

2018

MINNESOTA Family BUSINESS Awards

Five stories of entrepreneurial success—family style.

2018
MINNESOTA FAMILY BUSINESS Awards Ceremony

*
 Thursday, November 1
 Hilton Minneapolis

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 5:30pm Cocktail Reception
 6:30pm Dinner
 7:30pm Program

*
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The winners and finalists of the 2018 Minnesota Family Business Awards are a diverse group, representing an array of industries, from retail to manufacturing. Some have the third or fourth generations at the helm, while others are still led by their founders. Despite their range, all of these companies have learned to adapt to change to keep their businesses relevant and growing. They've also learned when to take risks and which opportunities are worth pursuing.

For the winners and finalists, maintaining their family businesses has been an expression of caring for the next generation. But it's how this is accomplished that makes these companies so special—not only to the families who work there, but also to the employees, customers, and communities that have come to trust and appreciate them over the years. Family-led or not, businesses of all kinds can learn from the ways these family companies provide for their employees, give back to their communities, and confront challenges and changes.

On the following pages, Twin Cities Business looks at the lives and accomplishments of five notable family-owned, family-run Minnesota businesses. How do family members work together in the business? How do these families prepare the next generation for leadership? How do they keep their businesses not just surviving but thriving?

In addition to the winners and finalists of the 2018 Minnesota Family Business Awards, Twin Cities Business is spotlighting Dyanne Ross-Hanson, the winner of this year's Hubler Award for a Multidisciplinary Approach to Working with Family Businesses. The Hubler Award recognizes those who have made exceptional contributions to the betterment of Minnesota family businesses.

The honorees of the 2018 Minnesota Family Business Awards were thoughtfully chosen by a committee comprising Tom Hubler, owner, Hubler for Business Families; Jessica Manivasager, shareholder, Fredrikson & Byron; Paddy McNeely, chairman and CEO, Meritex Enterprises; Ritch Sorenson, professor of entrepreneurship, Opus Endowed Chair in Family Business, University of St. Thomas; Erin Steckler, vice president of business banking, Old National Bank; and TCB staff.

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For Business Agility

Thomas Service Co.

Specialization helped this fourth-generation appliance company become more competitive.

By Betsy Sundquist

A lot of people say they learned their profession from the ground up. Mark Thomas, owner of Thomas Service Co., can say it and mean it literally.

His first job, when he was 12, was picking up bolts from the parking lot of his grandfather's appliance store in West St. Paul. His salary: a penny a bolt.

"The delivery guys would unpack the appliances from wood pallets, and there were four bolts to take out," he says. "My job on Saturday was to come and pick up the bolts so they wouldn't run over them and get flat tires. I'd go around the parking lot and pick up bolts and screws."

When the young Mark wasn't scouring the parking lot for bolts, he was keeping the inventory clean. His grandfather, Mike Thomas, started the business in 1947, initially selling radios and records; "My dad would say, 'I need you to come in on Saturday and dust the TVs,'" Mark says.

By the time Mark had a driver's license, he came in every day after school and installed smaller appliances. "The big delivery crew did all the big stuff," Mark says. "My cousin and I would come in after school with a pickup truck and we'd collect the TVs and air conditioners and microwaves and run around for two or three hours, delivering and installing them."

After high school, he graduated to the "big delivery truck," installing over-the-range microwaves, dishwashers, cooktops, and wall ovens. He didn't go to college; he learned to how to run a business by watching the two people who came before him.

"Some people have a baseball gene; I have a mechanical gene. I can fix anything, and if I can't, I'll find somebody who can."

In 1978, Mark's father, Jim, split off from Mike Thomas' original business and began repairing appliances and selling used ones – the branch that became Thomas Service Co. Today, it continues to thrive with Mark at the helm.

The next generation of the Thomas family, Mark's son Kyle, is now the service manager. Another son, Jordan, tried the family business on for size, but found that it wasn't for him; but he's the company's accounting manager and, with his father and brother, serves on the board of directors.

Jim Thomas, 81, still comes in to work every day. "He comes in and hangs out, cuts up all our cardboard, that kind of thing," Mark says. "Yesterday he fixed the coffeemaker. We had a guy who dropped off a Wolf range top, and he fixed it right up."

Mark realized about 20 years ago that the business needed to change with the times. "All the appliance companies – Maytag, Amana, Whirlpool – were changing to factory service; they had their own service companies," he says. "In this business the only way to make money is to complete the call. We couldn't service 40 brands anymore; we had to start narrowing



our focus."

Sub-Zero, a manufacturer of high-end refrigerators, approached Thomas Service around that time and asked if the company would be its authorized service dealer for the east side of the Twin Cities. "We said, 'Sure,'" Mark says. "It was a lot of work, and we slowly started whittling down our other brands even more."

In 2000, Mark made a major business decision: Thomas Service Co. would service only Sub-Zero, Wolf and ASKO refrigerators. At about the same time, the company that was providing Sub-Zero service in the western suburbs was finding it difficult to keep up with the work, and Sub-Zero asked Thomas Service to handle the entire metropolitan area. Three years later, Sub-Zero launched its Premier Service Partner program, and Thomas Service Co. had to essentially audition against three other Twin Cities companies to

do Sub-Zero warranty work, presenting business plans and doing interviews.

Sub-Zero chose Thomas Service. "Our business doubled," Mark says. "My dad was still nervous about having all our eggs in one basket, but I said, no, this is the ticket, this is like a dream. It was a big deal."

Thomas Service Co. is now one of only 25 Sub-Zero Premier Service Partners in the U.S. Mark has hired five more technicians and is looking for another; the company covers Sub-Zero work in the Twin Cities, Rochester and St. Cloud, and into Eau Claire and La Crosse, Wis., making 5,000 service calls a year.

The average cost of a Sub-Zero refrigerator is \$10,000. "It's a lifetime refrigerator," Mark says. "Other refrigerators last 10 years; Sub-Zero will last



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you 40."

Steve Loewy, a business consultant for Thomas Service Co., praises Mark's business acumen and his willingness, at 60, to adopt new business practices.

"He is into providing service for his clients, and service comes first," Loewy says. "He's recently learned to manage with data. He looks at weekly metrics, key performance indicators within the business, and keeps an eye on these five or six items that tell him if he's performing service and quality the way he wants to, if he's seeing enough people, if there are fewer mistakes made, that kind of thing."

"He also tries to share his knowl-

edge with other people in the industry. When he goes to service conventions, he tries to teach other dealers how to make money, to make a profit. He goes out of his way to help his contemporaries."

But pleasing your own family members can be tricky. Thomas quotes a friend who runs a family business in Cincinnati. "If you hire a family member, you have to tell them this: 'I might have to fire you, so don't be mad at me.'"

"The hardest thing about running a family business is making everyone happy, and it's very difficult because everyone has different views and ideas. This is what I'm trying to teach Kyle, because he's very hardheaded."

Thomas says his strategy is to gather ideas from everyone involved and listen to everyone, "then come up with a plan that is somewhere in the middle."

"I always say I'm like a psychologist, a therapist, a dad, and a business owner," he says. "You have to be a many-hats man."

* Company name: Thomas Service Co. * Headquarters: West St. Paul * Inception: 1947 * Family name: Thomas
 * What the company does: Services high-end appliances: Sub-Zero, Wolf, Cove and ASKO * Type of ownership: Combination of S and C corporations
 * Principal owner: Mark Thomas * Employees: 12 * Family members in the business: Mark Thomas, Kyle Thomas (Mark's son)
 * Family members on the board: Mark Thomas, Kyle Thomas, Jordan Thomas, Mike's brother

For Eco-Consciousness

Industrial Environmental Concepts Inc.

Ingenuity has created worldwide demand for this Lakeville company's niche product..

By Betsy Sundquist

No one grows up dreaming about designing, creating, and installing wastewater covers. But realizing the need created international demand for Lakeville-based Industrial and Environmental Concepts Inc.

In 1993, Mike Morgan had just earned a degree in civil and environmental engineering from the University of Wisconsin-Madison and was working for a plastics manufacturer.

"I had a customer who was looking for a certain type of insulated cover for a lagoon at a meat processing plant in Idaho," Morgan says. "But the company I was working for had no interest in creating it; they just wanted to sell truckloads and truckloads of materials. They had no interest in a project that was more detail-intensive."

So, with his father, Bill, whose specialty was finance and human resources, and Sean Gallant, who had just married Mike's sister, Kim, Mike put together a proposal for the customer, designed to protect the lagoon from wastewater. It took six months of work in the Morgan garage to complete the project; when the customer bought it, IEC was born.

"But doesn't everybody want to go into wastewater?" Gallant jokes. "I can't think of a more glamorous field."

That original lagoon-insulating cover is still being produced at the company's headquarters in Lakeville. In the intervening 25 years, the company has applied for or received five patents for insulated and gas collection covers and various configurations. IEC has completed numerous projects all over the country, from Connecticut to Oregon, and has installed them on every

continent but Antarctica, including in such far-flung locations as Afghanistan and Mongolia.

IEC's products, including that original lagoon cover, are designed to protect the environment. Gallant offers as an example a 7,000-head dairy herd near Morris, Minn., which has holding lagoons for manure connected to the dairy operation. Because the soil is too porous to protect groundwater from the contents of the lagoon, IEC lines it with a geo-membrane made of high-density material to keep the contents from leaching into the soil, and then covers the lagoon to capture methane and other gases and pipe them where the customer needs them Morgan says 90 percent of IEC's customers will burn the methane as fuel.

In addition to protecting groundwater, rainwater that falls on the covered lagoon is contained above the manure and can be pumped off and used for irrigation or pumped, uncontaminated, into a ditch to run into a creek.

"It prevents the farmer from having to deal with a tremendous amount of rainwater at the end of every season that he has to pump and pay to have pumped," Gallant says. "In a nutshell, that's what the majority of our business is."

John Thompson, who has worked with the family as IEC's accountant for years, has nothing but praise for its business savvy and its growth.

"Mike, Bill, and Sean, with their ingenuity, have built a business that has created a worldwide demand for their product," Thompson says. "In the last 25 years, the business has created multiple jobs for Minnesota employees.

"It has been very exciting watching



a company started in their garage become a leader in technology, with their products used throughout the world."

Bill Morgan remains active as IEC's president. Mike Morgan manages engineering, budgeting, and contracts; Kim Gallant oversees office administration; and Sean is in charge of manufacturing at the Lakeville plant, as well as field installation operations and troubleshooting.

A third generation—Stephanie Gallant, Kim and Sean's daughter—got involved in the family business two years ago. "She's really become an asset to us," says her father. "She's been given projects and things to do that we hand off to her and say, 'Go and take care of it,' and she's done it. She's become an integral part of the company."

Stephanie is studying business

at the University of Minnesota, and Sean believes that she should work for someone else after she graduates before deciding whether to join the family business.

"I think that provides us with two key benefits: She gets to actually make a decision based on a comparison," Sean says. "If this is all she's ever known, it will be difficult to understand what else is out there. After working for someone else for a few years, she'll come back with fresh ideas and new approaches that we're not going to think of because



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we've been doing this for so long. It creates a breath of fresh air and a new way of doing things that will benefit the company."

Other family members are likely to jump in at some point. Mike has a son who is a high school sophomore and two daughters, a high school freshman and a third-grader, all of whom have expressed interest in working for IEC. "But they're still some years away," Mike

says, chuckling.

Mike Morgan and Sean Gallant have perfected ways of managing any obstacles that arise when working closely with family members.

"Mike and I hash it out," Gallant says. "When I say Mike and I work well together, I really mean it. I couldn't ask for a better guy to work with. ... There are times when we'll have a difference of opinion on how things should be done,

but there has yet to come a time when we can't reach an agreement on what our approach is going to be."

Though the company is predominantly led by the Morgan and Gallant families, sales manager Dave Anderson, who has known the families for 25 years, is also a mainstay. "We rely on him for quite a few decisions within the company," Mike says.

The Morgan-Gallant clan holds

annual board meetings, but Gallant admits that when you work with your family, business is never far from anyone's mind. "When the family gets together for dinner, it always comes up," he says. "And Mike and I, even if we aren't in the same room, talk 10 to 15 times a day about various projects and issues."

They have advice for those who work with their families.

* Company name: Industrial and Environmental Concepts Inc. * Headquarters: Lakeville, Minn. * Inception: 1993 * Family name: Morgan

* What the company does: Designs, fabricates and installs water and wastewater covers and liners for ponds and tanks. * Type of ownership: S corporation

* Principal owner: Bill Morgan, Mike Morgan, Sean Gallant * Employees: 50; 75 seasonally * Family members in the business: Bill Morgan; Mike Morgan (Bill's son), Sean Gallant (Mike's brother-in-law), Kim Gallant (Mike's sister), Stephanie Gallant (Sean and Kim's daughter), Brian Cain (cousin) * Family members on the board: Bill Morgan, Mike Morgan, Sean Gallant, Kim Gallant, Jennifer Morgan (Mike's wife)

For Retail Longevity

R.F. Moeller Jeweler

Bucking the industry trend, this family retailer takes the business of making people happy very seriously.

By Amanda Ostuni

Flying in the face of headlines declaring the demise of brick-and-mortar retail, R.F. Moeller Jeweler is in the midst of its best growth period in its 67 years. Not only has this third-generation mainstay seen consecutive years of increased revenue, but traffic is up: In a recent 18-month period, its flagship St. Paul store saw 12,000 clients.

Ask the Moellers why they continue to thrive in a challenging retail climate, and their go-to answer is “We’ve been fortunate.” But that’s overly modest. Much of their success stems from a very particular Moeller mindset best described as pragmatic, self-aware, and shrewd. They know what works and what doesn’t, and are deeply committed to their business practices, ideals, and work. “It’s not a job, it’s a vocation,” says Mark Moeller, second-generation owner and current CEO of R.F. Moeller. “Family members get involved, and they love it.”

Yet Mark, his brother Robert F. “Bob” Moeller II, and Mark’s two sons, Bryan and James “Jamey” Moeller, never intended to join the family business.

The late Robert F. Moeller was exposed to the jewelry industry through his watch-maker uncle and subsequently founded R.F. Moeller in 1951. Mark was first to join his father’s business as a college student—temporarily, he said—when a cousin, Robert’s key helper in the company at the time, was drafted into the military.

Mark insisted he wouldn’t stay permanently, but he quickly came to appreciate jewelry, gemology, and the idea that R.F. Moeller was in the business of making people happy.

Similarly, when Bob agreed to help Mark with the company after their father passed away in 1990, he thought it would be a temporary situation. But he, too, got hooked.

“This business, it gets in your blood,” says Bob. “It’s personal, it’s fun—and everybody wants to talk to a jeweler. It’s a sort of glamorous thing.”

Jamey was working for large-scale New York jewelry brand David Yurman before joining R.F. Moeller. But, having seen the intimacy of a family business and acquired a taste for a higher purpose through serving in AmeriCorps, Jamey realized the big corporate atmosphere wasn’t what he wanted.

“That personal connection wasn’t there,” says Jamey. “I wanted to have more value in going to work every day than just getting a paycheck. We’re in an industry that celebrates fun and happiness and wonderful moments in people’s lives. It’s not just materialistic. I absolutely believe in what [jewelry] symbolizes.”

But when it comes to running the business itself, the family adheres to well-defined rules. For example, anyone hired at the company must become a registered jeweler within 18 months.

“We sell sophisticated products to sophisticated clients,” says Mark, “and if [employees] don’t have that sophistication, [clients will] blow [them] out of the water.”

Another rule: No automatic employment for members of the Moeller family. Relative or not, everyone hired must have an applicable skillset, and the company must have a legitimate place for them.

Jamey, for instance, joined R.F.

Moeller as operations manager, the same role he had with David Yurman. He and Mark both prefer behind-the-scenes action, while Bob and Bryan tend to be more outgoing, so they lead the storefronts—Bob manages the Highland Park store and Bryan runs the 50th & France location. The downtown Minneapolis store is run by a non-relative.

“Everybody just kind of fit into their places,” Mark says. “We’re very fortunate this has all worked out the way it’s worked out.”

Conflicts certainly have arisen, but if someone has a problem, it’s addressed in the moment. “We’re German,” Bob says with a laugh. “Things get loud, but they don’t last long.”

Communication and respect were also key in planning the transition of ownership. Mark and his wife Carol, who handles bookkeeping, are thinking about retirement. They’ve already begun the process of shifting to three-way ownership among Bob, Jamey, and Bryan. Mark gave the three of them a total 50 percent of the company. Over the next 10 years, they will buy Mark and Carol out in full, at a price set by Mark.

Mark’s priority in succession planning was to avoid the contentious

experience that he had inheriting the business from his parents, who were reluctant to plan, or give up control.

Bob and Jamey both feel the process was smooth, and the terms were fair—from the buy-out figure to timelines and contingency plans for sudden deaths or departures.

That kind of planning and foresight, ingrained in the Moeller mindset, has helped build the company into something worth passing on.

It starts with what R.F. Moeller offers. Whereas most jewelers today are more like retailers who sell jewelry,



Bob says R.F. Moeller is one of the few that still does it all: manufacturing, custom design, retail, repairs, and appraisals. It sets them apart.

And while R.F. Moeller may seem like a traditional brick-and-mortar retailer, the company had the foresight to get in on e-commerce long before Amazon. In 1991—the early days of the internet—the Moellers snatched up the domain names antiquejewelry.com

and estate jewelry.com, providing a place to sell such specialty items and making R.F. Moeller one of the first entities to appear in a related Google search.

They’ve kept up with the times in other ways, advertising on popular digital streaming platforms like Pandora and Hulu, and recently revamping their website.

Cementing the family’s plans to stay relevant: The Moellers recently purchased the building that houses the St. Paul store to prevent a developer from buying it and ousting them.

“We make it look easy, and we’re very fortunate,” Mark says, “but it’s not easy.”

The business has weathered many challenges, from a slowdown after 9/11 to the 2008 recession, when sales suddenly plunged—from up 35 percent in early November to down 10 percent by the end of December.

“Good business practices will get you through rough times, where flying by the seat of your pants will usually get you out of business,” Mark says.

A testament to R.F. Moeller’s reputation: Non-family employees lent personal money to help keep the business afloat. Customer loyalty helped, too.

“Our name is on the store,” Mark says. “We have personal relationships, we do repairs, people know us, and they’re not going anywhere else.”

The next generation of Moellers hopes to build on that relationship with customers. Jamey says the family strives to be the independent jeweler in the Twin Cities that people think of. That may involve adding new locations, but most important, it’s about

getting more people in the door.

Mark says what happens next is up to his successors, but he thinks they’re on the right path.

“When you’re in the top 1 percent of all the retail jewelers in the country, you’ve done something right... and that’s part of the planning we allude to,” Mark says. “I set a course and stick to it.”

That’s just the Moeller mindset.

* Company name: R.F. Moeller Jeweler * Headquarters: St Paul * Inception: 1951 * Family name: Moeller

* What the company does: Sells fine jewelry and Swiss watches, offers custom jewelry design and jewelry and watch repairs. * Type of ownership: Partnership

* Principal owner: Mark, Carol, Bryan, and James Moeller; Robert F. Moeller II * Employees: 36 * Family members in the business: 6

* Family members on the board: 6

For Strategic Growth

Border Foods

Major acquisitions and intuitive leadership have made this quick-service restaurant franchisee a giant within its industry.

By Sam Schaust

In 1996, life changed overnight for Jeff and Lee Engler. For the last decade, the brothers had been overseeing the day-to-day operations of 16 Taco Bell restaurants throughout Minnesota, until the day a once-in-a-lifetime opportunity knocked on their door.

Taco Bell's corporate arm, looking to divest itself of all 63 of its stores in the North Star State, asked the Englers if they were interested in quadrupling their footprint. "We didn't have that kind of money," recalls Lee Engler, 61, but the transformative potential of the deal was too much to pass up. Quickly the brothers nailed down a partner to help finance the acquisition, making for the first private equity deal in Taco Bell's history.

Likewise, the purchase also made for another historic event: the founding of Border Foods. As co-CEOs, the Engler brothers are splitting the top job. Jeff, the older of the two by six years, is credited as the "finance guy" and chief strategist—forever hunting for the next great deal. Lee, with his decades of restaurant management experience, has long been the handler of day-to-day operations at Border Foods' restaurants.

Come 1999, the duo moved to buy out their partner and quickly began to look beyond burritos and quesadillas. Within a year, they made franchisee agreements with Pizza Hut, Long John Silver's, Wing Street, and Au Bon Pain, opening dozens of new restaurants in roughly a dozen years. By 2012, Border Foods was pulling in \$175 million in revenue from 175 storefronts. But the Englers weren't satisfied.

Looking back on it, "I coined it 'the lost decade,'" says Jeff, as Pizza Hut in particular was costing Border Foods more than it was making. An immediate reorganization of the business was needed to survive, according to Jeff, and the decision was swift, based primarily on one thing: the balance sheet.

"We found we got a much better return on our capital and clearly our people by deploying it back to Taco Bell," says Lee Engler. Border Foods' pool of franchised locations again shifted overnight as it dealt away everything that wasn't a Taco Bell or Au Bon Pain.

Tim Barnett, a long-time lawyer for Border Foods who has handled all of the company's dealings since its founding, believes the Englers' move to reorganize needed to happen. "Getting out of Pizza Hut was long overdue, and they knew it," says Barnett, who leads the franchise legal team at the Minneapolis-based law firm Winthrop and Weinstine. "Selling the business off to another large franchisee helped them tremendously for two reasons: No. 1, it eliminated a cash drain—Pizza Hut was not making money—and No. 2, it eliminated a huge distraction."

Ultimately, the re-focus kicked off a new era at Border Foods as the Engler brothers prepared for the future. Starting in 2014, the company began a reinvestment campaign during which \$12 million to \$18 million has been spent annually on remodels and the construction of new Taco Bells. "People want to go into new, relevant assets," says Jeff Engler. "If it's new, the food tastes better."

At the same time, the Englers

established Marvin Management to oversee the newly built restaurants and keep the leases under Border Foods instead of a third-party leaser. "At least from my standpoint, third-party landlords don't always act rationally," says Barnett, "so when you can control the real estate you eliminate headaches and you make capital-raising a bit easier." Over the last several years, Border Foods has used Marvin Management to claim ownership of about half its restaurants—a far cry from the days when all of its stores were leased by third-party entities.

Border Foods also doubled down on another of its sister companies, Delaget. The analytics company geared toward quick-service restaurants had been steadily growing since its 1999 founding, but not until the Engler brothers reinvested in it and hired a new CEO for the business—one with extensive leadership experience at software-as-a-service companies—did Delaget break out. Nearly 13,000 restaurants use Delaget's analytics platform as of 2018, including Kentucky Fried Chicken, Burger King, Wendy's, IHOP, Pizza Hut, and all of Border Foods' locations.

Moreover, Delaget offered the first opportunity for a second-generation member of the Engler family to work



their way into Border Foods full-time. After receiving his MBA from the University of St. Thomas, Lee's son Aaron took on a product management and marketing role at Delaget. Five years later he moved to Border Foods to continue climbing the corporate ladder. Still, Aaron Engler knows a path to be the company's future CEO isn't guaranteed. "Ever since I can remember [Jeff and Lee Engler] have been very against nepotism," he says.

Jeff Engler seconds Aaron's observation. "We're a family-owned business, but we're really not a family business because we view ourselves as a professionally managed company," he says. That aside, the Engler brothers want their family to have a path into the business.



Starting in 2015, Jeff and Lee Engler organized a three-times-a-year family meeting to build interest in Border Foods among relatives. Each outing is different, Lee Engler says, although the content covered tends to cover ways to improve interpersonal and business skills, as well as general assessments of the family business. "We're also in the process of creating a 'family MBA,'" Lee Engler adds, which

he hopes will build those hard-to-teach skills such as business ethics, investment strategies, and employee management. "We've always said you have the opportunity to work here but not the right," he notes. "It's all based upon what you can contribute."

Though they are preparing to pass the torch to a second-generation, Jeff and Lee Engler never stopped growing Border Foods. "We acquired a lot; we built a lot," says Lee of the 25 stores built in the last five years and more than 70 acquired from franchisees. With restaurants in Minnesota, Wisconsin, Michigan, Illinois, South Dakota, and Wyoming, Border Foods' portfolio has expanded to 187 locations, ranking it

as one of the largest multiunit quick-service franchisees in the nation.

At its current pace, the company expects to hit 2015 locations by 2025. But Jeff isn't ready to say its growth will stop there. "The question now is are we going to start doing acquisitions again and go to 300 or 350?" he says. "Knowing us, we probably will, and I could see us being at \$600 million in revenues" in the next six years.

Within the next three to five years, though, the Engler brothers plan to leave Border Foods, whether in the hands of their children and extended family or to someone outside of the family. It's taken more than grit and determination, Lee says, to build Border Foods into the \$311 million mammoth it is today. "There's a special sauce there," he says of the unique bond and collaborative ability he shares with his brother. "I'm not sure what it was, but it worked and we're thankful for it."

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* Company name: Border Foods * Headquarters: New Hope * Inception: 1986 * Family name: Engler

* What the company does: Oversees the operations of its franchised Taco Bell and Au Bon Pain locations in Minnesota, Wisconsin, Michigan, Illinois, South Dakota, and Wyoming. * Type of ownership: S Corp., LLC * Principal owner: Lee and Jeff Engler * Employees: 5,200 to 5,500 (depending on season);

300 serve in a management role * Family members in the business: 3 * Family members on the board: xx

For Adaptability

Ideal Printers

Two sisters have led this St. Paul company to steady growth during a decade of challenges to the printing industry.

By Kate LeRette

When Lana Siewert-Olson and her sister, Joan Siewert-Cardona, took over Ideal Printers from their parents in 2002, there were more than 1,000 printing businesses in Minnesota, according to the state Department of Employment and Economic Development. Today, there are 706.

Navigating a small business through more than a decade of industry consolidation is no easy feat. Add tariffs, an aging workforce, and rapidly changing technology to the mix and the task becomes even tougher. Building on a solid foundation laid by their parents, the Siewert sisters have managed to keep Ideal's presses rolling and the family business growing.

In 2010, they acquired a digital printing company, followed by a mailing company in 2013. Adding those additional services have provided steady growth for the St. Paul-based commercial printer. Sales grew from \$7.5 million in 2009 to nearly \$12 million in 2016.

"Acquiring the mailing company helped us weather some of the economic strain that the industry was experiencing," says Siewert-Cardona, who is CFO. (Siewert-Olson is president of the company.)

The Siewert sisters' parents, Howard and Rhoda, founded Ideal Printers in 1979—almost by accident. "I wasn't looking to start my own business," Howard recalls, "I was looking for a job."

Howard had recently left his sales job at Brown Printing, one of Minnesota's largest printers, after differences about the way the company was

handling his clients when he stumbled across a small struggling printer on West Broadway in Minneapolis. Putting to use his 20-plus years of experience in the printing industry, Howard and his wife acquired the company.

Within two years, they were ready to move to a larger location and settled on a building in St. Paul's Midway. Ideal moved to a third location on Prior Avenue in 1986. In 1999, the Siewerts relocated again, to its current facility near University Avenue by downtown St. Paul.

Three years after moving into the new building, Howard and Rhoda handed the reins to their two daughters and sons-in-law, Andy Olson and Francisco Cardona. As chairman of Ideal's advisory board, Howard still provides guidance when needed and makes frequent visits to the office when he's not in Florida or volunteering. But he's quick to note that "a lot of what you see today is what the second generation built."

The Siewert sisters and their husbands control a combined 74 percent of the company's ownership; Howard and Rhoda control the remaining 26 percent. In 2007, Ideal became one of the first certified woman-owned printers in Minnesota.

Today, digital printing makes up 20 percent of Ideal's sales and mailing accounts for 15 percent. While conventional print still accounts for more than half of Ideal's business, digital printing is growing quickly.

"We probably have more digital jobs than conventional print jobs," says Siewert-Olson. "But digital jobs aren't

as expensive. A digital job may average \$150, whereas print may be averaging \$3,000."

Digital is similar to an office printer in that it uses electronic files, dots of color, and toner or ink to produce an image. With conventional print, or offset lithography, ink is applied to metal printing plates to form an image, the image is transferred to a rubber "blanket," then rolled onto a sheet of paper. Digital printing is quicker and more cost-effective for smaller print jobs, whereas litho printing tends to produce higher-quality images and is more cost-effective for large print jobs.

In terms of price, "it's harder today to compete with big printing companies," says Siewert-Cardona, "but we can definitely compete from a service level. Our ability to say yes almost every time and deliver on our promise is why customers stick with us."

Best Buy, Ecolab, Treasure Island and Great Clips are among Ideal's mostly Minnesota-based clientele. (Ideal also has done work for MSP Communications, Twin Cities Business' parent company.)

"Ideal has had an unbelievable ability to accommodate our growth," says Rhoda Olsen, vice chair of Great Clips' board of directors and former CEO. "Their responsiveness, accommodation, improvements, growth, and investment in equipment and people has continued to

exceed our expectations."

Andy Olson took Great Clips with him when he joined the family business in 1993. Growing from 200 salons in the early '90s to nearly 4,400 today, the Minneapolis-based hair salon franchise has become one of Ideal's key customers.

"Andy is always thinking about Great Clips and how he can help us be successful and accommodate our needs," says Ann Latendresse, director of brand marketing at Great Clips.



"Today, Ideal is our bread and butter for most of our print work."

Like its customers, Ideal has grown, too. When the company moved to downtown St. Paul nearly 20 years ago they had 40 employees; today they have 86. But in the last decade, finding experienced talent has become increasingly difficult.

"People aren't entering into our industry like they used to," Siewert-Cardona says. What's more alarming "is there is not a school in Minnesota anymore where you can go to learn how to run a conventional press."

The company has started hiring temp workers and training them on the equipment. If they find a good fit, they will hire them full time. Ideal also recently enhanced its PTO policy and added 401(k) matching in hopes of attracting more talent. The company has always had a profit-sharing plan where 20 percent of its pre-tax profit is

shared with employees, but the 401(k) match seemed to be an important benefit to those seeking a new employer, says Siewert-Cardona.

While finding skilled workers has become harder, Ideal has no problem retaining staff. About a quarter of its employees have been with the company 20 years or more. Unlike many of its competitors, Ideal does not run a third shift and it doesn't have mandatory overtime. "We're open about our numbers, too, so there are no surprises," says Siewert-Olson.

Ideal also has a social committee where employees can help plan annual events, including the company's charitable giving week, monthly summer cookouts, Cinco de Mayo celebration, and holiday party.

"Owner-employee relationships have always been strong at Ideal, and the next generation has carried that on to an even greater extent," says Howard.

To give back to the community, Ideal organizes a companywide volunteer event at least once a year and a number of charitable drives and fundraising events throughout the year. The family also donates printing services to many charitable and nonprofit organizations.

"Ideal supports the overall good of the community in a lot of different ways, and we really value that," says Olsen.

With the second generation in their early 50s and no members of the third generation (ages 18 to 28) showing interest in taking over the business, Ideal's future as a family business is unknown.

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"We've had intentional meetings, so they know they are welcome, but so far, no one is jumping at the chance," says Siewert-Cardona. "Ultimately, we want them to be happy."

The Siewert family is giving it a little more time before they decide how to proceed with succession planning. They have some hope that someone will change their mind, but either way, says Siewert-Cardona, "we are focused on finding ways to grow thoughtfully and making sure we have a high-value company to hand off."

* Company name: Ideal Printers Inc. * Headquarters: St. Paul * Inception: 1979 * Family name: Siewert, Olson, Cardona

* What the company does: Provides commercial printing and mailing services to local and national clients. * Type of ownership: Partnership

* Principal owner: Howard and Rhoda Siewert, Lana Siewert-Olson, Andy Olson, Joan Siewert-Cardona, Francisco Cardona * Employees: 86

* Family members in the business: 4 * Family members on the board: 6

Dyanne Ross-Hanson.

Her consultancy helps family businesses look at all aspects of transition.

By Gene Rebeck

Dyanne Ross-Hanson entered family business consulting 13 years ago by thinking about the exit. The need for her services is greater than ever.

According to a 2017 survey by the Denver-based Business Enterprise Institute Inc., 79 percent of business owners plan to transition in the next 10 years, and, typically, 85 percent of an owner's net worth is tied up in the business. Despite the risk, only 17 percent of those owners have any sort of documented strategic plan for transition, Ross-Hanson says.

In other words, a great many family businesses still need her help. Ross-Hanson's firm, Woodbury-based Exit Planning Strategies LLC, focuses on "helping business owners navigate what I believe is probably one of the

most significant financial events that an owner will face," Ross-Hanson says. "And that is the transition of ownership within their companies."

For her work helping family businesses handle this particularly complex challenge, Ross-Hanson is being recognized as this year's winner of the Hubler Award for a Multidisciplinary Approach to Working with Family Businesses.

"She's a collaborator," says Tom Hubler, founder of Minneapolis-based consultancy Hubler for Business Families Inc. and the creator of the Minnesota Family Business Awards. "She works with not only the other technical professionals—lawyers and accountants and so on. She also collaborates with the psychological professionals who handle the more emotional side." The result is a more satisfactory transition experience

for the owner, the family, and the employees.

Before founding her practice, Ross-Hanson built a 15-year career in the Twin Cities financial services industry. During that time, she says, "I found myself gravitating naturally to entrepreneurs." Ross-Hanson admired their willingness to take risks and innovate. But she also saw that many of them hadn't thought out the financial ramifications of transition—especially given "the major impact that they have on their employees and families and communities."

In starting her consultancy, Ross-Hanson took an entrepreneurial risk of her own. Demand for family-business transition services wasn't yet in high demand. That's changed in re-



cent years. Not only are there more retirement-age owners—more and more of them want to be able to pursue other interests in their retirement years rather than

die in the saddle.

Ross-Hanson soon realized that the financial aspect was only one part of a business transition. Part of her practice involves working with the other experts that are needed. In some cases, she helps put these teams together. She also gets owners to think in terms of an "actionable checklist," rather than simply "discussing" with an attorney or accountant. The goal, Ross-Hanson says, is to "help them gain control over the largest financial decision they'll ever make."

Finalists

Twin Cities Business and its partners recognize these successful Minnesota family businesses and the values they perpetuate.

Brenny Transportation Inc.

Inception: 1996

Headquarters: St. Joseph

Family members in the business: 4

Employees: 90

Joyce and Todd Brenny loved working in the trucking industry. But working for trucking companies? Not so much. That's why they started their own. Brenny Transportation touts its customer service, of course. But just as important to the Brenny family is treating employees well. Need evidence that their approach works? The Brennys claim an employee retention rate of 85 percent, unusually high in the industry. Since its founding, Brenny Transportation has added three niche divisions: Brenny Specialized Inc., Brenny Global, and Brenny National.

Cox Insurance Associates Inc.

Inception: 1950

Headquarters: Falcon Heights

Family members in the business: 3

Employees: 26

How does a family-run insurance brokerage last for nearly 70 years and through three generations? Given the nature of the Cox family's business, it's not surprising that a big part of the reason is "plan, plan, plan." The Coxes believe that it's important to think at least 10 years out about what the business is going to look like and who's going to be running it. Maintaining a strong but flexible transition plan has been key to the company's durability. So is making sure that non-family employees are treated like, well, family. Both family and non-family staff share in shaping the company's collaborative, customer-focused culture.

Discount Steel Inc.

Inception: 1992

Headquarters: Minneapolis

Family members in the business: 9

Employees: 95

Starting with a rundown office building and a warehouse containing 2.5 million pounds of structural steel, Discount Steel founders John and Diane Dormanen have built a sturdy business that provides a wide variety of industrial and construction-related metal products and services; the materials it sells now include copper, brass and aluminum as well as steel. As the business and their family grew, the Dormanens saw an opportunity to open a second location, in Fort Worth, Texas. The Dormanens and their daughters now run a company with more than 350,000 square feet of operating space, which includes retail centers.

Evolve Systems

Inception: 2002

Headquarters: Little Canada

Family members in the business: 4

Employees: 15

Donald Raleigh and Marnie Ochs-Raleigh began selling computers and related technology to households and individual consumers in 1993. In 2002, they "evolved" their company into a B2B, selling an easy-to-use, self-directed system that lets its clients—small and midsize businesses in a diverse set of industries—manage their own websites. In time, Evolve Systems also began offering credit card merchant services to those business customers. Partnerships with selected graphic designers and marketing firms allow the Raleigh family to provide tailored, single-source services to its clients.

Summing It Up

Family business consultant Tom Hubler pours a career's worth of advice into a new book.

By Amanda Ostuni

After nearly 40 years as a family business consultant and frequent writer and speaker on the topic, Tom Hubler of Hubler for Business Families compiled a career's worth of insights for his debut book, *The Soul of Family Business: A Practical Guide to Family Business Success and a Loving Family*.

"I'm playing the back nine and I'm basically about to round the corner into the end game of my career and my life. I wanted to share some of the things that I've learned over the years," says the St. Paul native, who founded the Minnesota Family Business Awards.

The book, released in October, is a collection of principles, analysis, advice, and case studies. Hubler spells out his philosophy that the key to a successful family business is clearly identifying the soul of the business, or the values that comprise its essence.

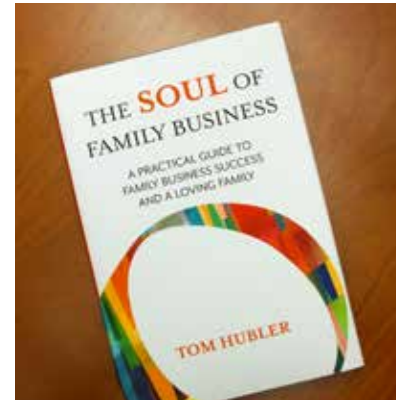
Hubler stresses that family values should carry over into the business itself; honesty, integrity, compassion, acceptance, forgiveness, gratitude—it takes synergy between the entrepreneur's spirit and core values.

"That's what creates the soul of a family business," says Hubler. "Those values, those life experiences, both positive and negative."

The *Soul of Family Business* also identifies common challenges family businesses face and provides tips for mitigating or overcoming such obstacles.

One of the most basic? A lack of expression of appreciation and love among family members.

"That's one of the reasons 'love' is in the title of the book," Hubler says. "Because love is an essential ingredient in a successful family, period, and in particular a



family-owned business."

Hubler got into family consulting for a couple reasons. His professional answer is that he was good at psychology. A more personal reason is that he had to manage difficult family dynamics of his own from as early age. As a teen, Hubler worked at Nolan's Grocery Store, which he credits as his first exposure to family business. In fact, the eldest owner, Bill Nolan, taught Hubler his first lesson in success: A plan that isn't working is better than no plan at all.

In his book, Hubler writes about four must-have business plans: an ownership plan, a management and leadership plan that includes succession, a formal vision and plan for the business itself, and a plan for being a family outside of the business, that is, building "emotional equity of the family while building equity of the company."

Hubler wants *The Soul of Family Business* to help other, newer consultants in their work.

"My hope is that it reaches family businesses around the world," says Hubler, "to help them be more successful. That's what motivated me."

The *Soul of Family Business* is available on Amazon, Barnes & Noble, and in local bookstores