

THE
LEGACY
SERIES

presents

Connections

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**Thinking.
Connecting.
Learning.**



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**Industry Leaders
Who Inspire Us**



STRATEGIES

**Should We Rename
Governance
“Smart Business”?**



CREATIVE
financial group

ISSUE 3

Connections

IT'S WHAT THE BEST FAMILIES AND BUSINESSES ARE ALL ABOUT

Connections is a new CREATIVE Financial Group publication featuring proven strategies, solutions, and wisdom that business leaders and entrepreneurs in our community actively employ to be intentional about their legacy. They share how they've transformed challenges into opportunities to achieve both financial success and familial harmony.

Connections encourages you to take time from your busy calendar to focus on how to fuel growth in both the professional and personal facets of your life.

We're here to help you build the legacy you envision – for you and your family.



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Should We Rename Governance “Smart Business”?

Legacy for the Future? Of Course. **LEGACY FOR NOW? ABSOLUTELY.**



It has been two years since we launched *The Legacy Series*. We wanted a forum that would give us all opportunities to learn, grow, network with our peers, and most importantly, take action. We held six breakfast roundtables featuring important industry-leading speakers, offered you valuable resources on our website, and produced this publication, *Connections*.

Since then, hundreds of you have told us we're on the right track. We love the feedback, but our work continues – because you aren't stopping, either.

At our first Legacy Series roundtable event, Dr. Stephen Spinelli Jr., then President of Philadelphia University, grabbed our attention and imagination with his wisdom and passion around entrepreneurship. On April 25, we welcome him back. He has recently successfully led a historic merger between Philadelphia University and Thomas Jefferson University and is now the Chancellor of Jefferson. We can't think of anyone better poised to speak to you about innovation and entrepreneurship in today's business landscape. I hope you'll join us.

I'd like to express my thanks to Tony Simmons, President and CEO of the McIlhenny Company, the manufacturers of TABASCO® sauce, for being such a dynamic keynote speaker at our last roundtable in November. Tony's speech, humor, and expertise were so high-energy, it was hard to walk away **without** being inspired!

When you think about your own legacy, remember that what you do, what you work towards, right **now**, is as important as what you leave behind.

Working together, we are creating a meaningful business community. Let's keep talking.

A stylized, handwritten signature in black ink, appearing to read 'Fran Naselli'.

Fran Naselli
CREATIVE Financial Group
Managing Director



ROUNDTABLE

Thinking. Connecting. Learning.

These were the motivations that brought a packed audience together for the sixth Legacy roundtable. Over breakfast, they listened to and engaged with:

KEYNOTE SPEAKER

Tony Simmons
McIlhenny Company
President and CEO

LEADERSHIP PANEL

Rob Buccini
The Buccini/Pollin Group, Inc.
Co-Founder and Co-President

Rocky Fizzano
Fizzano Bros. Concrete
Products, Inc.
Principal and Vice President

Jim Haines
The H&K Group, Inc.
COO





I think about our family business like a physician's code: Do no harm. IT'S MY JOB TO MAKE SURE THAT THIS BUSINESS GETS TO ITS SIXTH GENERATION, AND HOPEFULLY, ITS SEVENTH, EIGHTH, OR NINTH GENERATION. — TONY SIMMONS

Keynote speaker **Tony Simmons, President and CEO of the McIlhenny Company**, the company behind the TABASCO® sauce brand, shared some of the fascinating history of this successful company and its iconic brand. "We are a fifth-generation, privately-owned family business," Tony said. "We are celebrating our 150-year anniversary in 2018."

He credits the company's longevity with good governance at every level, and tremendous attention to detail, saying that they run the business like a public company. "We have audited financial statements, quarterly board meetings. We have annual shareholder meetings. We do shareholder education programs."

Tony emphasized that success is in the details of the structure you set up to protect and oversee the business, whether your business is large or small. Key organizational elements need to be in place – planning, accountability, and competent leadership are key.

"Let your management team run your business. Give your shareholders confidence that it's being run well and for their benefit," Tony advised. But he also candidly admitted, "It's always a balance between what's good for the business and what's good for the family."

SPOTLIGHT



TONY SIMMONS President and CEO

Tony Simmons, President and CEO of McIlhenny Company, is the great-great grandson of TABASCO® sauce inventor Edmund McIlhenny. Prior to joining the family business, Tony spent 25 years working in private industry. He is now the seventh member of the McIlhenny family to lead the company, which has been family-owned and operated for 150 years.

Tony is also President and Director of Avery Island, Inc. As an active and concerned member of the community and environment, he serves on the board of the America's Wetland Foundation, as well as King Ranch, and serves as Chairman of the S Corporation of America Board of Directors.

Q&A Discussion

During the interactive Q&A portion of the roundtable, moderated by Telos Group Managing Principal Mike McGrann, audience members were given the opportunity to ask questions of Tony and the panel of three very accomplished industry leaders from our region.



IN BUSINESS, IT IS IMPORTANT TO ME THAT I WOULD BE SEEN AND KNOWN AS SOMEONE WHO HAS DONE RIGHT, AND WITH GOOD CHARACTER. AND THAT **that legacy is carried on for generations** IN OUR FAMILY BUSINESS MOVING FORWARD.

JIM HAINES

SPOTLIGHT



THE
H&K
GROUP

JIM HAINES COO

Jim Haines is Chief Operating Officer of the H&K Group, Inc., one of the Mid-Atlantic region's largest privately-owned and operated heavy civil construction and construction material companies. Jim entered the family business at a young age in 1980, and has held many positions from field labor through regional business oversight. He became Chief Operating Officer in 2007. The H&K Group will celebrate their 50th anniversary in 2018.

The Unique Challenges of Multiple-Generation Businesses

One frequently asked question was how to manage a family-owned business when you have multiple generations working together.

"Leave something better than you found it," said **Jim Haines, COO of the H&K Group**. His company, founded in 1968, currently has two first-generation members still in the business, six second-generation members, and ten third-generation members. "Our goal is to pass down the experiences from generation to generation to generation and let them keep current with all affairs that are ongoing, as well as bring in the history of the company that established us from the first generation." Jim described a robust weekly meeting regimen that includes all prongs of the company communicating effectively on an ongoing basis.

"Sunlight is a wonderful disinfectant," Tony added. "It creates transparency and stops rumors and conspiracy theories. Makes sure that the family feels comfortable and knows what's going on. That way they can believe and trust."

Financial Health

There was also much discussion on governance as a guide for the financial health of a company.

“Communicate daily,” advised **Rob Buccini, Co-Founder and Co-President of the Buccini/Pollin Group, Inc.** “I think what’s most effective is we have a board of directors that includes our senior management team and a few outside advisors. We have accountability because we have a strong management team whose compensation is based on the financial performance of our business on a yearly basis, and over the long term.”

“We put the company first,” said **Rocky Fizzano, Principal and Vice President, Fizzano Bros. Concrete Products, Inc.** “With regard to making distributions and the like, that is done when the timing is right.”

“You really have to understand what revenue you have coming down the pipeline,” added Rob. “Our accounting systems are our first line of defense.”

WE HAVE A TREMENDOUS AMOUNT OF TRUST IN EACH OTHER. IF SOMEONE MAKES A MISTAKE, WE LOOK AT IT AS, WE WOULD JUST AS LIKELY HAVE MADE THE SAME MISTAKE. THE KEY TO OUR BUSINESS IS we really respect each other AND RESPECT EACH OTHER’S ABILITIES.

ROB BUCCINI

SPOTLIGHT



The Buccini/Pollin Group

ROB BUCCINI Co-Founder and Co-President

Rob Buccini co-founded The Buccini/Pollin Group, Inc. in 1993. Since co-founding the company, Rob has grown the company to over \$4 billion in assets, including ownership of six million square feet of office and retail space. Prior to founding The Buccini/Pollin Group, Rob was employed by the New York City Economic Development Corporation.

BIGGEST THING THAT I THINK ABOUT TO KEEP OUR BUSINESS SUCCESSFUL, IS THAT we have good people who are advising us. WE’RE NOT EXPERTS IN EVERYTHING.

ROCKY FIZZANO

SPOTLIGHT



ROCKY FIZZANO Principal and Vice President

Rocky Fizzano is a Vice President of Fizzano Bros. Concrete Products, Inc., a family business that began in 1935. The company is now one of the largest producers of concrete block in the country. Rocky runs the company plant in Malvern, Pennsylvania, in addition to being a part of the overall sales, management, and production team.

How to Ensure Growth and Continuity?

Another hot topic was how to ensure the company continues with the right leadership.

“A couple of years ago, my one uncle passed away,” shared Rocky. “We picked up and worked harder than ever and figured it out. But emotionally we thought, how do we go on? This was the start of the next phase of our business. It was important to get it right. It’s very important to have good people advising you.”

Jim agreed. “Build a good team, internally and externally. Make sure you’re comfortable and have done your research, and you know who you’re bringing on your team.”

The insights and perspectives so openly and candidly shared made for thought-provoking discussions around governance and legacy. Roundtable participants left with actionable ideas from panelists as well as peers they had connected with. Time well spent! ■

A photograph of Mike McGrann, Managing Principal of Telos Group, speaking at a podium. He is wearing a grey suit jacket, a blue shirt, and a yellow tie. A name tag on his lapel reads "Mike McGrann". The background features ornate, light-colored drapery.

STRATEGIES

Should We Rename Governance “Smart Business”?

BY MIKE MCGRANN

Telos Group, Managing Principal

Most leaders would agree: The problem with discussing governance is that it sounds bureaucratic – or even unnecessary. It seems there is always something more important to address in our busy day-to-day workdays, and some may think “governance is for ‘big’ companies...not mine.” But nothing could be further from the truth.

**GOOD GOVERNANCE IS THE KEY TO DEVELOPING AND EXECUTING
your long-term growth strategy.**

“While it may seem counter-intuitive, entrepreneurship and profitable innovation require significant discipline,” says Telos Group Managing Principal Mike McGrann. “While some people think of governance as a constraint on creativity and entrepreneurial behavior, in reality, good governance provides the foundation for profitable innovation.”

SO, IN PRACTICAL TERMS, HOW DO YOU create good governance?

“It starts with the owners of the business,” explains Mike. “What are your values? What’s your vision?” Governance is the first step to intentional growth.

Ah. Intention: A thing intended. A plan.

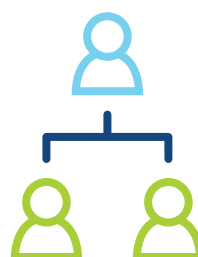


In family-owned businesses that are multi-generational, governance puts structures and boundaries in place, creating a discipline that is transparent to all. Governance equals accountability. This structure builds shared knowledge: Everyone knows what they are collectively working towards, as well as what the rules are, what you can and cannot do. The path forward becomes clear, and it creates a sustainable plan that can expand and grow between all generations involved.

“When you have a plan, you have alignment,” says Mike. “You can’t grow everywhere at once; that would be messy. Governance is not about slowing down business decisions; it’s about making a business nimble. It drives efficiency and reduced confusion.” It’s a parallel process between succeeding today and protecting the success of tomorrow.

Governance also involves distinguishing between the unique roles of ownership, board, and management.

As family firms transition to multiple generations, it is unlikely that all family members will be owners, board members, and employees. Thus, these functions need to be separated and clearly defined. Governance is about defining these functions and managing their interactions.



One of the biggest challenges facing private firms is managing the leadership transition process. Who is most qualified to succeed the founder, and how will that person be chosen? This question is particularly difficult in family firms where the choice of leadership is between siblings. Good governance in family firms brings clarity to the rules for leadership transitions.

IN SUMMARY, **governance is about:**

- Clarifying the roles and responsibilities of ownership, board, and management.
- Defining the long-term values and goals of the owners.
- The creation of a strategic plan.
- Ensuring an effective leadership transition process is in place.
- Creating accountability for leadership – no one gets a pass.

It sounds good on paper, but what are some of the pitfalls to be aware of when establishing governance within a family business?

SELECTION OF BOARD MEMBERS

Make sure the board is comprised of individuals who, in addition to being highly qualified and bringing diverse expertise, have no conflict of interest and are not afraid to speak their minds. Be prepared to hear things you don't like to hear.

ACCOUNTABILITY

"There are consequences that come with accountability," says Mike. "Sometimes senior generation members don't like boundaries or distrust rules. And sometimes, the younger generation wants the same level of autonomy that their parents or grandparents had and resists the constraints imposed upon them. But this in itself is valuable, for it creates a productive conversation. There can't be any ambiguity."

There can be no doubt that governance is necessary for every successful business, small or large. It promotes confidence, creates ethical decision-making, and leads to better management. In a nutshell, effective governance is just smart business. ■



Everyone leaves a legacy. What will yours be?

THINKING. CONNECTING. LEARNING.

When you hear the word “legacy,” what comes to mind? Do you have a clear vision of how you wish to affect change and inspire people around you? Are you intentional about how your passion, talents, and values are enriching your relationships and impacting your world? Are you taking decisive steps today to create a legacy of significance?

We created the Legacy Series events and resources to empower you to:

- **Take time** to think about the challenges before you.
- **Learn** about successful strategies and solutions as you network with business leaders, entrepreneurs, individuals, and families who have faced the same challenges and opportunities as you.
- **Take decisive action** to continue to build a meaningful legacy for you and your family – including the next generation.

Take advantage of the Legacy Series events and resources:

Legacy Roundtables

Interactive and inspiring events that bring you together with carefully chosen experts and your peers to explore topics directly relevant to you, your business, and your family.

Valuable Resources

Insights from past roundtables, video highlights of events, and intellectual capital that bring expert insights, best practices, and thought-provoking stories of fellow entrepreneurs and their families.

THE LEGACY CONTINUES

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Everyone leaves a legacy. What will yours be?

SHARE IN THE EXPERIENCE



Visit **creative-legacyseries.com** to watch successful business leaders speak about their legacy-building strategies.



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