

CREATING A THOUGHTFUL LEGACY FOR FAMILY BUSINESS: MEGHAN JUDAY OF IDEAL INDUSTRIES

Meghan Juday is among the fourth generation of leaders in her family enterprise, IDEAL Industries, an electrical and electronic manufacturing company. Currently the Chairman of the Board, she has faced challenges on a wide spectrum from the isolation of being a lone female Chairman to mitigating the shortage of trades professionals. She has proactively tackled these problems and more while contemplating the legacy of her leadership and of her family enterprise.

Listen as Meghan discusses stewardship, “emotional returns,” and the negative aspects of legacy. Guest experts Jennifer Pendergast and Dave Whorton also lend their takes on sustainability, purpose, and the long view.

Meghan Juday:

Legacy has a really positive connotation. Oh, wealth and estates and trusts and all these other things. But really legacy, yes, it's all that, and it's all your bad habits, all of your preconceived notions, all of your bad relationships. Your aunt that nobody likes, also a part of your legacy now you have to deal with. So legacy, you don't realize when a generation is passing something down to the next, how much of the negative stuff is getting passed conjoined with the positive.

We're not coming to this with a clean slate. And so part of what we're trying to do in our family is actually get to the bottom of it. And this is probably the bravest thing that a family could do, working as a family, a fourth generation, to stop the madness, stop the stupid legacy that has gotten passed down with this great business so that what gets passed down to the fifth generation is highly-valued, highly values-driven and good.

Esther Choy:

The word legacy tends to conjure up positive qualities. But legacy can also carry lots of emotional baggage, ones that you didn't originate or had anything to do with. But because you are part of the family enterprise, now it's yours to carry, along with all the good things.

Then, as leaders of family IN business, how should you go about thinking the long-term, AND leading with purpose? How should you lead and with your generation to choose what to carry-on with, and what to leave behind?

Hi, my name is Esther Choy, the executive producer and your host of the John L. Ward Center for Family Enterprises' own podcast series: Family IN Business. A podcast that features stories of leaders, their families, and the family enterprises they transformed.

In the first episode with guest, Chris Herschend, we've explored how one family figured out that owners don't have to always get along to have a shared purpose. AND that if your family can create processes to

overcome conflict and work together, you'll stand a great chance of perpetuating your family and enterprise.

In this episode, we're going to hear the story of another family enterprise leader whose company operates in a more fluid, everchanging landscape that is affected by a wide range of factors, such as international trades, geo-politics, and even the general population's career choices. And this space is manufacturing.

Together with our show's advisor Dr. Jennifer Pendergast at Kellogg's Ward Center, and a new guest expert Dave Whorton, CEO and founder of the Tugboat Group, we are going to dive into Meghan Juday's leadership story.

Who's Meghan?

Meghan Juday:

My name is Meghan Juday. I'm chairman of the board at IDEAL Industries.

IDEAL Industries is a 100% family-owned business. It's 105 years of operation, fifth generation of ownership, and we're a manufacturing company, and we make products around the globe for tradesmen, essentially, is our core business. But we are in the electrical, lighting and infrastructure space.

The IDEAL purpose is, and really part of it is leaving things better than the way you found it, the core definition of stewardship. This is a real stewardship process that family members are going through, and it is challenging.

Jennifer Pendergast:

Which is the ultimate goal of most family businesses is that, "I'm a steward of this." A lot of people will say, "I don't own this. I'm just holding it for the next generation."

Esther Choy:

That's professor Jennifer Pendergast, executive director for Kellogg's Ward Center for Family Enterprises. We will be hearing a lot more from her along with our other guest expert Dave Whorton in this episode.

Stewardship is a big word, and one that people in family businesses are probably familiar with. But what does stewardship really mean from a pragmatic level? And, what does it mean to be a steward WITH purpose, while sorting out your family legacy?

Meghan's story will take us on a journey and help us explore our own answers to those questions.

Meghan Juday:

Family businesses have to worry about today and this year, but you also have to worry about what's happening in the next 20 years, the next 50 years. That's one of the responsibilities that family businesses have that public companies often don't share, and even politicians don't often share either because they have to worry about getting reelected and things like that. When you look today at the trades, the average age of most tradesmen is about 55 or 56, and that's with electricians, plumbers, contractors, HVAC.

Welders, there's not enough people going into the welding trades. Basically, you think about your home and all the people you need to help build your home and keep it running, and those people are retiring so much faster than new people are bringing in.

So, we sell primarily into the electrical trades. That's our core business. That's the one my great grandfather started. It's the brand that is also our name. So, we're very much focused on ensuring that we stay alive in the electrical space.

But you can't stay alive in the electrical space if you don't have enough electricians who will buy your products. I am not saying that all of what we are doing is just entirely altruistic. There is a motivation that we have to ensure that we have enough electricians to buy our products. So, when you look at the overall economic impact of not being able to have enough trades, and this is tradespeople even in the manufacturing space. How much have you heard Biden talk about and even Trump talk about re-shoring businesses back into the United States, getting and securing our supply chain, which we have seen mass destruction over the last 18 months that is likely going to continue for a while. We are not going to be able to do that if you do not have people in the manufacturing trades.

It will impinge on all of our other objectives for re-shoring, securing our supply chain, made in the USA. None of those efforts can be achieved without this foundational piece, which seems to be somewhat ignored.

Esther Choy:

So, what should be done?

Meghan Juday:

This is our fifth year of building a national competition for electricians. We get almost 70,000 people to compete and try to come to this national competition. It gets broadcast on ESPN. People can win a year's salary: 70, 80, \$90,000 from this if you win this competition, plus you get the fame and glory of being on ESPN, and all your friends start making fun of you because you're now on a commercial.

Esther Choy:

For context, ESPN is the multi-platform sport media juggernaut owned by Disney Corporation. ESPN features all things sport competitions, including IDEAL Electrician National Championship competition. It's actually a global competition and it's a chance to see who would be the best electricians every year, and which winners will get big cash prizes.

Meghan Juday:

We really wanted to do our part. We're a tiny drop in the ocean to this huge issue and problem that we're having nationally. We're trying to show the public that the trades are sexy, and that there are meaningful, real jobs. We focus on highlighting women and minority competitors to try to just have other people see people that are like them on the TV screen being really excellent at what they do.

In fact, we've formed a partnership with McKinsey to try to get other businesses who are doing their drop in the ocean to try to formulate a cohesive strategy to attracting and retaining people into the trades. There are conversations that have to occur in the political realm, in high schools and community colleges. There are conversations that parents need to have with their children. If everyone who's doing their tiny little part in trying to attract more people into the trades become a more united resource

group, I think we can have a lot more impact. It's one of those things where one plus one will equal three.

The thing that is sad about the trades is that these are really meaningful jobs. You can earn enough money to support your family. You don't have debt when you graduate from your apprenticeship. You really can have this amazing, fulfilling life. You can work for somebody. You can own your own business. You can own your own conglomerate. I mean there's just so much opportunity there; you look at now what high schools are doing in terms of encouraging their students to only go to college, and high schools are only measuring their success by how many of their students are going to college. That's actually a false metric. They should be talking about who gets meaningful jobs and are able to pay off their college debt in a reasonable period of time, not how many people they're sending to college.

The sad thing is that high schools used to have a lot more vocational programming, and all those vocational programs have gone away sadly. I think they went away in the 80s, and now we're seeing the fruits of that decision. We are going to be working with the existing schools and with the community colleges, which a lot of community colleges are moving to tuition free programming and things like that.

So that's the real project we're working on. It's meaningful work, and we have had some impact in attracting more electricians into the trades, but if we can partner with other firms and other initiatives that are doing this, I feel like we can have so much more impact. One good thing that's come out of this is that in the past, the focus has only been on electricians. This year we're adding automotive techs. Next year we're adding welding and HVAC. So, we're going to be expanding this and showcasing not only for the IDEAL NATIONALS, but also moving it to a Trades Week to try to attract and retain to all the trades, not just electrical trades.

Esther Choy:

Here's a key thing to consider for family enterprises that are establishing their purpose – it is about creating a lasting impact for a LONG time, which is very different than non-family businesses. To stay in business for at least another 50 years, a part of IDEAL Industries' purpose then becomes to promote the trades. Not only does their work involve promoting trades as a viable career choice for many, IDEAL Industries also has to take the lead on working with multiple partners across public and private sectors to come up with creative solutions.

Now, I know this might sound like it's a bit straightforward, and it is in a way, because, once someone had already figured out a pathway forward, it always seems obvious.

But. The life of a family enterprise leader is multi-faceted. And in Meghan's case, what was she referring to in the beginning of this episode about her family legacy?

Meghan Juday:

Working as a family, a fourth generation, to stop the madness, stop the stupid legacy that has gotten passed down with this great business.

Esther Choy:

And who is Meghan Juday outside of her role as the chair of the board of IDEAL Industries? What matters to her most? How does she allocate her time, and equally important, how does she allocate her energy?

The word “sustainable” often gets applied to business, strategy, products, generally to things. Here, we’ll soon find out why family enterprises need more leaders, like Meghan Juday, who lead with purpose that SUSTAIN them for a very long time.

Why is that the case? We’ll find out what all of that means when we come back.

Esther Choy:

Welcome back to Family IN Business. A podcast sponsored Kellogg’s John L. Ward Center for Family Enterprises. The Ward Center is a premier academic institution that has provided executive education programs for family enterprise owners and leaders that build on a 20-year legacy of teaching experience, combined with the latest insights on how to achieve multi-generational continuity.

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Now, back to Meghan Juday and IDEAL Industries. We’re going to take a momentary but necessary detour to define a few terms that get used interchangeably.

Dave Whorton:

My name is Dave Whorton. And I’m the CEO and founder of the Tugboat Group. And part of the Tugboat Group is the Tugboat Institute where I spend substantially all my time now.

Esther Choy:

I’ve asked Dave to come on our show and in particular this episode because Dave spent a significant amount of time in the venture capital world, with a glistening resume as well as being a successful serial entrepreneur himself. But even as he was riding on a Rocketship to Mars with his career, he also noticed that there’s something MAJOR missing in the venture capital and private equity model, which ultimately led him to found the Tugboat Institute.

Tugboat Institute is a member organization for the CEOs and presidents of Evergreen companies. According to Dave, Evergreen companies are those that embody seven characteristics that all start with the letter P. And guess what the first P is? Yes, purpose.

With purpose being the first character of Evergreen companies, I got curious. Every year since 2013, Dave has convened dozens upon dozens of Evergreen leaders, who lead their companies with purpose, so first I have to ask him about definitions. I hear and use these words interchangeably. So, for example, how’s purpose different from vision and mission?

Dave Whorton:

It’s interesting. If you do a web search, you get a lot of confusing answers on this. People say, “Well, purpose and mission are the same thing.” Purpose and vision are the same thing. And so, I think that they are different and they’re complimentary. And I think probably the best way to do it is through example. And the example I’ve been thinking about this is, I don’t know Elon Musk. But let’s try to think like Elon. At least how I understand he thinks. And with SpaceX, I believe the purpose of SpaceX is to

prevent a catastrophic event from ending mankind. If you really peel it back, he's nervous about that. Whether it'll be an asteroid, a nuclear, or whatever it may be that mankind has to survive outside of just our planet. And so that's his purpose. Now, what is his vision? I believe his vision is to have thousands of people living and thriving on Mars, and other planets. So that's his vision for how to bring that purpose to life.

And then his mission, at least his current mission, is to safely establish a long-term space colony on Mars. I think, a modest one. But that is the current mission. We have to get there. We have to be able to establish life on Mars. And so, purpose, protecting mankind. Vision, thousands and thousands, tens of thousands of people living on other planets. And the current mission is, let's get at least that initial colony on Mars.

Esther's narration

To paraphrase Dave's SpaceX example: Vision is the eventual destination, even on a conceptual level. Mission is how do you go about reaching this destination. And purpose is why this vision is important. Or, to put it even more simply. Vision is the what, mission is the how, and purpose is the why.

Having a clearer definition around how purpose differs from vision and mission is important because of two reasons. One, it helps us better organize these concepts mentally. Two. Reason two has everything to do with how to sustain a leader of a family enterprise.

We've already heard that Meghan's family enterprise's purpose is to leave things better than the way they've found it. It's all about stewardship. That's their purpose. That's the WHY that's important to the family.

Now the vision or the eventual destination is that more and more people are going into the trades business, AND leading productive and prosperous lives. They're not there yet. But they're going on this journey together to one day arrive at this vision. That's their WHAT.

Now, HOW are they going to get to their vision, this destination?

Meghan Juday:

So, for example, we reinvest about 90% of the profits back into the business, which is pretty rare for a family business. Family businesses usually deploy more resources to the family. But our goal is to, with that reinvestment back into the business, you want family members to also be experiencing a good financial return but a high emotional return. And so, we spent a lot of time working with family members and sharing with them about our success as a company because of our values. And it's all around how we treat our employees, how our decision-making gets impacted from keeping people safe during the pandemic. So, a lot of it is just storytelling and having conversations, and that's what really needs to be done with the family in order for the family to feel that they're getting a multifaceted return, it's not just financial.

Esther Choy:

This example makes sense. Creating a good financial return for owners is a favorable thing, but generating a high emotional return for owners is also deemed important for Meghan's family. In fact, more important than the financial ones. So, showing owners how they're making a big impact in the world even if owners aren't getting big dividends, then becomes a priority.

But what do you do when owners have a diverging sense of what the purpose should be?

Meghan Juday:

There's always going to be tension, and in fact, probably in that tension and the ensuing dialogues that occur is probably where you end up getting to the best place. And so, I think that where our conversations take us as a family is really trying to hold the tension and have the dialogue with divergent viewpoints to try to come up with something better than what either side, quote, unquote, could have actually ever come up with.

And I think the way that you handle it is trying to get to the point of being comfortable with holding the tension, because it can be really challenging, and it can be very distressing when you think you're making a values-based decision, and another family is taking an opposite standpoint, also very values-driven. And especially in this current political climate where there's so much bifurcation, how do you not feel that someone having a unique viewpoint isn't betrayal?

And so that's where we really are spending a lot of time as a family and trying to stay in that dialogue and have the conversation longer and probably longer than you think you might need to have in order to ensure that we are, as a family, coming to the best conclusion.

Esther Choy:

Do you need an outsider to facilitate? How many of you are wrestling within a dialogue at the time?

Meghan Juday:

We are 50 family members, so your image of 50 people trying to duke it out in a room does seem fairly chaotic and pretty unproductive. And so, we actually put up these little taskforces in our family and try to build around, "Hey, this is a critical issue we're trying to decide on." And we'll actually get into the family and try to get people who are pro or con or opposing viewpoints, and just to try to make sure that all the viewpoints are represented when we have the conversation.

And the conversation just usually starts with doing a lot research and having this taskforce become the subject matter expert. It's one thing to plant your foot on one side of an issue or another, but really you need to become educated about this. You need to know how other families dealt with this. What do the subject matter experts say? What does the literature say? And so, you can become a mini-expert in some of these spaces and from that can come up with a collective viewpoint.

Esther Choy:

I need a specific example, a recent one if possible. I'm very curious about holding the tension a little longer than you think you need to. Because normally, what people would do is try to get past the tension as quickly as possible. Or even worse, pretend that the tension is not there.

Meghan Juday:

To be quite honest, I think that's how the previous three generations have handled it, in that when you have three generations of avoided conflict, I think what happens, especially in a family business, is that those issues get condensed. And they get super-saturated into the system because there's been no dialogue, there's been no blow-off valve, there's been no release.

You know how, if you think about a family business and a family sticking together for five generations, it's a pretty unnatural construct. Most of us know three generations of families, right? And that three

generations of everybody from the same offspring, you won't know your second cousins and third cousins, but you'll know those aunts and uncles, grandparents and cousins. And what happens in a family business, if you have multiple generations who have not dealt with conflict productively, think about legacy.

Legacy has a really positive connotation, right? Oh, wealth and estates and trusts and all these other things. But really legacy, yes, it's all that, and it's all your bad habits, all of your preconceived notions, all of your bad relationships. Your aunt that nobody likes, also a part of your legacy now you have to deal with. So legacy, you don't realize, when a generation is passing something down to the next, how much of the negative stuff is getting passed conjoined with the positive.

And so, we have had to deal, as a family, our fourth generation has had to deal with a lot of issues that really aren't ours. My grandmother didn't like her sister, and now these aunts don't like my dad, and now some people don't like me. We're not coming to this with a clean slate. And so, part of what we're trying to do in our family is actually get to the bottom of it. And this is probably the bravest thing that a family could do is actually get into what we're doing, if I can promote the IDEAL family. But we've hired a family business therapist, and we are working as a family, a fourth generation, to stop the madness, stop the stupid legacy that has gotten passed down with this great business so that it doesn't get passed down to the fifth generation.

Jennifer Pendergast:

Families are like elephants, they have really long memories, and they tend to be pretty judgmental and have a hard time often letting things go. Hurts that occur in prior generations are often perpetuated in future generations. Families often need resets because there's baggage. There are bad things that have happened. People have treated each other not well.

The ability for a family to reset, to be able to say, "Yes, that happened in the past, but we're now going to choose to move on from that. This is a new day. Jennifer's not her grandmother." We're going to allow people to have the space to just move forward from where we are, and agree that we're going to let the past be in the past. Acknowledge that it was hurtful and that I'm sorry that happened to you.

I'm not trying to erase it, but what I'm trying to do is choose to move forward beyond it. I think can be really productive and that reset is super important.

"What do you choose to keep and what do you choose to leave behind?"

Meghan Juday:

And so, so much of what we've done over the last 18 months has been holding the tension, having the conversation, digging in, talking about your experience when you were a child growing up and my experience when I was a child growing up and really trying to take away all of the extraneous matter that has been negative and really try to come to the fourth generation owning their own legacy and ensuring that what gets passed down to the fifth generation is highly-valued, highly value-driven and good.

Esther Choy:

This all seems like a brave, necessary, productive BUT incredibly energy draining process. And that's just the legacy part, the family part that a multi-generational family IN business need to process together. So, how does Meghan sustain herself as she leads her family enterprise? We'll find out when we come back.

Esther's narration

Welcome back!

You probably know that Kellogg's Ward Center for Family Enterprises has been running many popular and in demand executive education programs for over 20 years. But what you may not know is that you can contact us with your specific questions about any family enterprise challenges so we can identify resources to help you meet those challenges.

Just write to us. The email address is familyenterprises@kellogg.northwestern.edu
That's familyenterprises@kellogg.northwestern.edu

The email is in our show notes as well.

Now back to Meghan Juday. We can't expect to drive a car without gas or electricity. We can't power a city without some sources of power. And similarly, a family enterprise leader can't expect herself to keep leading without somehow sustaining her personal energy. So how does Meghan do it?

Meghan Juday:

I have a passion project that I've been working on that straddles the personal and professional. And one of the interesting challenges that I've seen, and I've actually talked with a lot of other women who have become chairmen as well, and they didn't realize growing up in their careers that they were unique. They were just a person contributing to the success of a company.

And then they became chairmen and realized they were the only one. Most female chairmen have never met another female chairman of a privately-owned company. And I became chairman last year, last February. Of course, I had three good weeks before the pandemic hit and chaos rained. And during that time, we were six months into the pandemic, and I realized how isolated and alone I felt. We all felt isolated and alone, right? We couldn't see our friends. We couldn't do our normal social things. No restaurants, no bars, and no grocery store even. So much of our life had changed.

But on top of that, I didn't know any other women who had the job that I had. And that's crazy. Think about that. It's crazy. So, I took the time to start talking to other people and trying to find other women who were in this same role as I was and ended up finding somebody. And I spoke with her the last quarter of last year, and I was so excited to have met somebody else.

And at the end of it, I jokingly said, "Hey, let's find a couple more women like us. We'll get together once a quarter, no big deal, and just chat, because I feel like I have so much to learn from women who have taken on this role and dealt with some of the challenges that I've dealt with, not because I'm a woman, but just because I'm new in my job and I'd love to learn from other women."

And so, I started this peer group. I now have 33 members, and we have an incredible amount of enthusiasm and excitement around this peer group that I started. And we have some really big names from big companies who have felt the same way that I felt, which is lonely and isolated, and when you're one of the only, you always want to find others that are like you. And so, this has been part of my journey is to try to connect other female chairmen and vice-chairmen of private companies to one another, and then also really focus on excellence because in the end, it doesn't really matter if you're a man or a woman, you just have to be great.

Esther Choy:

Meghan turned what would've been a pretty lonely and isolated chairmanship journey into a thriving, growing tribe of female chairs of privately owned companies. And this tribe is called the Lodis Forum. And from the Lodis Forum, she's even branched out to podcasting, called Women in Board Leadership. Not only is she helping herself, she's supporting other female leaders to achieve excellence. I wonder in the process of leading her family enterprise board, separating her generations from the baggage that got handed down, being a working mom, and probably amongst a whole bunch of other civic and community responsibilities, what is one main lesson she can share.

Meghan Juday:

Well, so my priorities are family first, and then IDEAL because that's my core purpose, and then the Lodis Forum. My family I find very energizing. IDEAL is 50-50. Sometimes it's really energizing and, in fact, normally it is. Obviously, this last 18 months have been pretty difficult, so a lot of energy draining. And doing this work with the family has been challenging because we're basically in therapy together.

And so, I've been really looking to the Lodis Forum, podcast, working with these women, working with family businesses, it's an energy-giver. It really is very, very fulfilling for me, and it's a way for me to come back to IDEAL or to come back to my family with more energy than what I put into it.

But I have a lot of help. I have a lot of help around the house, with IDEAL, and I actually have hired a podcast producer and a virtual admin, a social media person. So, I've actually started outsourcing a lot because I think what I'm doing is important, but I don't need to do it all, right?

Esther Choy:

This part really resonates with me personally. It's not just about delegation or time management. But it's also about paying attention to what's GIVING you energy and what's DRAINING your energy. You probably don't always have a choice with doing things that are only energy giving. But you can most likely create a balance mix of things that give and drain your energy.

Meghan Juday:

So that's one thing that I have learned that has really helped me to be more present with the children, for my husband, making sure that I'm bringing the best-quality product to IDEAL, and then ensuring that, as we're working with the Lodis Forum, it's really gotten much larger than I thought it would. And so, getting the help that I can there is really great.

Especially for people who are really busy, it's hard to take time in your life for yourself. But that's a key part of your purpose, right? To be self-caring as well as caring for others. And so, I would say that I've always been into health and fitness, but as I've gotten older, it's been a larger core part of my day and my week is taking time for myself so that I have time and ability and energy to care for others.

Jennifer Pendergast:

That's really around being self-reflective and understanding what your capacity is. Giving yourself time and space. Being a leader in a family business, because the people we're talking about are leaders is, any leadership job is challenging. There's this additional emotionally intense and draining piece of it that can come on top of just the challenges of leadership, that I think you just have to be mindful of in a family business context.

Learn what are the things that give you energy? What are the things that deplete your energy? Make sure that you're keeping those in balance. The things that deplete your energy, you may not have a choice. You may still have to deal with those, but are you finding things that give you energy? Do you give yourself permission to have the space to do some of those things that I think is important?

Leadership tenure in family business is a lot longer than in non-family. It's not a sprint, it's a marathon.

Esther Choy:

And in a marathon, pacing yourself, taking care of your needs is just as important as you work on things like strides, speed, endurance and hydration. Otherwise, stewardship is pretty impossible to uphold in the long run. But there is actually one more thing that's important in the long run that doesn't even have anything to do with Meghan's family, her passion projects or IDEAL Industries.

Meghan Juday:

And so, I have spent a lot of time, even professionally, through my work with IDEAL, of not only trying to primarily keep IDEAL and the IDEAL family intact, but also really trying to use that platform to help other family businesses be successful with their transitions.

And that's something that our family has taken on. We do a lot of work to help others, and it's really all around this ... I just think that if a family business fails or decides to sell, not even fail, just selling can be successful. But if a family business sells to a non-family company, there's so much more that's lost than just the company itself.

Esther Choy:

Even if the business is successful when it's being sold, there's still a lot of losses. Why?

Meghan Juday:

There's so much more that is lost in the community and the employees' lives in terms of the values and benefits that that family business is bringing to that community and employee population.

Esther Choy:

And here's the other reason that Dave Whorton is our guest expert in this episode. It has everything to do with what he's found missing in the venture capital and private equity world. And in this world, where the core model involves a liquidity event based on favorable valuation for investors, which happens when the companies are sold.

But Dave began to be aware of something else.

Dave Whorton:

I started be more aware of companies that were not interested in taking venture capital and private equity, they're not interested in going public someday and not interested in being sold, but they want to have a significant impact on the world. They wanted to make a big difference. Not little companies, not a lifestyle business. These someday could be multi-billion-dollar companies, but they've chosen very consciously, not to go on that de facto growth path because they felt they would not be able to, in a sense control the outcome for their company. They cannot achieve the vision that they had for that business if they had those type of financial partners.

What does it mean to be building a company that's orthogonal to society's definition of success?

Esther Choy:

Yea! What DOES it mean to be building a company that's orthogonal to society's definition of success?

Um... Wait a second. What does orthogonal mean? I had to look it up.

Well, orthogonal has two definitions, one involves statistics, which I don't think was what Dave meant. The other definition is, of involving the right angles. So, to paraphrase Dave's excellent question, it'd be, "what does it mean to be building companies that intersect with society's definitions of success -- at the right angle?"

So? What does it mean? It's not as complicated as it sounds. In fact, you have heard it many times before.

Jennifer Pendergast:

The concept of stakeholder theory would be that the corporation is responsible to a set of stakeholders and the board is responsible to ensure that management is keeping in mind these stakeholders. Those would be the community to not pollute, to do things like that. They would be customers to make sure that you're not deceiving them, that you have a good quality product. Your employees, that you're treating them with care and fairly. Your shareholders are one of a set of stakeholders.

There is this debate about whether you have a broader stakeholder perspective. It was the business round table a couple of years ago said we ought to have more of a stakeholder perspective. There was a writing manifesto of these set of CEOs that signed on to this notion that we should be, that then means you are better corporate citizens.

In the end, it all circles back to if you take care of all the other stakeholders that will also create shareholder value.

Esther Choy:

All of these, you have probably heard of before. It's what many publicly traded companies NOW are calling for, ESG. Environment, Social Responsibility and Governance. Or maybe you've heard of B-Corp certified companies? Certified B Corporations are businesses that meet the highest stands of verified social and environmental performance, public transparency, and legal accountability to balance profit and purpose.

Jennifer Pendergast:

I think, we get the luxury of talking to the best of the best too. The people that really care and the ones that have lasted that long. I think a lot of them have a B Corp mentality without going through the process. I think of it in terms of governance as a board, who are you responsible to?

Those of us in the family business community, on the one hand laughed. Then, the other hand felt very validated that perspective that the public companies were starting to take as a place that family businesses have always been. I think they've always been because they're values-driven. I think they've always been practical because your name was on the door and you lived in the community where all your employees were.

Businesses used to not be so global in their customer base. If you were the local grocery store or whomever, your customers were there too. You had to be accountable to all of them, or you wouldn't have been successful as a business. I also think families often care too, that they want to be associated with something good. That they can use their business as a mechanism to play out their values.

Esther Choy:

Now, ESG is all the rage with public companies and maybe that's why you guys are laughing.

Jennifer Pendergast:

Exactly.

Esther Choy:

Dave Whorton at Tugboat calls these companies another name. The Evergreen Companies. Each Evergreen Company has very, very long view, not based on quarterly, or yearly performance. Or even by decades. An Evergreen Company's unit of measurement for its outlook is based on centuries.

Dave Whorton:

This is a company with the intention of the owners and the leaders, is to have this business survive and thrive for 100 years or more. They could be 100 years old today, they're looking at another 100 years. They could be 10 years old today and they're looking at 110 years. I mean, the timeframes in which they're thinking about a well beyond their own lives. And so, in some ways, they are stewarding this company for a period of time before they have successor stewards. And those stewards that are also part of that purpose, and that value system.

Esther Choy:

Whether you call them B-Corps, Evergreen Companies, or in our context we just call them family enterprises, they share these fundamental similarities.

Dave Whorton:

I have many dear friends in venture capital. They play by a different rulebook than Evergreen Companies. And I'm not saying that's good or bad. I do think the Evergreen playbook is better for mankind and for society.

Although Dave Whorton gave us an excellent example in SpaceX to help us understand the difference and complementary nature amongst complex terms like purpose, vision and mission, the guest expert of our next episode, Dave Evans, a New York Times bestselling author, a design-thinking expert and a fellow veteran from the Silicon Valley, doesn't even think having a purpose is necessary or feasible.

It will be so eye-opening to hear opposing views on purpose. So, you'd definitely want to keep listening to the next episode of Family IN Business.

Thank you, Meghan Juday, chair of the board of IDEAL Industry. Also, thank you Dave Whorton, founder and CEO of the Tugboard Group. By the way, if you've been enjoying listening to all the stories you've heard on our podcast Family IN Business, then please consider rating us and writing a review on your preferred podcast listening platform. It really helps others find us!

Family IN Business, is a podcast sponsored by the John L. Ward Center for Family Enterprises. It is supported and advised by Professor Jennifer Pendergast, executive director of Kellogg's Ward Center for Family Enterprises. Kane Power is our audio engineer. And, I'm Esther Choy, an adjunct lecturer at the

Kellogg's Ward Center, founder of Leadership Story Lab, and author of the book *Let the Story Do the Work*.

Esther Choy is the President and Chief Story Facilitator of [Leadership Story Lab](#), where she teaches business storytelling to organizations and professionals who are searching for more meaningful ways to connect with their audiences. Leaders trained in storytelling find compelling narratives to communicate authentically, inspire others, and create unimagined, lasting impact.

Since 2010, Esther has combined the science of persuasion and the art of storytelling to help her clients gain a competitive edge. Since launching Leadership Story Lab, she and her team have served clients across industries, including United Airlines, Tyson Foods, ZS, McCormick Foundation, Brookfield Asset Management, Adyen, Moore, US Cellular, SC Johnson and PayNet, an Equifax Company.

Esther is the author of the book [Let the Story Do the Work: The Art of Storytelling for Business Success](#). Her work appears regularly on [forbes.com](#), [virgin.com](#), [entrepreneur.com](#), and [ama.org](#). Her podcast, Family IN Business, is sponsored by the John L. Ward Center for Family Enterprises at the Kellogg School of Management, where she also holds an adjunct lecturer appointment. She is a graduate of Kellogg, as well as Texas A&M, holding an MBA from the former and MS in Higher Education from the latter.

Esther spent nearly half her life in Hong Kong, and now lives in Chicago with her husband and two daughters.

Established in 1999, the [John L. Ward Center for Family Enterprises](#) pioneered much of what is known about the collective challenges that family businesses and their leaders and owners face, making the Ward Center synonymous with new ways of thinking about the ownership and leadership of family enterprises. Clinical Professor Emeritus John Ward, along with co-founder Lloyd Shefsky and numerous faculty and staff aligned with the Ward Center, developed a world-class teaching and research center that provides cutting-edge thinking and guidance for family business purpose, vision and strategy, governance, leadership, succession, entrepreneurship in family business, family engagement and cohesion and family business culture.

The Ward Center has built a collaborative family business community among Kellogg students, faculty, alumni and family business scholars, and has developed a global network of successful business families who can learn from - and connect with - each other to generate innovative solutions to current and emerging challenges faced by family enterprises. The Ward Center also creates unparalleled executive programs and conferences to drive strategic conversations about innovations and best practices in the field of family enterprise.

Renamed the John L. Ward Center for Family Enterprises in 2020, the center today is in a unique position to transform the decision-making and strategic thinking of future generations of family enterprise leaders. The Ward Center is dedicated to producing rigorous and relevant research into the unique demands, strengths and evolutionary paths of family enterprises. Results of this research are delivered in the classrooms to all ages of family business leaders.

In addition to our focus on the complexities of family enterprise leadership, governance and strategy, we integrate Northwestern University's and the Kellogg School of Management's authoritative expertise into our curriculum to create a world-class, comprehensive, cross-discipline family enterprise resource. Our fusion of this deep academic capability with knowledge gleaned from our global community of high-impact business-owning families helps create the Ward Center's unique theory-driven, evidence-based frameworks.

The Ward Center has a three-pronged approach:

- Providing MBA curriculum and programming for students who are part of a family business, as well as students interested in the fields of private equity and venture capital
- Offering executive education courses that cover the full gamut of family enterprise management issues including family business strategy, governance, succession planning, entrepreneurship, family offices and family business culture
- Conducting groundbreaking research, both academic and practitioner-based, to better understand the challenges facing business families