in the early 1990s. While the family continued to farm, the business models in both the seed industry and crop insurance were changing. Bauman saw the future and embraced it. Curt continues to serve as a Pioneer sales rep and crop insurance agent, while Louise is the overall business manager and a crop insurance agent.

"Both Pioneer Seed and crop insurance have grown greatly from where they

began," Louise said. "Our main area is a 50-mile radius around our home base, but when our daughter, Callee, wanted to come back into the operation, we expanded again and now serve all over eastern South Dakota with our Precision Planting business and crop insurance."

Callee Bauman Wachter and her husband, Jonathan, moved to Sioux Falls after she graduated from SDSU in 2008. She originally entered the advertising industry but soon realized she missed the lifestyle and people in agriculture.

"The technology offered by Precision Planting was very new, and there was a big hole in eastern South Dakota," she said. "I could be based anywhere, show the new technology at farm shows and grow my customer base. My dad recognized the opportunity and asked if I could run with it, and I found I really enjoyed learning about people's operations and seeing what their needs might be."

The couple returned to Huron in 2012 with the birth of their son, and the Precision Planting side of the business

truly became my lifeline as their calls and videos provided the support and information we needed.

Callee: It's filled a lot of gaps for us. I find myself making sure to make time for the webinars; even things I didn't think I'd be interested in, I always take away something. I find my business acumen and knowledge has benefited, and I learn things I didn't even know I wanted to learn.

"Transitioning from one generation to the next is a process, and these resources have been very helpful."

You participated in a live case study through Prairie Family Business Association a couple of years ago. What prompted that, and what were the benefits?

Louise: We thought it would be useful as Curt and I knew we needed to step back but didn't know how we were going to do that. It was a great opportunity to get a lot of different perspectives all at the same time on different pieces we needed information about. It was very helpful. One of the things I really appreciated was connecting with a network of people who bring different

viewpoints and expertise. I've talked to a couple of the experts many times and some not again, but I would not hesitate to reach out to any of them. When you're in a small family business with a unique business model, sometimes it's not as easy to find resources, so this was very helpful.

Callee: For my husband and I, it was helpful because we had concerns about succession. Who do you talk to about those things? How do you have it be unbiased? One of the great parts of a family business is making it a natural extension of who you are, but we're not the same people as my parents. So it was trying to figure out how do we make it an extension of ourselves while being true to how it started. It doesn't have to be identical to be successful, but there are ways to work through it, and it was helpful and reassuring to have those perspectives. It felt like both a support system and mentorship piece and was very positive for us."

What has your family's experience been with Prairie Family Business Affinity Peer Groups?

Callee: My husband is actually in a group, and it's been great for him. The spouse of a family business has a unique perspective, and for us, things were good

already, but I have seen a change in his confidence and a special mentorship and friendship that's developed as he's met other spouses and family business people from all different fields and businesses. He feels ownership in their success, and he comes back from the group bringing great ideas to our business. It's really been good for him to plug in on a higher level. He's originally from California, and this group has been life-giving. He loves to go and talk about business with others, and now he feels like he fits in as a South Dakota business owner.

"I would recommend the peer groups in a heartbeat."

Louise: I'm also in a group, and it's been great. I am very grateful for the opportunity. Our group is split between Sioux Falls, Watertown and Huron, and I'm so thankful to have met them and really appreciate and covet their support, their advice, their questions, their ideas. Even though we all bring issues to the group, I always learn the most listening to everyone else's issues and pick up insight I didn't know I'd be getting. My peer group holds me accountable, and I would recommend a Prairie Family peer group to any family business. 📊



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Third-generation family business scales up going all-in on self-storage industry



▲ Jake Hendricks, Ben Hendricks, Chris Kampmeyer and Chuck Hendricks (Left to Right).

Add up all the storage units owned by Five Star Storage and they easily would equal the size of a small town.

At last count, “we are just shy of 11,500 units and 2 million square feet of total space,” CEO Ben Hendricks said. “The last few years have brought tremendous growth for us, and it’s been ever-changing.”

The roots of this family business go back to the 1970s, but the past two decades have brought an entry into the self-storage industry and subsequent exponential growth.

“We somewhat stumbled into the storage business,” Ben said. “Sometimes, it seems like only yesterday we had a snowplow on the front of my dad’s Suburban and my brother was having me fill his coffee cup.”

DIVERSIFYING INTO OPPORTUNITY

Five Star Storage, which is based in Fargo, has 34 locations across four states, including in the Sioux Falls area, where it entered the market about a two

years ago.

The business began, though, as Hendricks Inc., a development, construction and property management company founded by Ben’s grandparents Mel and Harriett Hendricks. It was focused primarily on developing government-assisted housing projects across rural North Dakota, South Dakota and Montana.

Their son, Chuck, originally studied zoology and planned to enter dentistry when Mel needed help running the business and Chuck agreed to help temporarily. But temporary became permanent, and Chuck and Mel ended up working together, building the business for more than 40 years. Mel stepped down as the majority owner of the management business in 1994, and



▲ Five Star Storage’s Fargo Facility west of I29 and 32nd Ave S.

Chuck took the reins and began guiding the business into a new era.

In the early 2000s, things started to change dramatically for the business. In 2004, “my dad was originally looking for a new spot to house himself and a few other full-time corporate employees in property management, and they found a piece of property in Fargo with four self-storage buildings and a concrete pad poured and ready for a larger office,” Ben said. “So we bought it, and the rest was history.”

The site at the time was called Five Star Storage, so while storage was “a side gig” and property management was still the “bread-and-butter, in an effort to rebrand the company, we changed it from Hendricks to Five Star Services Inc.,” Ben said.

Ben and his brother, Jake, had grown up working in maintenance roles for the family’s properties.

“We mowed lawns, picked up trash and assisted with apartment turnover after someone moved out,” Jake said. “We had a major flood one of those years, and I was responsible for removing wet carpet and sheetrock from the lower level. It was hard work but a great experience and really created the foundation of my work ethic moving forward.” Jake eventually became the company’s first self-storage manager after the acquisition of the first Five Star Storage facility in 2004.

Ben pursued business and marketing in college and joined the family business full time in early 2009 after briefly working for a national retailer.

“I was applying for corporate marketing jobs, and my dad brought me in to fill in a management role, so I came in full time with the idea of helping out and wasn’t sure it was what I wanted to do, but I started to really enjoy it,” Ben said. “I thought, ‘If we’re going to do it, let’s make

something out of it.’”

Jake pursued a law degree and joined a Twin Cities firm specializing in real estate development, syndication, finance, and mergers and acquisitions.

As Five Star Storage began to grow, he continued to hone his skills in business law and real estate before taking over the formation and operations of the parent company, which owns Five Star’s real estate and assets, and overseeing development, acquisitions and financing, along with long-term strategy.

“I am also somewhat involved at a very high level in the day-to-day functions of running our properties, but that is Ben’s primary role,” he said. “I get to wear a lot of different hats, which keeps the days interesting.”

They worked through “how to make some smaller deals happen” and began to branch into the Twin Cities area with storage units, then Bismarck and Grand Forks, North Dakota, Ben said.

“Next thing you know, you blink, and it’s 20 years later, and we have 34 locations,” he said. “You take a step back and have to breathe a little.”

Five Star entered the Sioux Falls area with the acquisition of All Seasons Storage, which had three locations on the southwest side of the metro area, and then Burma Storage, which brought

a location at Interstate 29 and Russell Street.

The company is expanding both locations and has eliminated an old campground at its location on Louise Avenue and much of the outdoor parking to make room for more drive-up storage buildings and a multi-level, climate-controlled building with a drive-thru loading bay.

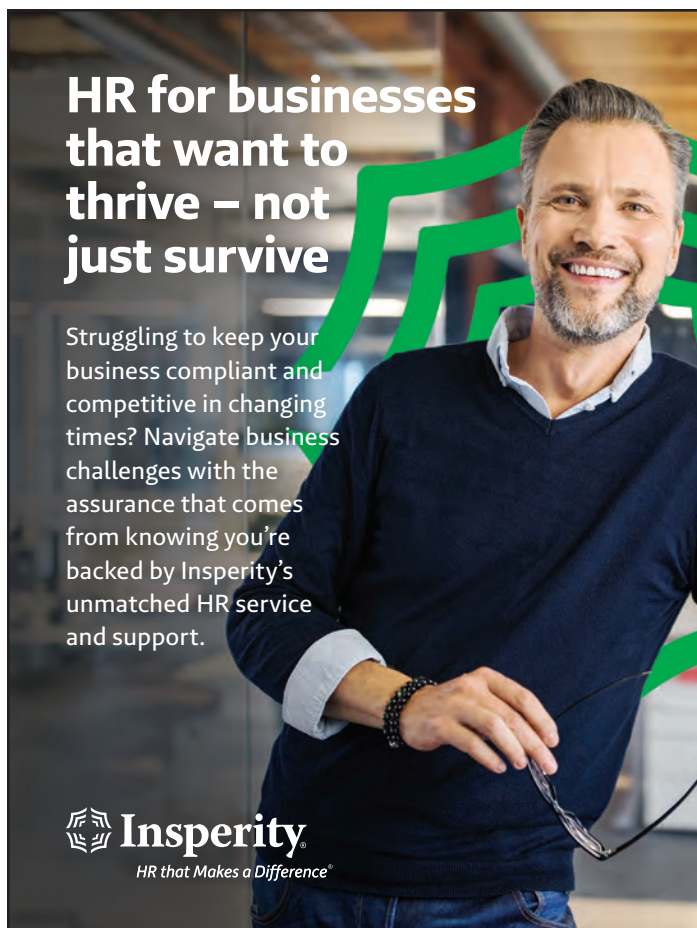
“We have added many enhancements to the sites already, with more planned in the future — paved driveways at our location on Sundowner, electronic gate access with Bluetooth technology and enhanced security cameras with AI,” Ben said.

FAMILY BUSINESS STRATEGIES

About a year ago, Chuck Hendricks transitioned from CEO to chairman, with Ben taking his place and Jake becoming president.


“I think we did a really good job of being proactive about the transition well before it occurred, which definitely made it smoother than expected,” Jake said. “We also made sure that Ben and I were fully capable of taking over by both working outside the family business before taking on a leadership role and getting involved with key business decisions well before Dad stepped away.”

While their dad “is not involved as



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much in daily operations, he's working a lot on our expansion and working with our construction team because he brings a lot of experience in that," Ben said.

"We got to a good end result, but it probably would have been a lot better if we had been members of Prairie Family Business Association years ago. We were already through the muddy water when we joined."

The family went to its first Prairie Family Business Association annual conference in 2021.

"My brother and I were there and looked at each other and said, 'Dad needs to be here,'" Ben said.

"It was very enlightening and eye-opening seeing what we have done well, what we could do better, and the biggest thing was communication. You must have those conversations. You can't just think in your head that one day this is going to happen. You must talk about a plan, what the older generation wants to do and be upfront and honest, and eventually we got there."

While the family attends a lot of industry-specific conferences, "Prairie Family Business Association gives us a look at our family and business through a different lens. I've really enjoyed the networking and content," Jake said.

"Stephanie and her team are top notch

and have one of the best-run associations we have been involved with."

While they can laugh about a lot now, "the fact is during a transition, it is very stressful to figure things out," Ben said. "But without a doubt, knowing how we needed to approach it – having established meetings and great communication – even four years ago, that would have been very helpful for us."

Now, he's involved in an Affinity Peer Group through Prairie Family Business Association – they call themselves the "Far-go-getters," which connects him with other family business owners in the Fargo area and into northeast South Dakota.

"It's been very helpful. There are great, useful tools, and you can talk in kind of an intimate setting and express different scenarios or issues, and you can get help navigating through their different perspectives," Ben said. "With Prairie Family Business, you get connected with people from such a wide array of backgrounds and businesses that it's just fun to make connections you wouldn't normally have had."

Five Star also uses a four-person board of directors, including one non family member, "and there's great dialogue through that," Ben said. "We're able to ask the difficult questions and challenge each other and know we're all trying to

achieve the same goals but with checks and balances."

Within their own family, they've learned to balance the professional and personal sides of their relationships, Jake said. "Thankfully, the three of us share a lot of interests and have a lot of fun together outside the business," he said.

"I think we each have our respective skills that complement one another very well. We make a great team. My advice to other families facing a succession to the next generation is don't avoid the elephant in the room. Address it head-on and early and you will be glad to have done so. I know Dad is enjoying more time on the golf course and the lake as well, probably more so than he expected."

And the business itself could just be getting started. Five Star is working on centralizing its customer care to position itself for future growth while continuing to focus on a strong internal culture. Each year, for instance, all employees are allocated funds to donate directly to a nonprofit of their choice.

"We're at 34 locations now, and I don't see why in the next five years we couldn't be at 50, 75 or 100," Ben said. "One thing our Grandpa stressed to us from the beginning is never dream too small, and we plan to abide by that moving forward." ■■



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Fourth-generation building materials business marks big anniversary with fresh approach

How does a 135-year-old business put a fresh twist on its brand?

Ask those five generations away from its founding.

That was the approach embraced by Schlachter Lumber, a Gettysburg-based family building materials business marking the milestone anniversary in 2023.

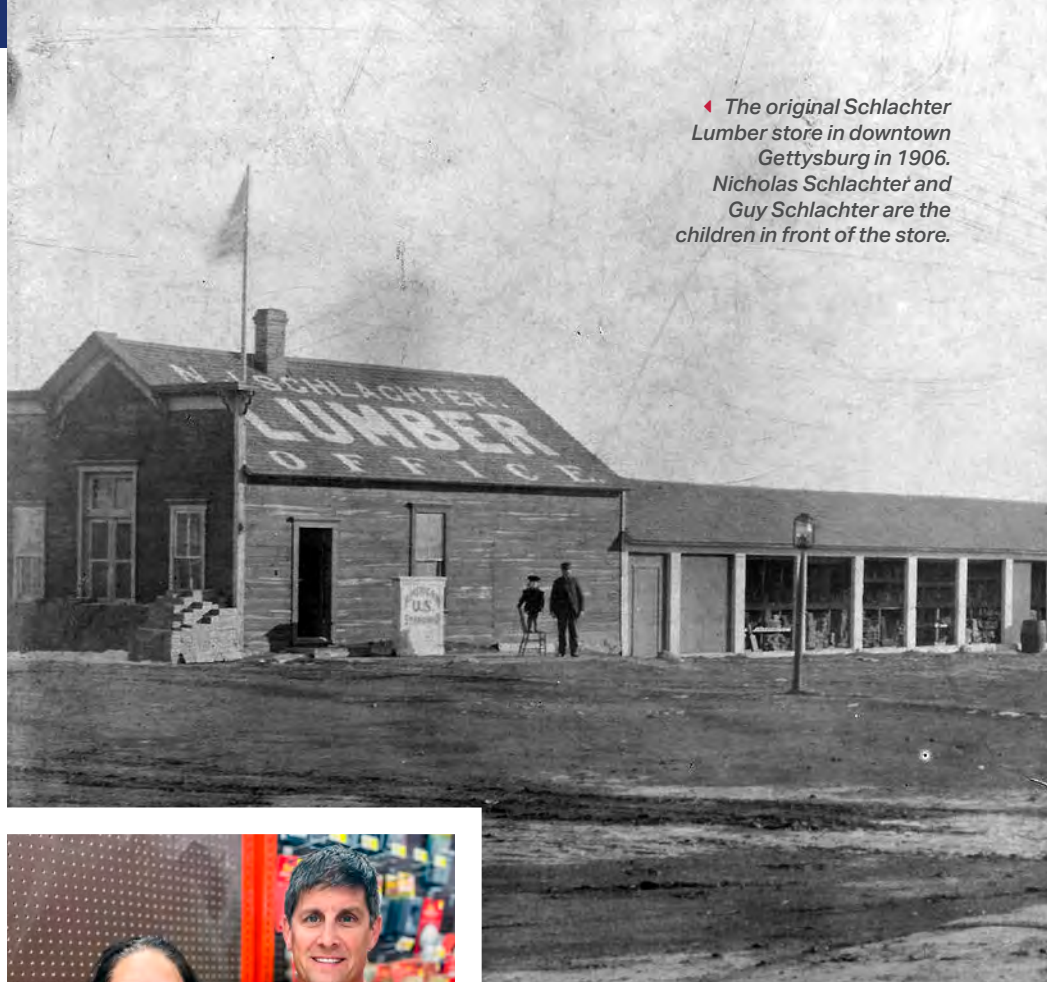
"We'd been around 135 years, and I wanted to do something, but I didn't know what," said Kathleen Schlachter, a fourth-generation owner of the business who leads it with her brother, Michael.

"We also wanted some overall help with marketing and differentiating ourselves from national competitors – a different perspective from what Michael and I have. We wanted to know what spin a younger generation would put on it."

Schlachter Lumber's longtime relationship with the Prairie Family Business Association pointed the business in the right direction.

The association encouraged the Schlachters to apply for help from Coyote Business Consulting, which pairs USD Beacom School of Business students with businesses looking for assistance on specific projects.

"It was the last day you could apply, but we did an application anyway, and we were



◀ The original Schlachter Lumber store in downtown Gettysburg in 1906. Nicholas Schlachter and Guy Schlachter are the children in front of the store.



▲ Fourth generation siblings and business leaders, Kathleen Schlachter and Michael Schlachter.

assigned two very sharp young men who began working with us," Schlachter said.

"We brought in our graphic designer, who also does social media and all our big advertising campaigns, and I know the students enjoyed it because this was a real-world person who was going to be taking their ideas, so it was an interesting dynamic to watch them together."

Coyote Business Consulting is designed to promote business success. Under the guidance of faculty advisers and direction by the business client, teams of USD business students work to solve critical problems of their business clients.

"Coyote Business Consulting is intended to be mutually beneficial for both the students and the businesses," said Chelsea Limoges, its director of industry engagement.

"Consulting services are offered at no charge to businesses, and students will have the opportunity to receive academic credits, financial support and real-world experience."

At Schlachter Lumber, the students advised on digital marketing and social media strategy, resulting in a popular campaign that has been running in recent months.

"Every month, we're doing a historical ad," Schlachter said.

"People have been thinking it's really cool. We have a lot of old photos of Gettysburg and the business, and it's been interesting how it's been shared and how many views it gets."

Schlachter Lumber's origin dates back to Michael and Kathleen's great-grandfather Nicholas, who was a carpenter by trade and had received a government contract to move buildings from Fort Sully to Gettysburg.

"But there was no lumberyard," Schlachter said. "That's how it got started."

Schlachter and her brother both grew up in the business – he went directly into it working with their parents and she spent 15 years putting her meteorology degree to work for the National Weather Service before returning.

"We both do everything," Schlachter said. "We both have certain jobs. I've



▲ Schlachter's first delivery truck that arrived by train in 1912. It's loaded with cedar shingles and Nicholas Schlachter is sitting in the driver seat (despite being known to have never driven in his life), with his employees and the truck rep holding the manual.

taken over everything my mom used to do, and we've gotten so busy he needs to be on the floor all the time."

The independent business supports homebuilding needs from top to bottom through its locations in Gettysburg and Hoven, which was acquired several years ago.

"You come to me with a house plan, and we can do it all," Schlachter said. "Business has been steady. It's weather-driven, which impacts ag prices and whether farmers have extra funds to improve their homes, so it's really dependent on the local economy."

Their parents, Tom and Jan, both worked in the business, with Jan joining

full time after the kids were grown. Tom passed away in 2009, and while they didn't have a set transition plan, "it just kind of evolved," Schlachter said.

Since then, their relationship with Prairie Family Business Association has helped them navigate their dual roles as siblings and co-owners. They've attended retreats at the Paul Nelson Farm in their own hometown as well as one in Deadwood for next-generation owners.

"It's been very interesting to work on our communication and maybe things we've avoided talking about," Schlachter said.

"We talked about solutions. And it was good on a business level to be around other families with the same issues we

have. We learned and were able to share things that helped others, so it was a good exchange of ideas."

While Michael Schlachter's oldest son has worked part-time in the business, many members of the fifth generation aren't old enough yet, and no one has gravitated toward potentially joining full time yet, Schlachter said.

In the meantime, the anniversary year is presenting a strong opportunity to tell the business' story.

"The students who worked with us on this were fabulous. I couldn't have been blessed with two better guys," Schlachter said. "They asked very interesting questions – things I just assumed everyone knew – but they also asked about things I hadn't thought about. It was exactly the different generational perspective we were hoping for."

The business will keep sharing glimpses of its past while focusing on its future.

"We're so glad we've been able to partner with Schlachter Lumber in various ways to connect them with various resources to help evolve their business," Larscheid said.

"Even four generations and 135 years, there always are new things to explore and ways to hone your business for the future. We're excited to see what the years ahead will bring for this family." ❏

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