

FAMILY BUSINESS MATTERS

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FALL 2021

UNIVERSITY OF HAWAII AT MĀNOA SHIDLER COLLEGE OF BUSINESS

MESSAGE FROM THE FACULTY DIRECTOR

HAPPY HOLIDAYS!

As we end and reflect on 2021, despite all the surprises, the Family Business Center of Hawai'i has fortunately been able to continue to provide opportunities for connection and learning. This would not be possible without the kind support of everyone involved --a big heartfelt thank you to all of you for keeping our community warm and vibrant. Wishing you and your loved ones Merry Christmas and a joyful holiday season!



MARJAN HOUSHMAND
Associate Professor
Faculty Director Family
Business Center of Hawai'i



Networking at Chef Zone
for our July social



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2021 ANNUAL RETREAT

NAVIGATING THE DEVELOPMENTAL STAGES OF THE FAMILY BUSINESS SYSTEM

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Thanks to the ingenuity of our retreat facilitator, we were still able to offer the Annual Retreat in a new virtual format. While the modality changed last minute, we were grateful to have over 100 members attend the 2021 event. Thank you for attending Annual Retreat and for sharing your feedback.

Leslie Dashew and Donnel Nunes were the facilitators for the Annual Retreat. Donnel is an Associate at the Aspen Family Business Group LLC, and Leslie is the Managing Partner of the Aspen Family Business Group, LLC, as well as the President of The Human Side of Enterprise, LLC.

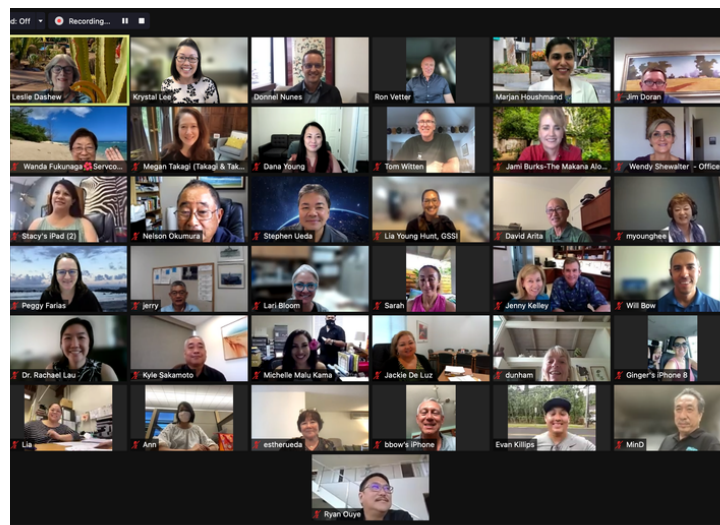
Succession, communication and developmental stages were some of the key topics that were addressed over the course of the retreat. There was also a panel from Sen Plex Corporation that discussed the development of their family council and board, and how it helped them in fostering communication in their multigenerational family business.

"As much as I miss the personal interact with everyone, I liked the convenience of doing it at home. Everything was very well done in contents and presentation."

The retreat included an engaging discussion with Ron Vetter on preparing for succession and two social events. For Thursday's social activity, Peter Hessler from Pono Potions guided us through a tasting of his syrups and an easy cocktail lesson. On Friday, Dylan Butterbaugh from Mānoa Chocolate provided a suggested list of wine to pair with his chocolate tasting and guided us through a factory tour.

A welcome box of 'ono snacks was sent to all the retreat participants with an array of locally-made products curated from Mana Up.

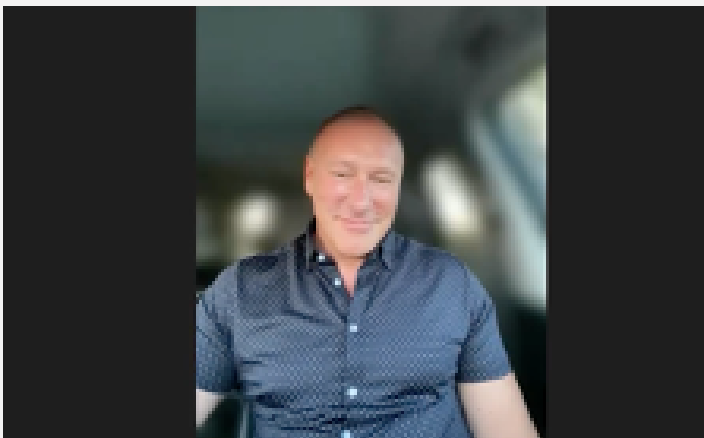
"Content was good, love the real life discussions with member of family business, you did a good job of getting us into groups! also the shorter days were good for zoom, the social hour people did a good job of sharing their products."



"Leslie was an excellent moderator and teacher; the sharing of personal stories; the break out sessions were fun, interesting and educational..."

On Friday of the retreat, Ron Vetter, CEO of Vetter Stone shared his experience with succession in his family firm. Vetter Stone has stone quarries in both Minnesota and Alabama, their company exports stone around the world. They have incredible equipment that allows them to cut stone with great precision and some of the most famous buildings in the US are made from their stone.

Ron is the third-generation leader of the family business. His father Howard wanted a smooth succession plan for his children and it was important to maintain harmony in the family by appointing the right leadership to succeed the business.



Ron Vetter, CEO of Vetter Stone talked about his experiences of succession in his family business

Leslie Dashew was hired to help with the transition, and throughout the discussion, Ron echoed the importance of implementing good advice. Leslie had suggested that each sibling make a recommendation to Howard about who should be the successor. The goal was to provide everyone an opportunity to learn what it takes to be a successor/leader in the family business. Five of the six siblings worked in the business but all six participated in the process. They discovered the competencies and traits it would take to be the successor, who would be willing to do the work to be a good leader taking the family business into another generation. The siblings attended leadership development programs and at the end, recommended to Howard that Ron become the president. Ron had full support of his five siblings; unlike the succession his father experienced. Ron described it has a 2-year process including quarterly meetings with Leslie



Leslie Dashew, family business advisor, worked with Vetter Stone in the process of the transition.

Ron also shared his challenges with pruning the tree and hiring the next generation. When a family member is fired they can reapply to work a year later. It is a valuable standard, that he noted is difficult to uphold. Their family employment policy allows them to participate in internships or work part-time, however, in order to pursue a career in the family business after completing their education, they are required to work elsewhere for a year, in a related field or something that would carry over.

It was also challenging to get people on board with hiring a president that is non-family and the obstacles of that position being the boss of two owners.

He described their succession process and how his father began to let go of his leadership role as he saw Ron proving himself by adding value to the business. They managed to safeguard the family relationship despite disagreements. As Ron assumed leadership of the business, his Father Howard shared valuable insights with him such as “I didn’t make all the decisions right, you probably won’t either, if you make mistakes, try to keep them small. But you’re going to make some missteps.”

Ron appreciated the fact that if he made mistakes his father wasn’t going to come in and say, “I told you so”. Rather he knew to expect a response similar to “yeah, I made some mistakes too, let’s move on.”

When Howard retired, he maintained some involvement and served as a chairman sharing his knowledge. Ron described his father as a great teacher for all levels, who provided calmness, strength and history to the family business. They both respected the boundaries between the role of President and Chairman and his father coached him as needed. Howard understood the strategic directions being made by his son and communicated his support to everyone.

2021 ANNUAL RETREAT

VIRTUAL TASTING EXPERIENCES WITH PETER HESSLER, PONO POTIONS

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During the 2021 Annual Retreat we had two fun and interactive virtual social activities featuring local entrepreneurs. All those attending the retreat received a special welcome box of locally-made products that were curated by Mana Up. Mana Up is an economic development initiative that has been helping Hawaiian businesses scale to global markets.

Peter is from a family business and this background inspired him to ambitiously start Pono Potions.



Meli James, Co-founder of Mana Up led a virtual tasting experience on Thursday evening with Peter Hessler.

Peter Hessler, Founder of Pono Potions was the first-place winner of the PACE UH Venture Competition.



Pono Potions uses locally sourced ingredients, highlighting the flavors of Hawai'i. Included in the welcome box for an interactive tasting experience was the Maika'i Mac Nut Syrup and 'Olena Pineapple Syrup. Peter guided us through a quick, easy and fun cocktail and bonus mocktail lesson using these two syrups.



Mac Nut Whisky Sour:

- 0.5 oz Pono Potions Mac Nut Syrup
- 0.75 oz fresh lemon juice
- 2 oz bourbon whisky
- 0.5 oz orange liquor (optional)



Plantation Daiquiri:

- 0.75 oz Pono Potions 'Olena Pineapple Syrup
- 0.75 oz fresh lime juice
- 2 oz light rum or silver tequila of choice
- 0.5 oz orange liquor (optional)

Friday of the retreat ended on a sweet note with a chocolate tasting and factory tour of Mānoa Chocolate by Owner and Chocolate Maker, Dylan Butterbaugh. Moderated by Meli James from Mana Up, Dylan discussed the importance of finding good partnerships and sourcing quality cacao to make good chocolate. He discussed wine pairings for various flavours while sharing the story behind four craft bars that were provided in the welcome box.

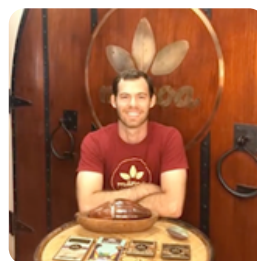


The Mānoa Chocolate Factory & Tasting Room is located in Kailua and offer tours. Offering delicious treats ranging from craft chocolate bars to chocolate covered macnuts, cacao nibs and more. They use environmentally friendly packaging with cellulose and recycled paper in lieu of plastic and they are actively finding ways to give back. He started in a lab at UH, then his mom's kitchen and now has a small-scale industrial equipment to make chocolate with the business actively growing.

Meli noted that Dylan was part of the inaugural cohort for Mana up and is the first person to make wine out of cacao. She added that Mānoa Chocolate has elevated the whole chocolate industry in Hawai'i.

Dylan was studying Spanish and environmental studies at UH when he got into chocolate accidentally while surfing he made friends with someone who had recently got a job studying the viability of cacao for the state of Hawai'i.

Dylan said "Seeing cacao for the first time, I was fascinated, I thought it was so neat that you had these big colorful Dr. Seuss looking pods, these beautiful trees...in an agroforestry system and then you are able to take that fruit and turn it into a really high valued product. So, I was looking for a business to start and this just checked a lot of the boxes of what I found important. I was really into forestry, and I started to really enjoy the manufacturing process, I loved the idea of exporting all over the world. So that is how I got into cacao, that was about 10 or 11 years ago, and I have been doing it ever since."



Dylan Butterbaugh, owner and Chocolate Maker of Mānoa Chocolate

2021 ANNUAL RETREAT

PANEL DISCUSSION: FAMILY BUSINESS STRUCTURES TO SUPPORT COMMUNICATION WITH SENPLEX CORPORATION LEADERS

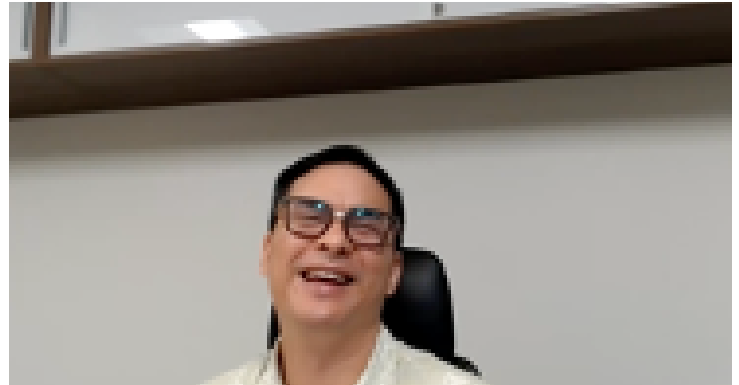
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On the last day of the retreat, we had a panel discussion with the leaders of Sen Plex Corporation on family business structures to support communication (family councils and boards). The leaders involved in the panel discussion included Brian Sen (President), Tammy Shanklin (Chair of Family Council), Dave Shanklin (family representative on the board), and Phyllis Horner (independent member of the board).



The panel mentioned the shifts they have made in having a family council and a board and how it has helped their organization. Brian Sen is the grandson of the founder of Sen Plex and has run the company for about 26 years. Tammy is Brian's first cousin and Dave is Tammy's husband as well as a member of the board, and Phyllis is a psychologist and independent member of the board.

Sen Plex is a Hawaiian company that was founded about 76 years ago by Francis Sen (Brian's grandfather). Sen Plex is a commercial mechanical contractor that was started during the war in 1945. They work on a variety of buildings from airports to hospitals, schools, universities, condos and government buildings.



Brian Sen, president and grandson of founder of Sen Plex Corporation

Francis created a trust, and there are now seven beneficiaries, two of which live in Hawaii. Brian noted that the family was not always as close as they are today, rather the second generation faced issues and conflicts. While generations one and two were not successful in keeping the family together, generations three and four have succeeded in what has been a decades long journey in bringing the family back together.

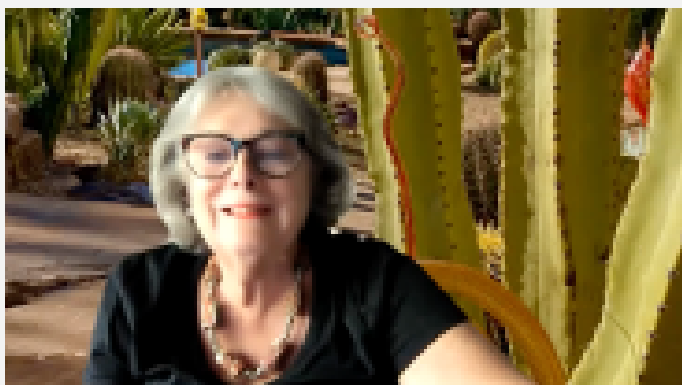
One of the many challenges that family businesses face is how to stay in communication as families grow and disperse. How do we keep the lines of communication going? At Sen Plex, it was Brian's leadership that helped to establish the family council and the board. They try to meet twice a year (for the last 6 years), with one annual meeting in Hawaii.

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PANEL DISCUSSION: FAMILY BUSINESS STRUCTURES TO SUPPORT COMMUNICATION WITH SENPLEX CORPORATION LEADERS

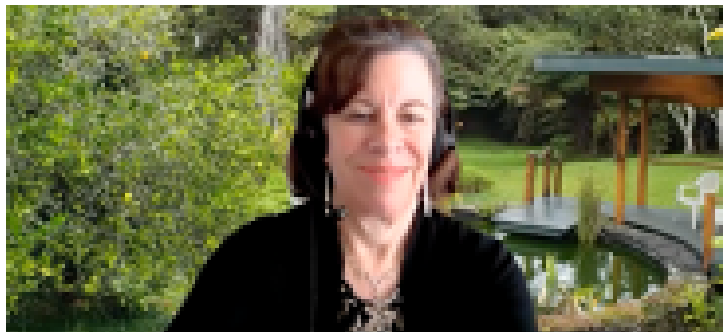
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Leslie explained how to make a family council work and the importance of a chief emotional officer, willing to take the lead. At Sen Plex, that has been Tammy. Tammy talked about how prior to the formation of the family council, the cousins were not involved in the family business. She shared that it is wonderful to get to know her cousins and learn more about the business. When asked about any barriers to communication in the family council, Tammy noted that it was disappointing that a few family members are choose not to be involved. On a positive note, she noted that their children have started attending some sessions as their schedules allows.



Leslie Dashew, Advisor for Family Businesses

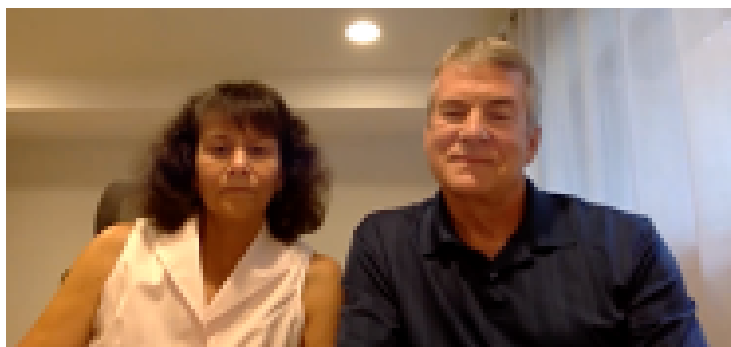
Dave discussed the benefits of the family council meetings, as an opportunity to connect with the family and share information about the family business. He added that the family's knowledge of the company has increased a great deal because of these meetings. Phyllis suggested forming a family council first and then a board.



Phyllis Horner, independent member of the board

Forming a family council is a great way to build understanding across generations and generate a stronger knowledge of the business. The value of the board is that it allows you to work in your business and also on your business in a way that pulls you forward to external standards, that those who are working so hard in the business don't have time to look up and see.

When asked what advice they would offer in starting a family council, Tammy said the value of Leslie's direction which brought them together. Dave noted the personal development people get out of it and Brian discussed the value of attending related meetings at the family business center, to trust the process, and to find a family business advisor that is the right emotional fit with your family.



Tammy Shanklin, Chair of Family Council. Dave Shanklin, family representative on the board

KEY CONSIDERATIONS WHEN DONATING BUSINESS INTERESTS TO CHARITY A PRESENTATION WITH TOM PAULOSKI AND MODERATED BY RYAN MARTINEZ

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In November, Tom Pauloski and Ryan Martinez presented on key considerations when donating business interests to charity. Tom Pauloski is the National Managing Director of Bernstein Private Wealth Management working with complex wealth transfer strategies and tax efficient wealth management. Prior to 2005, he was a Partner at a Law Firm with clients in Hawaii, a faculty member at the American Bankers Association and National Trust, and he has taught estate planning classes at Northwestern University Law School. Tom is also one of the five professionals/families that brought together the financial and intellectual capital resources to set up the Family Business Center of Hawaii and he noted how heartwarming it is to see how it has grown over the past 26 years.

Ryan Martinez, Principal of Bernstein Private Wealth Management works closely with family business owners, entrepreneurs and corporate executives and helps his clients navigate areas such as raising capital, growing leadership and governance, as well as succession and exit planning.

Tom and Ryan discussed topics related to navigating a potential exit, charitable strategies, and retiring while maximizing profit and minimizing taxes. There are unique challenges that owners and founders of privately owned firms face especially as they navigate an exit, whether the business is passed onto another family member or a financial buyer.



Ryan Martinez, Principal of Bernstein Private Wealth Management

Oftentimes, those looking to leave the firm are also inclined to give back. Exit planning using charitable strategies can fulfill the dream of supporting a favorite charity or community that helped foster the success of the business.



Tom Pauloski, National Managing Director of Bernstein Private Wealth Management



Networking at Chef Zone for our July social



July meeting with
Kiani Wong,
Kaka'ako Kasuals



Next Gen Peer Group
with Erin Uehara,
Choco le'a



Membership
committee meeting

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