

THE FAMILY BUSINESS CONNECTION



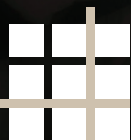
FEATURED INSIDE:

10 multi-generational family business stories

***National & regional
data trends***

***What's ahead this
year for PFBA***

ANNIVERSARY
30TH



PRAIRIE
FAMILY BUSINESS
ASSOCIATION

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

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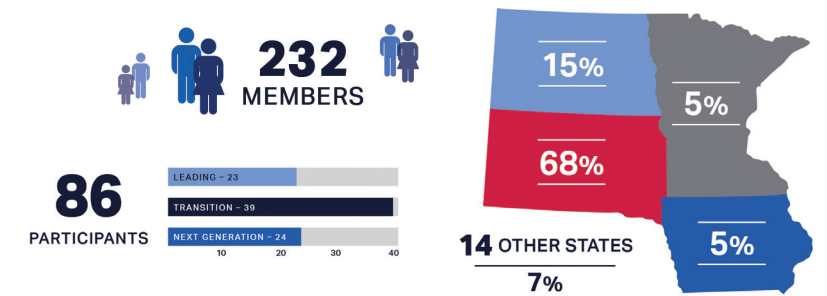
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Welcome to our First Annual Publication, **The Family Business Connection!**

We're excited to present some of our top stories from the year as well as interesting family business information. Our purpose is to inspire you through these stories and to share valuable information.

One of my personal highlights from the past year has been the increased number of family businesses we've served and the meaningful interactions our team has had with you. Take a look!



We're here to help family businesses thrive through generations. Enjoy this magazine? Keep it and reference it. Finished with it? Give this to a fellow family business!

Warmly,
Stephanie Larscheid
Executive Director

Prairie Family Business Association is a key outreach center of the University of South Dakota Beacom School of Business. We are so pleased to serve each of you through the flagship business school in the State of South Dakota. The reputation of Prairie Family Business Association is strong through the state of South Dakota, the upper Midwest, and more recently, gained national and international recognition. The Prairie Family Business Association team, aided by the excellent advisory board, has made a positive impact on hundreds of family businesses through the 30th Annual Family Business Conference held in April. Programs, education, and the network are the pillars of what Prairie Family Business Association offers in professional and focused ways. I'm especially excited to share with you the results of our most recent member survey, featured on page 25.

Family businesses are unique with unique challenges and opportunities. PFBA is here to serve you through the ups and downs of business and family transitions. Keep up the good work.

Sincerely,
Venky Venkatachalam, Ph.D.
University of South Dakota Beacom School of Business, Dean

Starion Bank takes progressive approach to succession, governance

If you want to know what other CEOs will be doing in the years ahead, look at what Craig Larson is doing now.



Craig and Shelley Larson with third generation daughters Paige (left) and Annika (right)

“He’s such a futuristic person; he thinks way ahead of the game, and he thinks things out really well,” said his wife, Shelley, who also serves on the board of directors for their family-owned bank.

Larson stepped away from his day-to-day role as CEO of Bismarck, North Dakota-based Starion Bank in January 2022, after planning it for years.

But unlike most CEOs, who transition into a traditional board leadership role or exit entirely, Larson will be the new executive chairman of Starion Bank, which has 16 locations in North Dakota and Wisconsin.

“I’m 58 years old, so not quite retirement age, and I still have a passion for the business,” said Larson, who has led the bank for nearly a quarter-century. “A small number of retiring CEOs transition to executive chair, but you’re seeing it more and more.”

Amazon’s Jeff Bezos is one example, he said. He also has learned of several recent examples in community banking.

“For me, the way I proposed to the board that we structure the executive

chairman role – and I imagine every company is different – revolves around areas I can still add value to the bank. One example is partnering with the CEO on ‘one-way-door’ decisions,” he said.

Those are the decisions “you really can’t unwind,” he explained. “It’s a 100 percent commitment.”

Mergers and acquisitions, which he will oversee, are a clear example.

“I’ll be a link between the bank and the owners group, shepherding culture and mission, my relationships with regulatory agencies and associations and professional partnership and customers,” he continued.

“And I’ll act as a spokesman and representative of the bank along with others in leadership and be mentoring my successor.”

His successor, Don Morgan, was chosen through a deliberate process that began with Starion enlisting the help of multiple advisers, including a consultant the family met through their involvement in the Prairie Family Business Association.

“We’ve talked about transition and succession for a long time and really focused on it the last five years,” Larson said.

“Don has been with the bank for 10 years in senior positions, most recently as president since 2020, and we’ve had a chance to see and understand his work and see that he is a good cultural fit for the organization.”

Before a decision was made, Morgan

interviewed multiple times both with board members and family-owners.

“I’m the only family member working in the business, but my siblings have ownership interest, so this was an opportunity to engage the family in the process,” Larson said. “He had a unique vision statement for the family and for the board, and I think my family really appreciated the chance to weigh in and be involved in the interview. Ultimately, it was the board’s decision to promote Don.”

For Shelley Larson, who also serves on the board, “it’s been a wonderful transition,” she said. “Craig made sure everyone was part of the process, even our third generation, and we could bring difficult questions and do multiple interviews.”

At her suggestion, the Larsons and a board member who was leading the search process and his wife took Morgan and his wife to dinner to talk through the bigger picture of being CEO.

“Shelley really brought the perspective that Don’s whole family would be affected. It’s a big commitment,” Larson said. “So we spent a couple hours sharing with them. Our director also has been a CEO for 20-plus years, so we all sat down and talked about whether the family was ready for this and how we’d have to rearrange our life.”

While Morgan is not a member of the Larson family, that’s not unique in the bank’s history. Larson’s father, Frank, is a lawyer who bought his first bank at age 40 and had a variety of business dealings. “My father was never an active manager, always an owner and chairman of the board, and we were led by nonfamily presidents for our first 28 years,” he said. “So we’re very comfortable having a nonfamily member run the bank. We’re family-owned and determined to be professionally managed.”



Top: Craig Larson and Don Morgan; Middle: Frank Larson and Craig Larson; Bottom: Three generations of the Larson Family



At nearly 93, Frank “is still sharp as a whip and very excited for the transition,” Larson said. “He really is happy for Don and for me and the organization.”

CONNECTING WITH OTHERS

While his parents “were very progressive in estate planning,” the family “wasn’t engaging a lot in family business activities” in the late 1990s and early 2000s. Larson was looking to change that and not sure how when he received a fateful phone call.

“It was the executive director of the Prairie Family Business Association who told me the board had decided to expand out of South Dakota and that North Dakota was the natural place to go,” he said.

“She had heard my name as a good family business person, and it was sort of serendipitous because I was wondering where to find help and had no idea there was a group in Sioux Falls. So it was a bit of an answer to a prayer, and I jumped in 100 percent.”

He began attending association events, joined the board and ultimately served as chair.

“Honestly, a lot of the things we’re doing in our bank are things we were exposed to through the Prairie Family Business Association,” he said. “We’ve seen it grow in North Dakota, and it was fun to be a pioneer in this. I’ve done my best to encourage and invite others to join.”

Larson has been a member of a peer group for years and is just transitioning off as his role changes. “It’s been really good, and I’ve got lifelong friends I made there,” he said.

Shelley Larson has joined him at association events. “We’ve learned a lot and implemented a lot,” she said.

“As an in-law, I was always impressed because sometimes you feel a little awkward at those things when you’ve married in, and when you go to Prairie Family Business, you find out you have a role, and I’m not alone in the feelings I’ve had. It’s just been a godsend for us as a family.”

In return, the Larson family has been a powerful example for others, said Stephanie Larscheid, executive director of the Prairie Family Business Association.

“They are leaders in so many ways,” she said. “Not only have Craig and Shelley been pivotal to growing our family business relationships in North Dakota, but they lead by example in terms of best practices and governance. We’re excited to watch them enter their third generation of ownership and be a part of the next generation’s family business journey. We know that they’ve created an outstanding foundation for future success.”



THIRD-GENERATION

Coca-Cola bottling family helps share best practices

L.E. “Mike” Messinger had a work ethic from his very first experience in business that would lead him to build a multigenerational family company.

In 1927, at the age of 16, Mike started working as a bottle sorter for the Coca-Cola Bottling Co. of Spirit Lake, Iowa. In 1939, he was hired by the Coca-Cola Bottling Co. of Sioux Falls as the sales manager. After 17 years in Sioux Falls, he had the chance to purchase a 50 percent share in the Seven-Up Bottling Co. of Rapid City, so he risked everything and headed west. The original business had one pickup truck, two delivery vehicles and was housed in an old gas station, with most of the bottling equipment operated by hand. Messinger got to work and built a new bottling plant after just one year. His son, Michael, began managing the company in 1970, then known as the Coca-Cola Bottling Company of the Black Hills. As the business continued to grow, he built another larger bottling plant in 1985. The third generation, L.E.’s grandchildren, now run the company

together and have overseen a period of growth that has taken it from one sales center to 26 sales centers across South Dakota, North Dakota, Minnesota, Montana, Wyoming, Colorado and Utah. Since the fall of 2000, the company has been called Coca-Cola Bottling Co. High Country and is led by M. Trevor Messinger, Tura Synhorst and Trask Messinger. Synhorst, who serves as vice president of corporate affairs, serves on the Prairie Family Business Association advisory board and was chair from 2019-20.



Tura Synhorst, third generation

We caught up with her to learn more about her family business success and vision for helping others.

What are some of the elements you credit for the success of your multigenerational family business?

The company has been based on family since its inception. The family ownership is active in the business every day, and each generation has worked in

all aspects of the business. The entire Coca-Cola bottling system was built from the ground up by families. My grandfather came from the farm, and he knew the value of hard work. He was able to pass that work ethic on to his son, and his son has been able to pass that on to us, his children.

My dad was the visionary thinker. He was much more visionary than he gives himself credit for, and he watched a lot of family owners in the Coca-Cola system no longer participate or exist as a family business because they couldn't get along. And I think he saw that and wanted to prevent that as much as possible within the next generation of our family business. So he laid out in a beautiful way what the rules of entry were for us, what it meant to be involved in the business and what the future looked like if we chose to do that.

What was the biggest lesson you took away from transitioning into leadership following your company's second generation?

To name just one lesson would be impossible! We learned a lot of really big lessons from the previous two generations, but the biggest lesson is to communicate. You have to communicate as a family so you're all on the same page, and with that comes creating family business plans for the future. Everyone needs to know those plans and be fully versed in what that means.

We, as the third generation, have been successful because as siblings the three of us have figured out how to work together by balancing one another's strengths and weaknesses. We each have a defined role in the company, and



L.E. “Mike” Messinger

we are all working together to steward our business to the fourth generation and beyond.

How has the Prairie Family Business Association added value for you as family business leaders?

In the Coca-Cola world, we refer to it as “the secret formula.” With the Prairie Family Business Association, it is the people, the families representing a wide range of industries across our region, that comprise the secret formula. Our family still remembers the very first Prairie Family Business annual conference we attended.

We were awestruck by how open and willing the other families were to share their stories, both the good and the bad, with us. As we listened and learned at our first conference, our family was hooked.

Our family has met many outstanding families through the association over the years. We have formed lifelong friendships and connections that have only further benefited our family and our business. We have not only been attending the annual conference for years, but we have also participated in the family business retreat, joined the webinars, become part of an affinity peer group and served as part of the advisory board.



The second and fourth generations of the Messinger Family.

As a member of the Prairie Family Business Association board, what's your motivation? What drives you to help other family businesses?

What motivates me are the amazing families that belong to the association. The energy and passion they bring is outstanding — not only the current members, but the ones who founded the association by giving their time, talent and support to ensure it exists for years to come. I am driven to help other families because I believe in the power and specialness of being a part of a family-owned business.

How do you see the Prairie Family Business Association evolving to continue to meet the changing needs of family businesses?

I think the association will continue to evolve by staying on the cutting edge of what family businesses need to succeed the most for generations to come, keeping top-quality resources for families and things we haven't even thought of yet. You come to the annual conference and you leave inspired with new ideas or a road map, you learn about innovations, and you network with other families and they tell you stories, and you learn what others tried that did and didn't work. I hear from the advisory board, as well as members, that it's wonderful to meet families across such a wide range of industries, whether you're in the first generation or fifth, or a small family

office or 1,000 employees — it doesn't matter. We all share a common thread that we're in a family business every day.

What message do you have for family businesses who might not know a lot about the association? Why should they consider connecting with it?

Embrace the secret formula — the families who belong — and you too will find yourself hooked on wanting to return year after year. You get inspired. You make connections and friendships that can last a lifetime. A lot of us have trade groups where you can go connect in your industry. We need that too. But you come here and it's totally different from anything else you're going to experience because it's just for family businesses. Everything we provide, all the resources are specific to family business, and you can't get that anywhere else.

It is all too easy to get caught up in the day-to-day whirlwind and not devote the time needed to accomplish the family-side work. This is where the Prairie Family Business Association has served a key role in helping our family do just that: provide the opportunities and events for our family to focus on the family side of our business by providing the resources needed specifically for family businesses to be successful for generations to come. 🧩

Is your business considering EOS®?

This will get you started.

A lot of family business leaders likely can relate to what happened at the Hamlin Building Center.



Kyle Kangas

“The founder was getting ready to retire, and us younger guys were taking over, and there was a void,” said Kyle Kangas, who was general manager while the transition was occurring in 2013. The business in Lake Norden in eastern South Dakota serves the homebuilding industry and was getting work done, but lacked long-term vision and clarity around roles and responsibilities, he said. “It felt like we were bursting at the seams and people were stressed. We were trying to be all things to all people.” The road map to success came in the form of the Entrepreneurial Operating System®, or EOS, an approach that has helped thousands of businesses achieve more revenue, growth and profit while delivering a better balance of life to business owners and leaders. “We put people in seats focusing on what they were good at,” Kangas said. “They could stay in their lane, get things done much more efficiently, and the real benefit was that people got their lives back. If you want to work 50 or 60 hours a week, you can, but you don’t have to.”

The benefit literally added up in a big way too. “When we started EOS at Hamlin Building Center, we were at about \$11 million in revenue in 2014, and it’s over \$22 million in 2020,” Kangas said. He still works with the company as its EOS Implementer® but has since started his own business, VTH Works, helping other businesses. He was the first certified EOS Implementer in South Dakota, trained by EOS® Worldwide.

“I have one company this year that had 425 percent growth in revenue, and the profit growth was even more,” he said. “We stayed true to the process. And with EOS, you just keep working at things until you get there.”

The Entrepreneurial Operating System was developed by Gino Wickman and described in his best-selling book “Traction: Get a Grip on Your Business.” More than 142,000 companies are using EOS tools to improve the operational value of their business, with nearly 500 trained EOS Implementers who help businesses master leadership and execution to gain traction on their business goals. The system can work for any business, but it has particular value for family businesses, said Stephanie Larscheid, executive director of the Prairie Family Business Association. “Among families in our membership who choose to implement EOS, we are seeing more clarity for owners,” Larscheid said. “These family business leaders are experiencing greater fulfillment and are more confident in executing their vision. It is clear that family businesses that implement an operating system such as EOS are likely to have a more seamless transition from one generation to the

next. The work that EOS does for family businesses aligns with our mission to provide tools needed to successfully transition the family business.”

The Prairie Family Business Association team has been implementing EOS under the guidance of Kangas. The association serves more than 200 businesses, and the EOS tools have created a more focused, forward-thinking organization.

To further support businesses interested in EOS, Prairie Family Business Association has partnered with EOS Worldwide to offer family-owned businesses free access to EOS tools and dedicated support for businesses interested in finding an EOS Implementer. PFBA and EOS also will continue to work closely together to deliver EOS training workshops, talks, and books as part of PFBA’s education and outreach programs. “The beauty of this partnership is EOS Worldwide has provided credible and qualified speakers who share practical resources that family businesses can put to use right away,” said Sara Stern, a Certified EOS Implementer and the former director of the nationally recognized Family Business Center at the University of Saint Thomas. “The entire Entrepreneurial Operating System was created by Gino Wickman while he was working shoulder to shoulder with his dad in their family business.” “If your business isn’t running well, it’s hard for you to be engaged in your family,” Kangas added. “If you have a lot of stress coming from work, it affects your family life. That’s where I’m coming at it from.

If you have a family business, this is what you should be doing because it will improve your family business. EOS is a communication tool in its root form, and often in a family business, that’s what you need to work on.”

WHO’S A FIT?

Companies that get the most out of EOS tend to be between 10 and 250 employees, Stern said. They’re growth-oriented businesses that are struggling with one or more of the following common issues:

- » **People:** They just can’t seem to find the right ones and need to make decisions about if and where family members work in the business.
- » **Control:** They feel out of control of the business.
- » **Profit:** There just aren’t enough of them.
- » **Hitting the ceiling:** They feel like they are working harder than ever before with fewer results.
- » **Nothing’s working:** They have tried all the ideas, read all the books, implemented all the strategies, and nothing is working.

“They’re also willing to change and willing to be vulnerable,” she added. “That means being open-minded, willing to admit weaknesses and willing to face reality.”

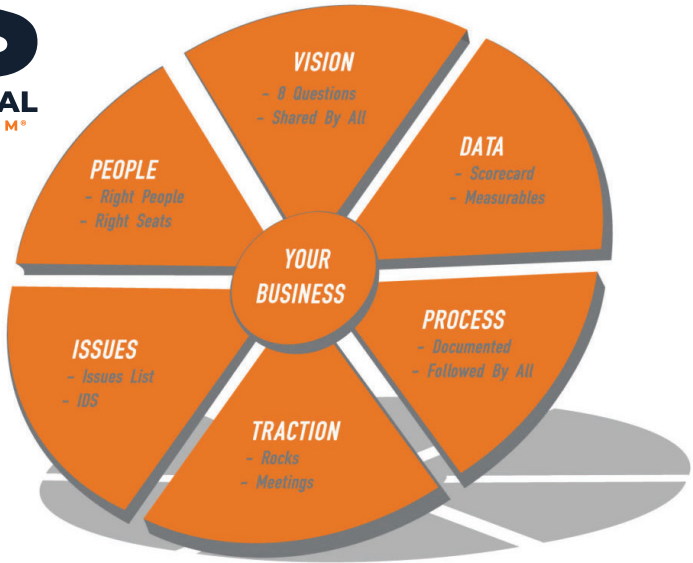
She also has received the following feedback from family businesses after starting EOS:

“Before we had EOS, we weren’t sure if our kids should work in the business. Now, we are sure they should and have a strong vision of how they get to grow it. We used to fight too much without ever making decisions. Now, we still disagree, but we make decisions, and we all agree about where we’re going.”

“EOS has helped our family business grow. We never could have acquired the business we just acquired and kept our wits about us without the help of EOS.”

‘HOW TO BE A GREAT BOSS’

Successful EOS implementation requires those who lead organizations to master their own set of skills. EOS Implementer and author René



Boer explores that side of the process in his co-authored book “How to Be a Great Boss.”

“Great bosses see their position as a responsibility, not a reward,” Boer said. “They’re humble, willing to be vulnerable, to build trust and to let go – to be effective leaders and managers. However, many bosses are so busy working in their business they don’t slow down long enough to work on their business. As a result, they don’t have time to think nor to develop their people.”

He teaches a tool called Delegate & Elevate™ that helps bosses use their time more effectively so they can lead. He also teaches a practice, the Quarterly Conversation™, that helps bosses coach their people so they have time to effectively manage.

“A successful EOS implementation requires the leadership team to master tools, follow a process and commit to cascading EOS to everyone in their organization,” Boer said.

“As goes the leadership team, so goes the rest of the organization. This system is a good fit for any privately owned company where the owner wants to grow, is open-minded, genuinely cares about people and is willing to follow one operating system.”

Family businesses add the unique challenges of ensuring that everyone working in the businesses understands no one is entitled to anything, he added.

“To run a successful business, everyone should be clear on their roles and willing to hold themselves accountable to meet their commitments and do what they say they will do,” Boer said.

“It requires the bosses to be completely open and honest with each other and to solve issues for the greater good – not just what’s good for them personally.”

Think this all sounds a little too complicated? Think again, Kangas said.

“I always get that question because it can seem complicated,” he said. “But there is a process to get started, and it’s fairly simple. It starts with a phone call, then a 90 Minute Meeting to talk through the tools and talk through how it works, and the business decides if they want to do it and if the professional implementer is a fit.”

From there, it does take time, he said. But follow the process, and it will work.

“Transformation is not an overnight thing,” he said. “But if you have a coach, you’re more likely to keep going and succeed. If you do it purely, the way it’s intended, it will work. There’s case study after case study that says it will. And all my clients are in love with EOS.”

Succession Planning Do's and Don'ts

THREE FAMILY BUSINESSES
SHARE THEIR STORIES

They've been there, done that, and now are sharing their experiences.

Family business leaders from three businesses shared strategies and pitfalls around succession planning during the January 2022 webinar.

FAMILIES REPRESENTED:



Dave and Jan Johnson, second-generation owners of Reliabank, which was founded in South Shore and celebrated its centennial in 2020.



Jarod Stec, third-generation owner of Stec's Advertising, which his grandmother founded in Rapid City in 1981.



Darcy Christenson, second-generation owner of Sioux City-based Quality Telecommunications & Triview Communications, which recently marked 30 years in business.

"These families demonstrate the power of spending time working on your business. If you want to be a multigenerational family business,

you need to set aside time to plan for the future," said Stephanie Larscheid, executive director of the Prairie Family Business Association.

"Being intentional about communication will increase the likeliness of a successful transition. Just like these families describe, there is great benefit to having someone facilitate your family meetings. Reach out, and our team can put you in touch with a facilitator who has experience with family businesses."

How did you begin your leadership/ownership transition? What were your first steps?

Jan Johnson (JJ): Eleven years ago, Dave told all our staff he was retiring after the centennial. That now has come and gone, and he has not quite retired, but at that time we did really get more involved with the Prairie Family Business Association. I think Dave was always aware we needed a plan, but this connected us with an adviser who now facilitates our quarterly meetings, and it really has made the difference to move us forward.

Dave Johnson (DJ): We participated in the family business retreat at the Paul Nelson Farm and, at that point, our sons indicated they wanted to retain ownership in the business, which was a pleasant surprise for me. They decided they don't want to follow me as CEO, so now we're working through what that transition could look like.

Jarod Stec (JS): My dad and I had a conversation in which he expressed a

desire to retire in five years, but those years kept moving. Every year it was five years out. So at one point, I asked how we were going to transition, and he said it would be the same way he and his mom did. I reminded him they had 30 years to transition, and he wanted to be gone in five, and at that moment, we realized we didn't have such a good plan in place. He had a good friend who had been part of Prairie Family Business for a long time, and we attended a conference, and it was an eye-opener as far as resources for people in our situation.

Darcy Christenson (DC): We really started at the Prairie Family Business Association annual conference by asking the question. It was just for my parents to realize they couldn't just pass away, give me and my brothers the business, and everything would be roses and butterflies going forward. The conference was huge to put things in perspective and help us realize we had to begin putting steps in place to have a true succession plan.

What stands out as a pivotal point in your transition?

JS: We took advantage of a live case study offered through Prairie Family Business Association, and that was a pivotal moment because it showed a lot of the ways we could accomplish what we were trying to do. We knew one way and knew there were other ways but didn't know what they were. From there, it rolled pretty quickly.

DJ: It was pivotal when we realized

our sons would rather work in the business as opposed to liquidate and take equity, so that helped set in motion other decisions. And I also knew they didn't want to follow me as CEO, so I was totally confused, but then we met the Lloyd family through Prairie Family Business, and they had been in the same situation and yet were able to find someone within the family to take over the CEO position, so that was an eye-opening experience for me.

DC: After the conference, we never realized how many experts there were to help us and how important it was to have a succession plan written out. We used a live case study, which really put things into perspective. It lined us up with the experts we ended up using, and my mom took the lead as far as beginning to put it down on paper.

Looking back, what are some things that went well and you would encourage other families to consider?

DJ: Bringing nonfamily members into leadership has really worked well for us. That was a stumbling block I couldn't see past when we first got involved.

JJ: We insisted our sons go to the Prairie Family Business conferences, and that was really important. One of our sons became involved in a peer group, which really helped him buy into the concept of transitioning even more.

JS: Once we got going, it all went smoothly. The biggest thing is making sure having tough conversations didn't

ruin our personal relationships, and that went really well when it could have been difficult.

DC: Bring in the spouses. That was something we did to show them what we were doing, so it gives them an idea of what's going to happen. We didn't realize how important that was until we went to a family business retreat and met others who had gone through divorce and realized the challenges that could create.

Looking back, what are two or three things you wish you would have done differently?

JS: When I came into the business, it would have been beneficial to sit down and have a conversation about the future from the very beginning. My dad was unsure I was in it for the long haul, which turned into a trial period that lasted five years. Talking about succession from the very beginning would have removed uncertainty.

DC: I wish we would have started earlier too. My brothers were in the business for five to 10 years more than I was but never thought of themselves as owners. It was always the thought that Mom and Dad would be there, so it wasn't until they began talking about planning to retire that they began transitioning into leadership roles.

DJ: I wish I would have bought more life insurance. Once this got formalized, the business took off at a higher level and required some additional debt. So I wish I would have bought more life

insurance when I was younger.

What is one piece of advice or encouragement you have for other family business owners?

DJ: Invest in your legacy. You have to quit thinking about it and get into action. When you've worked your whole life at a business, you've touched not only your family but your customers, vendors, and employees. It's worth the investment to go to a retreat, work with a facilitator, come to a conference.

DC: Get connected to all the facilitators you can. We've used multiple facilitators, including one recently who helped guide through a strategic leadership plan.

JS: If you're a member of Prairie Family Business, take advantage of the resources available, and if you're not a member, check them out because that's how my dad and I started. We would not have nearly a good enough plan if we were not exposed to everything we were through Prairie Family Business. Of all the organizations we've joined, it's been the most beneficial.

David and Jan have been working on retirement planning with a specialist they met through PFBA, and a retirement date of 2025 has been set. "I plan to walk away almost completely from the bank and I am actually counting down the time to my retirement party," states David. 🇺🇸



Left: Reliabank; Top right: Stec's Advertising; Bottom right: Quality Telecommunications

Edney Distributing embraces employee ownership, transitions to fourth-generation leadership

At an age when most people would be retiring, W. Fredrick and Ferne Edney became business owners.



Ferne and W. Fredrick Edney

It was 1951, and Fredrick had spent a career bringing wind power to rural homes that previously didn't have electricity. By late in his career, he had a choice – transfer to South Dakota or Texas – which led him to a sales territory from their new home base of Huron.

A few years later at 65, he retired and founded Edney Distributing to sell a broader range of equipment to implement dealers.

"He'd mainly been selling to implement dealers, so he handled everything, including farm equipment, and continued to call on customers but with different products and his own company."

Seventy-one years later, Edney Distributing Co., Inc. marked a milestone anniversary with a transition to a new generation of leadership and focus on continuing to evolve its business.

BUILDING THE BUSINESS

After World War II, there was "a huge pent-up demand for farm equipment," Doug Edney said.

And the business benefited. Edney's father, W. Milton, joined the business and expanded it, becoming president in 1960 following Fredrick's death. Milton's brother, Dale, came on board in 1962, serving as vice president until retiring in 1993, and their mother, Ferne, continued serving as secretary-treasurer and office manager until she died in 1974.

"At that time, we had a need for more people, and I came on the radar and my father thought that might be a good fit," said Edney, who started out in the warehouse after graduating from USD.

"That was the last thing I wanted to do because I had worked there during the summers going back to junior high, but my dad came and talked to me, and we decided it would be a good place for me to at least start."

As it turned out, he never left.

Edney Distributing now includes a network of 1,500 dealers, as far away as Canada but focused on the Upper Midwest. As a wholesale manufacturer, the company works with more than 50 suppliers worldwide in the ag, lawn and turf, forestry, and light industrial industries.



Doug Edney



Jenni Edney



2021 We Supply America Employee Party



Doug, Duane Gramstad, Jenni

FOURTH-GENERATION ASSUMES LEADERSHIP

She has followed in her father's footsteps.

"Similar to my dad, I didn't plan on working in the family business," Jenni said.

Her degree is in psychology, and she has experience in retail and financial services. But when her grandfather died in 2007, she felt the pull to come back and help.

"I finally pushed my way in and wrote my own job proposal and said I'd come help for a year," she said.

That was 14 years ago. This past August, she became company president.

"I fell in love with the people and the company, and it's just a joy to get to work with my dad," she said. "We work really well together and have complementary skills."

Her brother, Brian, also spent 12 years in the business building the company's first website and overall technology infrastructure before leaving for a career in the medical device industry.

Doug Edney has transitioned to "a title yet to be determined," which means he's spending more time traveling and advising while easing out of a day-to-day role.

"My dad was 82 when he passed away, and I think he'd be here working today if he were alive."

"So it's important I recognize the time to look at transition," he said. "I'm very lucky that Jenni is in the business and very capable, so that allows us to look at transition a little differently than my parents and grandparents."

The board of directors includes Edney, his wife, Lynn, and daughter Jenni, and he'd like to add to it, he said.

"I give my dad a lot of credit because he's been so courageous and shown a great deal of leadership, engaging in tough conversations with me and being open to some of my outlandish ideas," Jenni said.

"We've been able to collaborate and create a really solid foundation for our company to continue to grow. Our suppliers know they can count on us, our dealers know they can count on us, and our employees know they can count on us. The hard work we've been doing ensures we will be able to keep our commitments."

That includes transitioning the company to the Entrepreneurial Operating System®, or EOS, an approach that allows Edney Distributing to identify gaps on its team and "helped us get the right people in the right seats," Jenni said.

"We can more effectively communicate the direction the company is going. Every employee owner knows how to contribute each day to move us toward those goals. Being an ESOP really meshes well with EOS because it's so empowering to our team members."

The EOS connection also led Edney Distributing to become a member of the Prairie Family Business Association.

The company, which has its administrative offices in Minnesota, had participated in another family business event series in that state and met some additional Prairie Family Business Association members.

"So I checked it out and participated in the virtual conference in 2020, and I couldn't believe what I'd been missing out on," Jenni said. "The presentations and participants were exactly reflecting the challenges we face as a family business and as a business based in the Midwest. I felt like, 'Oh my goodness. I found our people.' I've been so pleased. What a dynamic group of really interesting people."

They've joined webinars, were students in the board school during 2021-2022, and participated in the 2022 conference.

"We're thrilled to have connected with the Edney family," said Stephanie Larscheid, executive director of the Prairie Family Business Association.

"What a fantastic fourth-generation business succeeding regionwide. We're so glad to have been a resource for them already and equally excited for them to connect with other families who are going through similar journeys. They have a lot of best practices to share, and we know more great things are ahead for them." 🇺🇸





THIRD-GENERATION Austad's evolves with new offerings as golf experiences unprecedented demand

The way Dave and Ryan Austad see it, the game of golf has stuck.

"In 2020, everyone golfed because it was safe. After a dicey March, April and May, the sport just saw an explosion," Ryan Austad said.

"But you have to golf with someone. So, generally, people invited friends. And in 2021, we started hearing from the people who had been invited, loved it, and now want to get shoes, clubs, and everything else. So you have this exponential build I don't think will go away. I think the game is in a very strong place right now."

So does his father, Dave, who has seen the game evolve over decades as he has led Austad's Golf, a Sioux Falls-based retailer with nine locations in five states.

"We've seen some booms in the past. The last one was driven by Tiger Woods in the late 1990s. But then, golfers got frustrated. They thought it was too expensive and took too long to play. So when the recession hit in 2008, millions quit," Dave said.

"This feels different. This is people picking it up as a lifestyle change, and we believe that the social aspect and the emphasis on more flexible work arrangements is all beneficial. We think golf is set for some very good years going forward."

Austad's is used to thinking long term. The family business,

founded in 1963 by Dave's father, Oscar, is successfully transitioning to its third generation of leadership. Ryan now oversees day-to-day operations, and his sister, Sara, runs the company's e-commerce operation.

Dave continues to be involved at a high level while enjoying the flexibility to spend more time outside the office.

"Personally, I think it's gone significantly smoother than I anticipated," Dave said.

The family credits its longtime membership in the Prairie Family Business Association for helping them navigate from generation to generation. Austad's Golf was one of fewer than 10 original members of the association and has evolved along with it for the past 30 years.

"The original core was eight to 10 business owners, and we called ourselves the SOBs – the Sons of Bosses," Dave said. "It started out just getting together socially and debating whose dad was worse."



The Austad Family

While they came from industries as diverse as retail, manufacturing and energy, the business leaders realized that as next-generation family owners, they had a lot in common.

"So we elected a program chair, and over time it grew to 180 businesses, and then the University of South Dakota came in and helped us take it to the next level," Dave said.

"We didn't even realize what we were doing. We just fell into it, and when we started reaching out to speakers, they would ask us if we realized what we had here. We had 180 businesses in the middle of the country talking to each other about how you can succeed. And I think it's one of the things that makes Sioux Falls and our surrounding area so successful for family businesses. We have resources, and we're willing to share."

That mentality continues as the association marks 30 years and 230 members, said Stephanie Larscheid, the association's executive director.

"The Austad family is absolutely right about the uniqueness and the value that this group of businesses enjoys," she said. "It's so rewarding to be able to look at a family business like Austad's Golf, think back on where they were when they helped form this association three decades ago and see how they've evolved today, knowing we played a role in helping them get there."

Both Dave and Ryan are members of affinity peer groups, connecting them with counterparts from their generations in other family businesses.

"My group has been together five years, and it's a valuable thing," Ryan said.

"We know each others' businesses well and don't feel like we need to hold back in conversation. For me, it was an avenue to discuss everything from workforce challenges to COVID protocols. And you can talk long-term strategy, get insight and get pushback from people who understand that as a family business you're thinking about planning from generation to generation, not quarter to quarter like some in the corporate world. You're looking at 50 years, not the next three months."

Dave's seven-member peer group "has been wonderful because everyone is in the same boat trying to figure out how to pass it on," he said.

"We challenge each other. We have a list of things we need to do, and we hold each other accountable, which is really beneficial. We had a meeting recently and went around the table to each person; they all said it's helpful, and they want to stay in it."

When working through their transition, the association's resources were especially helpful, Ryan added.

"It's a really complicated thing, which is where we saw a huge value-add for Prairie Family Business because they have the expertise and people to bounce ideas off as you transfer ownership. It's gone well for us, but we've leaned heavily into Prairie Family Business for advice."

For Austad's, it has been a year of evolution within the business too. The company has expanded to offer golf simulators both for businesses and individuals – an outgrowth of so many staying at home – and it has expanded in-house customization options.

Austad's now offers custom-branded golf balls, golf tees, cups and other products.

"We took a step back and looked at how we can bring production in-house and create products we know thousands of loyal customers might want," Ryan said. "We saw incredible growth as a Golf Digest Top 100 fitter, but we took a step back to say how can we be valuable beyond custom fitting, and there have been some really fun things that have come out of the necessary innovations that COVID brought."

The company also continues to deal with global supply chain challenges, while experiencing more interest than ever from customers.

"We've never experienced demand this high," Ryan said. "Any inventory we can get our hands on, we'll be ready to offer." 🏌️

THANK YOU SPONSORS

VISIONARY



TRANSITION



GENERATION

The First National Bank in Sioux Falls

Frontier Bank

Great Western Bank

First International Bank & Trust

Marsh & McLennan Agency

Starion Bank

Scott Jones, Parker Jones, and Gene Jones, Jr.



Entering third generation, family-owned Maguire Iron builds on national reputation for water tower expertise

If you're going to work in the water tower business, it helps to appreciate the world from 150 feet up.

Parker Jones saw that view for the first time recently, after becoming the third generation of her family to join their company — and climb a water tower. “We were excited to see her willing and excited to climb,” said her father, Gene Jones, Jr., the CEO of Maguire Iron. “It’s a specialized level of construction working 150 feet in the air.” For more than a century, Maguire Iron has kept water tanks and towers in working order across the country, while evolving in-house design, fabrication and erection capabilities.

Founder Ed Maguire was a traveling entrepreneur with a paintbrush, bringing his unique and challenging service to communities and their water towers across the Upper Midwest.

He sold the business in 1958 to Gene Jones, Sr., who began his career at age 15 working for competitor Watertower Paint & Repair in Clear Lake, Iowa, before working for Maguire Iron.

Jones’s four sons each worked in the business growing up – tower climbing started at age 12 – and today, two continue to work in the business: Gene as CEO, and Scott as president. The headquarters is a five-building campus in north-central Sioux Falls off Minnesota Avenue not far from the Sioux Falls Regional Airport. From there, Maguire serves thousands of communities, rural water districts, and private tank owners in 33 states. Of its approximately 160 employees, half are based in Sioux Falls.

The company also recently closed on a property in Texas where it will add an operations facility to serve its growing customer base in the south. “Our focus is providing opportunities for our up-and-coming leaders as well as the next generation of owners with the Maguire companies,” Gene Jones said. We sat down with Gene and Scott to learn more about the family business.

How unique is what you do in your industry?
Scott Jones (SJ): We are the only one of the major builders in our industry

that started as a maintenance company. We believe this is our differentiator. We offer maintenance and new tank services. This makes us an all-in-one provider in the water tank industry. **Gene Jones (GJ):** The new tank industry is very finite. Everyone is very accomplished and established, so it’s not an industry where you see startups.

Was there a tipping point in the business when your growth began to accelerate?
GJ: We were primarily water tank painters until about 1982 when we bought the assets and contracts of Master Tank out of Slayton, Minnesota, and that’s when we got into the new tank business.

SJ: We started out building two or three tanks a year and progressed to the teens in the 1990s, and by the 2000s through today, we got to where we build around 35 to 40 tanks a year. In addition, we do anywhere from 300 to 400 tank maintenance projects from Canada to the Gulf of Mexico and from the Rocky Mountains to the east of the Mississippi River. Pretty much through the center of the country.



Gene Jones, Sr. and Ed Maguire



Tea, South Dakota



Tea, South Dakota

GJ: Then in 2004, we acquired Watertower Paint & Repair, which doubled the size of our painting and repair division, so that was another big growth spurt.

What was your full-time entry into the business like? Was it something you planned to do?

GJ: I graduated from college on December 15, 1984, and started work on January 2, 1985, so I've done very little other than work on water towers my entire life. I came back because I wanted to be part of the family business. It was a great opportunity to work with my family in an industry that generally doesn't see a lot of impact from economic recessions. It's a pretty stable environment.

SJ: I came back in 1995 after a discussion with my dad. I originally started in sales, and my brother Jeffrey had been working in operations for the company for 10 years. He didn't want to travel as much as his family grew, so he got out, and I transitioned into operations in 1998.

GJ: Our brother Brad came into the business in the late '90s after a discussion he and I had in Arizona where I encouraged him to join the rest of the family. Jeffrey and I bought dad out in 1993, and then when Jeff got out, Scott and Brad got involved in the ownership. From then, the three of us grew the business for about 20 years until Scott and I bought Brad out in 2019.

What strategies have you found successful in working with your siblings?

GJ: There were plenty of times in the 2000s when we didn't agree on a

direction or decision. We'd sit in my office and voices would rise. People outside the office would hear it, but we always agreed before we came out of the room. We'd tell each other we loved each other, we agreed to disagree, and we'd move forward supporting each other in the decision that was made. I think my mom and dad did a great job of preparing us to work together in a way where we had mutual respect and we wouldn't just dig our heels in. It worked well. We still have a great family relationship with all of us.

SJ: Plus, we all had our own separate and distinct roles in the business. That made everything work together.

Now that you've started including your third generation in the business, how are you approaching that evolution?

GJ: We have family guidelines. If you want to get involved in the business, whether you go to technical school or a four-year college or graduate school, you have to have full-time employment for three years with another business before getting involved with the family business. My daughter Parker was the director of operations for a startup music company for several years before coming to work with us as a product development specialist. Between Scott and I, we have 10 children. Several of them continue to express interest in the business. We are excited that it looks like there will be involvement from our children moving forward.

What kind of culture have you tried to create within the business?

GJ: We focus a lot of attention on our company's mission, vision and values. We feel strongly about bringing human

dignity into the workplace for our co-workers. We believe this is going to make them better spouses and parents if they feel valued in their workplace. We're grateful that we have great retention in Sioux Falls. Our field position retention is challenging because the work is hard and they are on the road 10 months out of the year. Because of our focus on culture and many new initiatives, our retention in that area has improved greatly in the last five years.

While you primarily work with public sector clients, such as municipalities and rural water districts, do you work on the private side as well?

GJ: We've done work with Dean Foods, Smithfield, and we've worked in the poultry industry. We are always looking for opportunities to expand into different customer bases along with exploring other products and services we could offer.

How about taking a look at some of your more memorable projects?

SJ: There have been so many over the years. A water tower is an extremely visible landmark for any city. Many use them as giant billboards so that when you visit or drive through, there is no question where you are. We have built and painted water towers in every color of the rainbow. Recently, we have done a peach basket in Campbell County, Missouri.

We've done an ear of corn at the Del Monte plant in Rochester, Minnesota. Just last year, we completed a strawberry tank in Poteet, Texas.

For a lot of places, these become symbols of community pride.

You were among the founding members of the PFBA. What do you remember about those early days?

GJ: Becoming a member of the Prairie Family Business Association was an opportunity to network with like-minded family business owners in the Sioux Falls community. We were new owners of our family business at that point, and to be in an environment where you could talk to other young family members who were new owners was very valuable.

What does your involvement in PFBA look like today, or how do you anticipate it evolving?

GJ: Early on, I was involved in more of the curriculum, and then life happened – kids and business growth made it harder to stay active – but we've recently reengaged. With our third generation coming on board, that brings more energy from the company's perspective to reengage. Our third generation will have the energy to take it to the next level.

What do you think the future holds for your business? How are you continuing to evolve?

SJ: We will continue to build on our strong culture and history. We will accomplish this through a continued emphasis on making sure our team members are trained, supported and appreciated.

GJ: To continue to grow the company, we are also going to have to lean into innovation and automation. We continue to look at opportunities to automate certain areas of our business. We will always need quality skilled team members to do the work, but doing it in a way where we can leverage automation is going to be a game-changer going forward for the companies that embrace it. 🧩

Next Generation RETREAT

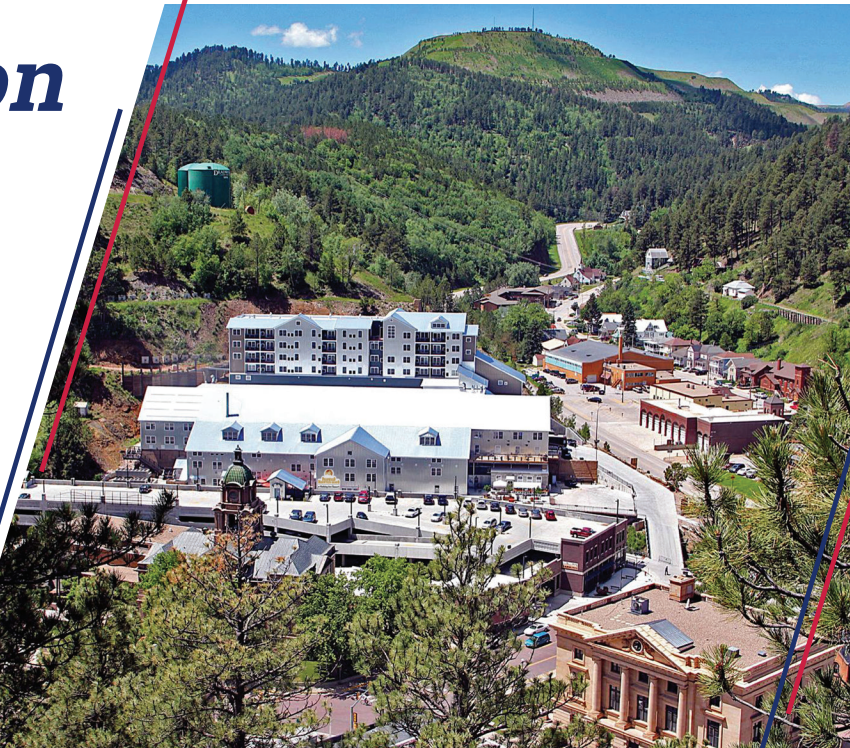
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Stern Co. looks to next generation – as father and daughter go back to school

Freeman, South Dakota – population approximately 1,500 – isn't the sort of place you might expect to discover a growing oil company. "There were other people that said the same thing," laughed Scott Stern, who became CEO in 2018.

"My father was pretty tenacious. We were tenacious. If you take care of the customer, the business takes care of itself. We found customers that had needs and expanded beyond the boundaries of the community."

Stern's father, Gillas, worked for a telephone utility but didn't want to move from Freeman, which corporate advancement would have mandated.

So when he had the opportunity to begin servicing local farmers and commercial accounts with fuel, "he said I'll take a swing at this," Stern said.

He started with one employee and a bulk truck.

"But we collectively always had bigger ambitions," said Stern, who joined his father in the business in 1983. "We had visions of supporting anything and everything that comes out of a barrel of crude oil. So we kept adding products – lubricants were big, asphalt oils, propane and kerosene. We just kept expanding that footprint of capacity."

Stern recently was named Mobil's exclusive authorized distributor for the region. The company now serves more than 2,000 customers and covers all of South Dakota and Nebraska, plus 17 counties in Iowa, four in Minnesota, and seven in Wyoming.

And it's evolving toward a third generation in an especially interesting way – as Stern's daughter, Kaitlyn Reinesch, recently joined the business in sales, and the two are working together to complete their MBAs through the USD Beacom School of Business.

"They have the humility, the great values and the passion to acquire more knowledge," said Venky Venkatachalam, dean at the Beacom School of Business.

"Stern Oil is a very, very well-managed operation. They have been expanding in other states, and they're growing very fast. Scott has built an amazing team of professionals."

Stern recently was recognized by USD Beacom with its Distinguished Service Award, which is given annually to a leader in the business community who represents the values and commitment to service that the Beacom School of Business upholds in its curriculum.

"The key in the 21st century for any business is talent," Venkatachalam said. "And Scott is able to acquire human capital and manage by his own leadership values and track record. He has a talented team of people who work for him, and that's what's making the business so successful."

GROWING THROUGH GENERATIONS

Stern's history at USD goes back to his own undergraduate career as a business major, though he acknowledges he's "kind of a chemistry nut" too, which drew him to that side of the oil business.

"I actually had visions of doing other things after graduation short term and knew I'd come back to the business. But it was growing, and my dad said he needed me back right out of college."

He spent nearly three decades growing Stern Oil before moving briefly to the West Coast and then returning to South Dakota and serving in state government as commissioner of the Governor's Office of Economic Development from 2016 to 2018.

"At that point, my dad was ready to sell the business, so I transitioned back in 2019, and my dad still comes in a couple hours a week," Stern said.

Reinesch inherited her dad's interest in chemistry and made it her major at USD.

"I thought I wanted to be a Ph.D. and be a chemist full time, and my mom was in education and badly wanted one of us to be a teacher of some kind," she said. "In South Dakota, math and science teachers are hard to find, so you can teach right out of college."

She taught high school math and science in Aberdeen for a year, "and I loved the students, but I wanted something as a career that wasn't as routine," she said.

She became an analytical chemist for a seed-testing company before a sales position opened up with Stern in Brookings.

"Our parents had always told us there was no pressure to come back to the business, only if you want to, but if you do come back, you must start in sales," Reinesch said. "They thought it was important to get to know the customers and why they use the products and how it enhances their profitability, sustainability, and viability."

That was definitely the right call, she said. She returned in 2019.

"I'm still in sales but now as a sales and marketing coordinator, so I support all the field reps managing data and assisting with overcoming obstacles and bridging the gap with operations."

BACK TO SCHOOL

Reinesch points to something her brother-in-law, Trent Arlint, who served as Stern's CFO and general counsel for several years, said to her as inspiration for seeking her MBA.

"I'm the youngest on the sales team, and everybody has more experience, so he said, 'If you can't out-experience, you can out-educate, so why don't you go back to school and get your MBA?' I did all the research and, of course, looked at USD's online program because why look anywhere else?" she said.

"And then I found out they were waiving the GMAT, which I'm sure would have been fine but not having that pressure and then enrolling was really nice."

So she called her dad.

"And I said, 'Hey, what do you think?'"

Her dad's response: "I think you should do it. And I'll do it with you."

So father and daughter enrolled at USD Beacom. Stern had started on his MBA in the 1990s but didn't finish, so he had credits, "and Kaitlyn in her infinite wisdom reminded me that I always taught them you should finish what you start and never quit learning," he said. "So when she started, I also went back to finish my degree."

While she is taking more classes to catch up with her dad, the goal is to graduate together in 2023 or 2024.



The Stern Family

"It is so unique to have a parent and child go through the program together, and it says so much about both of them. Scott is so humble he realizes he has so much to learn and therefore was going to get into the program," Venkatachalam said.

"Our online MBA program has been ranked in the top 25 six years in a row by Princeton Review, so we are shoulder to shoulder with some of the best schools in the country. And that's because we have a program with a very high rigor and we deploy the best faculty in the program."

Working professionals drive the program, he added.

"They are juggling work and family responsibilities with school, so we give them flexibility, and we waive the GMAT because they have tremendous business knowledge already acquired through experience," he said. "It's a very appropriate strategy to open up the opportunities for many working professionals."

The connections between Stern and USD go deeper, too, Venkatachalam continued.

"Scott serves on the dean's advisory board, and we have had student teams work on projects for his company for two years in a row, and our student teams have amazing things to say about Stern Oil."

Stern and Reinesch also are enjoying their MBA courses, they said. She helps



Dr. Venky Venkatachalam, Scott Stern, Former SD Governor Dennis Daugaard, Miles Beacom

her dad figure out the technology-related components of the program, and both say they're learning a lot.

"It's been absolutely fascinating," Stern said. "I enjoy it and found in some cases I want to do that versus real work because I enjoy the learning."

The self-paced course work is helpful too, Reinesch said.

"I've learned so much too," she said. "I don't know what I'd do without this knowledge in the coming years, so it's been very valuable."

NEXT STEPS

She and the team also continue to learn in practice as they continue to evolve Stern Co.

With connections formed through the Prairie Family Business Association, they began implementing the Entrepreneurial Operating System®, or EOS.

"It's just a great road map they have built out that allows us to take a process and use it and focus on what we need to do to sell our products and services and operate those businesses," Stern said.

Reinesch was introduced to it through the association’s annual conference.

“I’m very detail-oriented, and I came back that day with pages of notes after they had an EOS keynote speaker,” she said. “I said we have to do this, this is so exciting, and we worked a little on our own but weren’t getting the same traction as when we began working with an implementer, which has been really helpful. We rolled the concept out to our entire organization, and we’ll be implementing that throughout the rest of the year.”

The association also has helped improve communication for the family within the business, which includes Reinesch’s husband, Trevor, who works as wholesale fuels and business development manager.

“It was a really nice bonding opportunity, and it makes you talk about things you normally neglect as a family,” she said.

“I joined a peer group recently and absolutely love it. People our age don’t really understand why

we commit all our time and energy to this business. Our friends get up and go to work and are devoted to their career, but it’s not the same pressure as working in a family business, so it’s nice to have a connection with people my age going through similar challenges.”

The association also is helping guide the family through eventual transition, Stern said.

“I think parents want the business, this functional and living, breathing entity, to have someone to continue to parent it and nurture it and advance it because it’s our baby,” he said. “It was my dad’s, it’s mine, and when it’s time to transition that to the next generation, they’ll do better than ever.”

In the short term, the company is focusing on its consumer energy portfolio and has started a business in the liquified natural gas space as a transition to cleaner energy.

“We’re looking at how we position our company for that next move. That’s

getting a lot of strategic time and attention,” Stern said.

“And at the same time, we took on a significant expansion in Nebraska. And July 1, 2021, we took on that space very quickly. In the throes of the transition, our children took on a lot more responsibility, but it’s a once-in-a-lifetime opportunity.”

That significantly larger footprint also plays into his broader succession planning.

“That will include succession planning, both from a human resources and a strategic planning perspective. We weren’t counting on the opportunity that we secured this year, and at the same time, demand has come roaring back. Prices have escalated, and supply has been decimated,” Stern said.

The Stern family and business look to continue to develop the next generation in efforts to grow the business in the state they love, they said.

“We haven’t set a date for a transition,” Stern said. “But my role at this point is to get the business set up for success going forward.”

LOOKING BACK AND AHEAD

The First National Bank embraces next generation & family business best practices



Chris Ekstrum and Bill Baker

“From very early in our history, the Baker family has been engaged and involved in connecting with and supporting other family businesses while working on positioning their own for decades of continued success,” said Stephanie Larscheid, executive director of the Prairie Family Business Association.

First chartered in 1885 as Minnehaha National Bank, the bank’s fourth- and fifth-generation members recently reflected with us on how they’re continuing to evolve and strengthen the culture behind their success.

What are some of your early memories of the original Sons of Bosses group, now Prairie Family Business

A bank doesn’t reach 136 years old without learning to evolve, transition and plan for the future. So it’s probably not surprising that the Baker family of The First National Bank in Sioux Falls became early members of the state’s first and only association dedicated specifically to supporting family businesses.

Association? How did you get connected to it?

Bill Baker: As the oldest of the fourth generation, I was the first to get involved after my father brought the group to my attention. By then – about 1985 – the founders had updated the brand, so we were the South Dakota Family Business Council (SDFBC) instead of the Sons of Bosses.

It was an all-volunteer group, and activities revolved around regular board meetings and programs for the membership. My earliest memory is of attending a board meeting at Howalt-McDowell, hosted by Jeff Scherschligt, who was the group’s president at the time.

What were those early sessions like?

Bill Baker: Early programs tended to focus on member “spotlights,” usually a tour of a member’s family business, coupled with a dinner at a local restaurant or one of the country clubs. Attorneys, CPAs and other estate-planning professionals were frequent dinner presenters on the legal and tax aspects of successfully transitioning the ownership of your family business.

The art and science of family business transitions was, however, still in its infancy, and established speakers on the important topic of generational leadership (as opposed to ownership) transitioning were harder to find. During election season, we hosted candidate

debates amongst gubernatorial or statewide candidates for the U.S. Senate and House of Representatives. SDFBC also had a healthy social component, with annual summer and holiday season parties. We were a young group of about 50 to 60 member family businesses, about half of which were active.

In the years that followed, have you continually been part of the family business organization as it evolved? Over the years, what value have you found in connecting to it?

Bill Baker: Thankfully, in about 1990, the USD Beacom School of Business received a major private grant to promote the vitality of family businesses across the state. I received a call from Dean Jerry Johnson, who invited me to meet Tim Habbershon, who would become the first paid professional to lead the group. I think Tim was in a doctorate business program at USD at the time, with degrees in counseling and divinity already to his credit. Tim proved to be a perfect pick to transition the SDFBC from a local Sioux Falls-area all-volunteer group to a professionally led statewide organization.

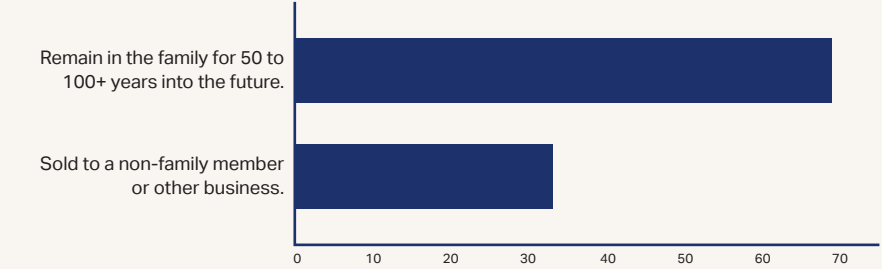
Membership swelled to over 100. We became the South Dakota Family Business Initiative, operating as a major-grant funded outreach initiative under the USD Beacom School of Business umbrella. Given his background, Tim

COLLEGE STUDENT INTENT TO JOIN A FAMILY BUSINESS ENTERPRISE

Researchers: De Vee E. Dykstra, Jackson Coker, and Stephanie Larscheid | Spring 2022

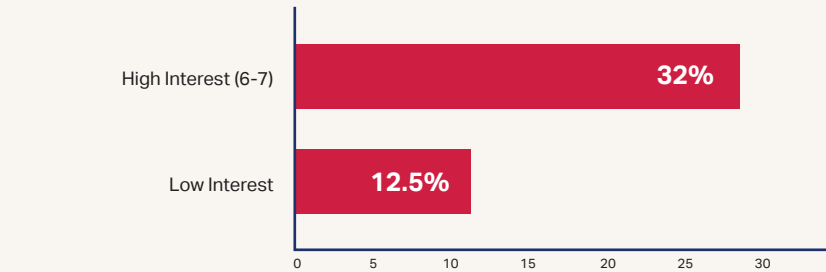
Student Preference Regarding What Happens to the Family Business

Percentage



Student Commitment to Family Business’s Long-Term Success

Scale of 1 (low interest) to 10 (high interest) – Average was 6.5



Why Work for the Family’s Business?

**Hypothesis – Sense of responsibility to family and/or business*

32% *Attractiveness of family business values, culture, and environment*

16% *Wanted legacy to continue**

13% *Wanted to ensure security for themselves and their family*

13% *Wanted to work with fellow family members*

focused not on the legal/tax/accounting aspects of family business transitions, but rather on the family dynamic and leadership aspects — a focus that was missing in earlier SDFBC programming.

Two years ago, Bill Baker officially transitioned the CEO role to a nonfamily member, Chris Ekstrum, after a very intentional transition. Looking back, are there things you did that helped or anything you did that you might do differently if you could go back?

Bill Baker: Yes, Chris and I took a very intentional approach to the transition, starting with Chris’s election by the board to the FNB presidency in August 2016, well before my announced retirement date on Dec. 31, 2019, and leaning heavily on our extraordinary corps of outside independent FNB board members.

We also enlisted the guidance of a Minneapolis-based leadership consulting firm experienced in bringing structure to organizational transitions. I highly recommend to family businesses anticipating leadership transition to get experienced, competent outside help. Chris is doing a wonderful job! I wouldn’t change a thing.

Chris Ekstrum: I can’t think of anything I would do differently. One of the best decisions we made was to engage a third-party consulting group to help us navigate the transition. I highly recommend a competent consultant to help manage a leadership transition; having an experienced guide can be invaluable.

Other members of the Baker family continue to evolve their roles within the family business. How does that look today?

Bob Baker: I have transitioned out of business banking and now serve as Executive Vice President. I am a member of the bank’s executive team and focus my time within the bank’s holding company, Minnehaha Banshares Inc.; the bank’s main real estate holding company, Minnehaha Properties Inc.; and overseeing the bank’s charitable work. We also have a family business partner, the Kuehn family, that continues to be involved in the business. While they no longer have family members involved in the day-to-day operations of the bank, they remain active as shareholders,



L-R: Bill Baker, Maggie Groteluschen, Bob Baker, Chris Ekstrum

with Kristina Kuehn and Andrea Kuehn serving on the bank’s holding company board of directors.

Maggie Groteluschen: I am managing the personal wealth division of our wealth management department. My team works with clients to ensure their individual wealth accumulation and financial objectives are being met. Our services include financial and retirement planning, investing, personal trust administration and estate settlement. I continue to attend the Prairie Family Business Association annual conference and have enjoyed the opportunity to network and learn from other families.

Your family utilizes a family council in assisting with your governance. How is that structured, and why is it effective for you?

Bob Baker: We have just started the process of forming a Family Ownership Council (FOC) within the last two years. The FOC has a balanced representation of nonemployee family members from each family line. The FOC has helped to set agendas for annual family meetings as well as help to select new family business consultants to help perpetuate the family legacy.

The median age of your fifth generation is 19, so what are you doing to help integrate them into the business? How are you handling their interest in working there, if they have it? Or how would you describe the potential for a sixth generation to enter the business?

Maggie Groteluschen: For those a little older in G5, we have been keeping them apprised of FNB happenings via a quarterly shareholder connections newsletter where we share news relating to teammate milestones — promotions,

years of service, retirements, etc. — bank volunteering events and well-being initiatives, charitable contributions the bank is making, our current building renovation project and any other info they may find interesting. We have also brought some of our G5 college students in for job-shadowing days and summer internships so they can get a feel for the culture of the bank and learn about different career paths available here. One of my fondest memories was a job shadow day my dad (Bill) lined up for me while I was in college where I met with women in leadership roles all across the organization. It was an awesome way for me to get an idea of the different opportunities available should I choose to pursue a career at FNB, which I ultimately did.

Culture has always been at the forefront of FNB as an organization. How are you helping nurture that in your up-and-coming family leaders?

Stephanie Gongopoulos: Over time, the values of the Baker and Kuehn families have become the values of the business. The bank’s culture revolves around those values which we call our FIRST Values:
F – Family
I – Independence and Innovation
R – Relationships
S – Stewardship
T – Teamwork

We have been engaging the next generation by focusing on our values. For example, some of the fifth-generation family members don’t know each other that well due to age and geographical differences, so we decided to work on the Family, Relationships and Stewardship values by giving each fifth-generation family member \$100 to donate to a charitable cause of their choice. The only caveat was that



Bank shareholders Tina Kuehn, left, and Ellen Merrigan

they had to share with the group where they donated the money and why that cause was important to them. It was a fun way for them to build relationships with one another as they researched charitable causes and experienced stewardship first hand.

What has 2021 been like from the bank’s standpoint? What have been some of the highlights, and what are you anticipating will be key in the coming year?

Chris Ekstrum: 2020 and 2021 seem like they blended. Of course, our construction project has created logistical obstacles for our teammates, but everyone has been understanding, and we are all excited about our new work environment.

For the most part, our economy is strong and our customers are doing well. All of our business lines enjoyed an excellent year in 2021. A sign of our local prosperity is the significant growth in our wealth management department. Additionally, improved agricultural commodity prices are helping our producers and the businesses and communities that serve the agricultural industry. While most companies are doing well, workforce scarcity and supply chain issues are causing stress for many businesses. That said, the positives far outpace the challenges for Sioux Falls and surrounding communities. I am very optimistic about 2022.

What would you say to other families considering connecting with the Prairie Family Business Association?

Bob Baker: The PFBA is a great way to meet other family businesses from across the Upper Midwest. No matter your size or if you’re a second-generation or fifth-generation business, we all run into similar ownership situations and dynamics, and we can learn from each other. 🧩

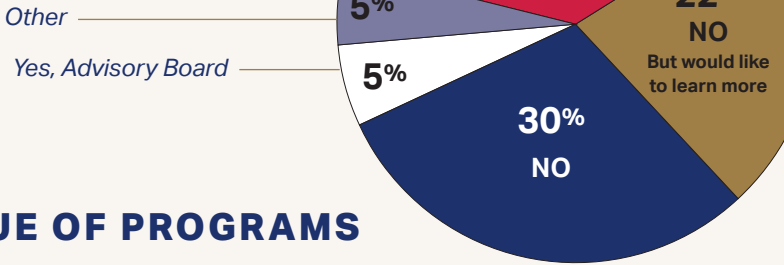
MEMBER SURVEY

53 YEARS
Average age of business



111 FULL-TIME EMPLOYEES
Average number

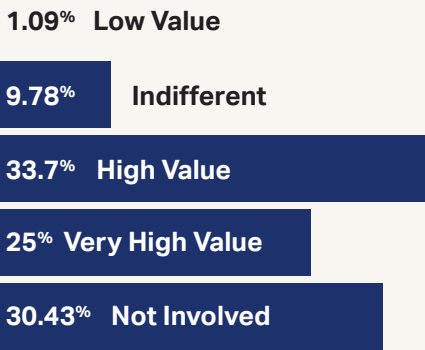
DO YOU HAVE A BOARD?



VALUE OF PROGRAMS

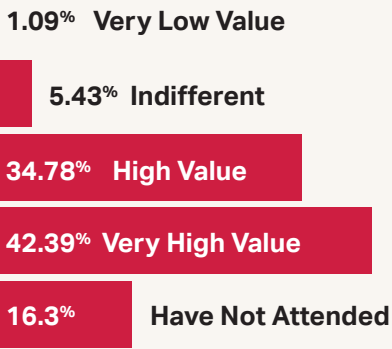
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How likely are you to recommend PFBA to others?

Scale of 1-10

9.24 MEAN VALUE



Ray, Sr. & Ruth



Dave, Ray, Jr., and Steve



Steve, Gayle, and Dave

Syverson Tile & Stone marks 90 years of family business success

As the story goes, Ray Syverson, Sr. arrived in Sioux Falls with not much more than a bucket of tools.



Ray, Sr.

He'd learned the tile business from family in Wisconsin and then saved up enough train fare to get as far west as Sioux Falls.

It was the early 1930s, the Great Depression, and Ray, Sr. would walk around town with his tools to job sites saying, "If you need some tile, I can do the job," his grandson, Dave, said.

"He was setting tile and doing fine and kind of getting established when one day his arms swelled."

A doctor determined Ray, Sr. was allergic to the very thing needed to build his business: portland cement.

"He couldn't install anymore, so he enlisted all his in-laws to help in the business," Dave's brother, Steve, said.

Ray's wife, Ruth, handled the bookkeeping, he took over sales, and with the help of Ruth's brother and a couple of other workers, Syverson Tile & Stone began to take shape.

"We call 1932 the start, and by the end of World War II, they had a crew of 15 and were probably the biggest tile contractor between Minneapolis and Denver," Dave said.

As the family-owned business marks 90 years and its third generation, it has grown to 67 employees in four locations and offers a wide variety of tile products, including glass, metals, ceramic and natural stone in many colors and patterns. Its countertop fabrication includes natural and man-made stone such as granite, quartz, marble and slate.

"We still have one employee who has worked for all three generations and remembers my grandma hiring him off the farm," Dave said. "We're lucky to have found and kept great employees who can take the ball and run with it."

After transitioning leadership from

their father, Ray, Jr., Steve now serves as president and general manager, and Dave serves as vice president and manager of the fabrication division.

"Syverson Tile & Stone is a wonderful example of a family business that has grown with the communities it serves and evolved its offerings to reflect changing markets," said Stephanie Larscheid, executive director of the Prairie Family Business Association.

"Along the way, they've helped us build a community of family businesses as one of our founding members from nearly 30 years ago. Dave and Steve join us every year for the family business conference. Their spirit of continuously learning and working on their business is a big reason why they have remained a successful family business for 90 years."

Steve and Dave grew up in the business, starting as kids playing on the sand piles created by the material needed to lay tile. As teenagers, they helped out mowing the lawn and working at the warehouse.

By the time Steve was a senior in high school, he had enough credits to work at Syverson's in the afternoon, and he continued part time when he went to college – later realizing "I was going to get more out of working beside my grandma learning the business," he said.

Dave graduated with a business degree and worked multiple places in Nebraska, including as supervisor of a telemarketing team, before returning home in 1993.

"My dad never pushed me into the business, but he always said if I wanted to come on I could do it

like everyone else and start at the bottom," he said.

Both brothers held a variety of roles within the business as they grew into leadership.

The family became involved in the Prairie Family Business Association proactively, looking ahead to an eventual transition.

"We'd had a bit of a rough transition from our first to our second generation, so I wanted to make sure we were planning for it and had some structure," Steve said.

By the early 2000s, Ray, Jr. was beginning to figure out his exit strategy, assuming the role of CEO with his sons taking on their current titles and other staff who were elevated to the board of directors.

"When Dad ran it, everything revolved around him, so we put together a more formal business structure with job descriptions, which has given us the framework we need to operate more effectively," Steve said.

"We found many of our trusted advisers through the Prairie Family Business Association over the years and have found a lot of value in meeting and hearing stories of how other families have approached things, what struggles they've had and what they've done right and not done right. It's always helpful to have that perspective from other owners, and it's been fun to see some of the businesses that have grown up with us become big entities over the years."

90 AND COUNTING

Syverson Tile & Stone today is comprised of three divisions: distribution, fabrication and installation.

"We're all wholesale to the trades, so we do not sell retail, but we're selling to dealers, designers, independent tile contractors, with hundreds of active accounts," Dave said.

"Our fabrication began as a two-man shop and eventually grew 10 times over the course of a decade. The shop is operated behind our main building in Sioux Falls. And on the installation side, we work with a number of builders and contractors throughout the area."

Syverson Tile & Stone has achieved a global reach in sourcing, working with multiple U.S. plants but also purchasing from as far away as Italy, Spain, Brazil, Turkey, and India.

Not surprisingly, the past two years have been "a bit of a roller coaster," Dave said. "With construction, you have a lot of demand on all three divisions."

Combine that with supply chain challenges, the pandemic, and even a cyberattack, and it's clear Syverson Tile & Stone has had to lean on the lessons learned from nine decades in business.

"I think part of our strength is being in the Dakotas and Montana, we're a little off the radar in our industry," Steve said. "We've tested other markets but haven't had a good next fit yet. Many tile

companies are set up in very big markets, so we've been fortunate from a distribution standpoint to be here and to have the ability to carry a lot of very high-quality lines."

New products on the market are exciting, Dave added.

"Tile and stone are almost merging together in the form of porcelain slabs," he said. "So there's opportunity to bring that to the marketplace. And a lot of things have changed in engineered quartz. The pandemic caused us to focus more on domestic suppliers versus importing, so there definitely are still avenues for growth."

"Ninety is a big number," Steve said. "As you look out from here, the odds are good we can make that 100."

As for a fourth generation, Steve's children currently have chosen other career paths, and Dave's are still in school.

"Like my dad did, I've tried not to push them or promise them anything with the business," Dave said. "I'm going to encourage them to go wherever their hearts take them, and if one of them decides they want to come into the company, we can make that happen as long as they understand they have to start at the bottom, too." 🧱

UPCOMING WEBINARS

JULY – The People We Don't Talk About Enough: Spouses of Family Business Owners

SEPTEMBER – How to Have a Meaningful Conversation with the Other Generation

NOVEMBER – Family Meetings and Family Retreats

JANUARY – Succession Planning

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