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NKP - EHD & High Center.m4a

Transcript

But we know the drop. we Oh. Don't know the ocean.

Hello and welcome to the New Knowledge podcast. My name is Mark Singer, partner of Newton 1 advisors and I'm joined by our managing partner Steve Target. The New Knowledge Podcast will provide meaningful content to our valued advisor community and anyone who's interested in learning more about sophisticated insurance related topics. Focused on estate planning and executive benefits, our discussions will deliver unique insights into the people, processes and products that make our industry so critical. Newton one is a national life insurance planning firm delivering customized insurance solutions structured to help clients and their advisors engaged in solving estate planning, wealth transfer, business succession and executive benefits. Challenges we are a member of the M Financial Group, which grants our clients access to. Through the nations elite carriers and exclusive products available only through our.

Network mark. You and I have have said in the past, so we try and not put a time stamp on these podcasts so that we can play them for many, many years and folks don't really know when we recorded them. But I will say that we're sitting here in a lovely spring day in Lancaster, PA we're so happy to be with both Scott Radcliffe and Scott Burke. So could you just take a a minute or two here and give us a brief overview of HD?

Thanks Steve. Ehd or angle HAMBRIGHT and and Davies, we're in the insurance space. We're privately. Build 127 year Old Firm, headquartered in Lancaster with other regional offices throughout the Commonwealth. We serve businesses and individuals, but businesses or individuals come to us when they're frustrated with the cost and or complexity of their insurance and risk management program. We serve thousands of entities throughout the the. The region and we help them to reduce and close coverage gap. Apps set up appropriate funding mechanisms for the risk transfer, and we bring different services. That's a whole other conversation, but different services to them so that they can focus on, not their insurance program but their their businesses and what's important to them, which is keeping their their businesses and their employees moving.

Forward. Thank you, Scott. Thanks for being with us this morning. Could you? Just spend a couple of minutes and tell us a little bit more about the high center.

Yeah, sure, Steve. Thanks for having me this morning. So the high Center for family business or the high centers we go by now founded in 1995, we're based out of Elizabethtown College in Lancaster, PA and. Really was founded 125 by Dale High and a number of business leaders that just felt that family business needed some additional resources. So you Fast forward here we sit 2023, we've got 185 member companies across Lancaster, York, Dauphin, Lebanon, Berkeley High 30 peer groups for both. Key executives we bring. Nationally recognized speakers, and we also bring in a big speaker once here we said Steve Wozniak in town, we've had al-maliki, Patrick Lencioni. So we've definitely got some great business speakers coming in. 4. But.

The problem is there's.

Three things we do we really try to create awareness through the surveys we offer best practice and exit planning surveys so owners can open their eyes. To maybe things they don't. Know or they may think they know what they just, you know, they may be not up to speed on the current present day realities.

Will focus on.

Education speakers I mentioned the last piece. Is our peer groups we.

Run those.

Run 6 * a year for four hours.

And and really.

The meat and potatoes that is the 90 minutes we spent in that meeting on issue. Processing where any. Business leader can bring in any issue they have to process with their peers and. And the facilitator. So we're fortunate to do this work thanks to partners like HD and others in our markets where we've got sponsors that kind of support the high center each of our regions. So they access the experts, we can refer issues to if they get beyond, we get beyond our skis on some things we can get it out to the right people. So deal with have been with them for two years. Actually was a member back ten years ago with roads energy. So I've had the experience of being in a peer group and all the tools and resources available, and now I get to go out and take that too. Businesses in the community.

Yeah.

So we're going to start off today's podcast by just setting some foundational statistics about the topic and the title, which is the value and importance of family and privately held businesses. So let's lay some statistics about privately and family held businesses in the United States, privately held and family owned businesses provide 65% of all wages, 87% of the businesses in the United States are family. Fund for a total of 32.4 million family businesses in the United States. 54% of the US GDP is generated by family businesses. Which is a $7.7 trillion contribution. And 59% of the US private workforce is employed by family businesses providing 83.3 million jobs. So that's one of the reasons why family owned and privately owned businesses are so important. Additionally, one of the things we're going to talk about today is succession planning. It's something that's near and dear, I think to all of our hearts and and businesses for that matter and to our clients, particularly in the obviously in the the privately held family owned business. So these are numbers that you may have heard before. But even though nearly 70% of family businesses would like to pass their business on to the next. Generation only 30% actually will be successful at transitioning to the next generation. 12% will still be viable into the third generation. And only 3% of all family business is operating at the 4th generation level and beyond. Now those are countrywide statistics and I I do wonder sometimes how regionalized those are. In other words, I I don't have these numbers. I don't know if anybody else does off the top of their head, but I do wonder, you know, in certain areas and the Lancaster, York. Lehigh Valley, Brooks County area. Specifically, I bet those numbers are a little bit. Better and one of the reasons maybe because there's organizations like the High Center or others that are interested in maintaining and helping family owned privately owned businesses. But there's probably other things as well, maybe it's work ethic, maybe it's family dynamics, maybe it's kitchen table conversations that go on between. Generations and and help these family owned businesses transitions. I don't know, but we might explore some of those things today to try and determine. What's going on there? So Scott Burkey from your perspective, what can be done to help the transition and the successful succession planning with family owned businesses?

It's a critical.

Topic like you mentioned, when 8 out of 10 businesses are family. Owned. Businesses every day. We don't think about that number. Right. We don't think about. Yeah, six out of the 60% of the workers, you know, people we all know are working for family businesses, so.

I think what we see.

And what can be done is it's really about planning and it's really about.

Consideration. There's so many dynamics.

Going on in business and for family business, we've all seen it the last couple of years from supply chain to what the impact of the pandemic.

But I think one of.

Things you you talked about in the lead up was culture is also a big part of it and how you build. That culture, there's. So many pieces that come together. Yeah. It's about people, right. It's about process. It's about. Planning.

But it's also about taking.

Care of your. Employees so that they know long term, there is a plan for this company that's going to take it to the next generation, whether that's the 2nd, 3rd, 4th or sometimes the 6th generation like some of the businesses locally so.

The pieces all.

Need to come together for it to work well.

And Steve, I I don't know that I have specific statistics to this, but I I think regionally there is a a greater importance placed on on private ownership and and the family dynamic of such it could be rooted in caring about our communities, caring more deeply about the employees that have helped. Build those family businesses overtime and and generations. And and again. I can't quantify that, but I I see it as a real thing in our community that's that's valued and and hopefully we'll continue to be valued as.

We move forward. I think that's when you travel into this, this community here. To me it becomes pretty obvious pretty quickly. There's there's a real, as you said, a real loyalty to employees of companies. To make sure that they're, you know, they're achieving what they should achieve professionally and personally, but also to have them connected to the companies with which you're working and and there's that connection there that that's built, that's a little bit of maybe the art and the science of what we'll talk about today. How how do you do that? And it's a little bit of both, right? I mean it's it's some planning, but sometimes it's just philosophy. And and and culture.

Culture. I keep hearing the word culture, not just here. All over him, would you say the word or the phrase culture has that the meaning around it has changed post pandemic? Or is it relatively the same? Or maybe it's based on the region but with the companies you're dealing with this culture changed.

Mark, I think for us at the high center, what's what's really shifted is, I mean, culture was almost always this internal thing, right of. OK, once you're in a company or maybe you do best places to work and you come up with these phrases and and and language that define the culture.

Now it's shifting to more of almost a recruiting tool, so you know you want. To tell. Not just with.

The job is and what the responsibilities are. But we're really seeing our partners encourage folks with job posts.

Tell the story. Of the company. Use those phrases.

And language in the posting to attract the talent, not just retain the talent you have today, so I think. Move beyond the four walls out into the the outside perspective of.

As well, I I think it's. It's changing, too generationally what that word to your point, mark, you know, what does the word culture mean? And younger employees getting involved in organizations are paying attention more to culture and also what those communities are doing or what those companies are doing within their communities that that's a big part of. Why they may choose to go to work for an organization, it's it's not just about the pay scale, of course. Flexibility of work depending on the the company and and remote work has been a an evolving thing, but making sure they're working for a company that cares about the community in which they're they're based. Is, I think, more important than ever recruiting.

So I wonder. I don't. I don't know if I ever thought about this before, but I do wonder with, you know, we hear these generational differences between between workers and employees. I'm not convinced there is generational differences, by the way. I I you know, I I I find older folks that. Don't like to work a lot and like to work at home and then I find older folks that love to work a lot and don't want to work at home. You know, we keep hearing about the younger generation that wants to sit at home and their sweatpants and sit in front of a computer and not really work. And there's probably that same factor in in younger folks as there is in older folks. So I for 1:00 AM not convinced that it's necessarily a generational thing. That's probably a completely different podcast. But what I do wonder correct what I do wonder is with the connection that the that the newest generation. Has with companies and longevity and making a difference. If they have that connection with their company. Then I would presume the likelihood of that company being successful and being kind of in an environment or being encouraged to almost remain the same. I'm not saying, you know, don't grow and don't change. You know we all we all need to do that but contributing to a company. Uh. With that connection could in fact help the succession planning with privately held and family owned businesses. Does that make sense or am I? Is that too far of a stretch?

I mean, I don't.

Think it's a stretch? I mean, we were fortunate to have Hayden Shaw speak on five generations in the workforce for us in January as part of our. Speaker series and and you know.

I think you're right. I think that.

People think there are defined differences in these groups and and Hayden pointed out some nuances right. But the bottom line is. Our simulations people in our peer groups, I mean how much they care about their employees comes through and you know, I've worked in publicly traded companies where the stock price and the quarterly earnings Dr. decisions and it becomes very short term focused and leaders of these family on private health businesses. I mean they are very focused on how they create this caring. Culture. They want people to want to work there. They're stronger with God. Sometimes they have to make really hard decisions as the company scales.

Maybe an individual just doesn't.

Have the skill set to go to the next level, and. Well, I'll tell you those issues come up in our peer groups a lot where we help the CEO kind of start to think about how do you maintain the care and the dignity of this person who's maybe work for your dad for years.

And staying with the company built in a different role, they wanted to be either there and that's. A very different mindset.

Timelines. And then maybe some other companies where it's all about the dollars in the bottom line. So I think the caring piece is definitely critical to that. I don't know what you guys are seeing.

We, we we certainly see it and it doesn't mean that you want to. You know, tolerate or celebrate mediocrity there. There needs to be productivity, but a a concern about making sure that that person is cared for and in the right role within the company for the company's future as well as your own. Yeah, I think you're right, Scott. A privately held company is going to pay more attention to that than a than a it's not that publicly traded companies are. Bad that's, you know, also a huge part of our economy. But with what we see, yeah, there there's more employee care.

And one of the big things I always look at, I say I would say one of the differences from privately held to public is, is the why and maybe you know, why do we do things the way we do them or they've always been done that way for general. Options and maybe there's the ability to have more say in in regards to the why or question that with a privately held business maybe. But my question to you Scott Burke is is why does the why does the high center do what they do in regards to helping leaders and privately held businesses continue?

I think you.

Know mark. Thanks for asking. I mean, it's really sort of helped found the high center by name actually in 1995 he had a number of business owners through Elizabethtown College where we're located in fast board or 2023 are one of the oldest and largest family business centers in the country right here in Lancaster County, servicing the 5-6 counties around us.

That's.

So you know.

For us, it's all about how we create a legacy.

And so the legacy could.

Be the transition to the next Gen. the legacy could be it might be time to sell the company. Maybe that's a plan that's been part of the owners. Mindset, so it it really. Allows us to play a lot of different roles through the services we do offer from our peer groups for speaker series through our surveys. It's all about helping these companies. Better and stronger and ideally around a lot longer.

Yeah. Yeah. And that's, I mean, our model is very similar. We have we play a small piece in the the legacy planning and continuation planning of whether it be a business acquisition or just businesses continuing mainly the insurance piece, if it's from an executive benefit standpoint, deferred comp planning or even repurchase obligations from a liability standpoint for ESOPS, but. Whatever it may be, having that conversation and and giving the the individual or the group of individuals who've created this business. A saying an opportunity on how do we continue this in their fashion as something that we take pride in, we want to make sure we do that appropriately and I know you and your team have similar resources and.

We we do Mark and we don't get involved, you know, directly in the succession planning and ADHD, we're there as an insurance partner, as a business partner really to help with their their overall insurance program. Our vested interest in in this space and one of the reasons we we joined and partnered with the High Center last year, is just helping to bring our privately held and family owned companies more resources to help them continue. As such, we get involved in employee culture, we get involved in Wellness programs, occupational health and safety and the. You know the increased productivity and profitability that comes with the company based on those. Resources. But you know that's kind of where our role stops. We do want to see them perpetuate internally through what other mechanism, whatever mechanism, whether it's a generational transition or an ESOP or, you know, whatever that solution is for them. But we we want to see them stay privately held. We want to see them. And our communities continuing to contribute for generations beyond and and EHD as a privately held 127. Year old enterprise, you know we we focus on all of those same things within our own employee culture, and this podcast isn't about us, but we we live this in our communities alongside with the other clients that we serve. So we're we're just like them.

In that regard, there's a pride factor. There isn't there. With that you see with privately owned and family owned businesses. What's your experience been with that working with with? Companies, you know, you you see that with the ownership, you see that as something that either they started or previous generation started and then the employees like what does that feel like?

For me, working in a company that roads energy, I mean it, it takes on 2 fields, one is there's there's a sense of deep sense of responsibility. I would almost say. But there's also a huge amount of humility. So I worked, you know, with the leader of roads, Energy, Mike Burdine. So we were doing some amazing things that it was really hard for me to convince Mike to start telling more of our story out to the public because I saw that as a sales and marketing channel to kind of lift the company up and differentiate us because we're doing some great things. But we see that a lot of the high.

Center there's some amazing companies. We all drive by.

Idea of the amazing things they're doing. Because they're very humble. About it and I think. That's part of what is there, what makes them. Special because they don't need to stand out. They don't need to stand on top of the hill, but they they're doing some amazing things for. The communities, and there's only about Scott's point.

When you think about.

127 years on the. History and all. Of the things that happened in that journey, I mean, we know it just happened in the last three to four years, but in the 100 year journey from 1917. Well, now I mean everything having.

What the leaders had to navigate.

The the friends and the partners that are next to them, because I mean honestly, friends become partners, become friends.

And for the record, I was not there in 1896 when the firm was founded. Yeah, we we say frequently we, you know, we do business with our friends and our business partners also become our friends.

Let's talk about a couple. Maybe case studies that we that we've seen or or worked on over the years with family owned businesses and and I'll I'll kick one off and just see you know how you guys would respond to this. It's it's very common. At least from our perspective, to work with family owned businesses, you know, as you as we go down generations, not all of the children necessarily want to work in the business. And so if we, you know, if we make up a case, if we say, you know, we're maybe at G2. And moms running the business and there's three. Golden. And one of the three is in the business and the other two aren't. You know, how do they transition that business from G2 to G3 or do they transition the business from G2 to G3? It might be the size of the business, it might be what type of business it's in. So that's one question and that Scott Burkey, I think that's probably something you guys help or at least talk through with your clients or hear about quite a bit. So let. Let's let's address that topic. And then from the estate planning perspective, I mean, there's there's all sorts of other things to talk about. Again, probably not for today's podcast, but just from an an awareness standpoint, you know that there's an asset there that will be transitioned to maybe again one of the three children that could be the majority of the net worth of that. Family. And so how do they equalize? If that's important to them? And sometimes it is, and sometimes it's not. But how do they equalize the inheritance from G2 to G3? But let's go first to the you know, how do they deal with that transition?

I mean, I think the the.

The one thing is and again back to the high center, the things we offer our peer groups, our speaker series and. The. Surveys like our series are really. Good at there's a family section in the survey that asks a lot of questions about the conversations families are having and encouraging those and.

Then in the communities.

There's great partners that facilitate those discussions again. They're sometimes challenging. I mean, when you think about the companies been running it for years, he maybe has three sons and maybe one of them has the talent to actually run the company. I can't imagine having that conversation with family, and I've had those conversations in corporate. Very different.

I mean the flip. Side is probably your thought through.

Is and you've got. One sibling, who maybe isn't even in the business, doesn't want to be in the business, but from a wealth transfer standpoint. There needs to be. Considerations how that makes its way through in terms of parity and fairness. Because you know, business, family and ownership, they're all going to. Not, but sometimes ownership stands out. You can be an owner and not work in the business, and I think those are important conversations that need to be had. We try to do it through exit planning survey where asked somebody is more than 50% of your net worth in the business or outside. It's starting to get them to think about the generational wealth transfer and then the last couple of questions in our best practice survey where we asked. Do you believe the company could? Withstand the untimely demise of the owner. And you're just asking family members out. You're asking leadership team members that question. If you give an answer on a scale. Of. One to seven.

And two people are to two saying I'm not.

Sure.

And one or two at.

The. Ones, obviously the. Yeah.

That's where it really starts.

To create conversations that leads to the planning that needs to have them.

We do a little bit of a deeper dive into the peer groups, the peer groups that you work with fascinate me. Talk about the structure of those and and maybe what some of the outcomes are. And perhaps you don't even know what the outcomes are going to be other than putting folks together in A room. 4 * a year 6 * a year? Tell us about the peer group.

Yeah, yeah. Sorry, we run CEO peer groups and.

We run key executive peer groups right now. We've got thirty of those running across the markets we serve and.

The four hours 6 * a year and you know we have people review their.

Financials. So there's a financial accountability. They're talking about their revenues, their profits.

To their peers.

I mean, they're really signed confidentiality agreements. That.

Kind of.

Remarkable pieces the last 90 minutes where they. Process any issue they're facing. So we recently had an issue where.

If somebody's.

Looking at how do I transition? You know that my myself and I'll just save my things have been running the company out here pretty generic names, but they need to move to the ownership circle and get out of the day-to-day business. Running the company and then they had to go out and hire people for marketing, for operations, for finance. So those topics come up frequently in our in our peer groups where they'll, they'll put that issue out there. I don't know what to do as far as the next step. I know I need someone different in this role. It's got you guys probably see this a lot too.

But it's very hard, and So what happens is the peers give.

Them the confidence to give them the language they give them.

I just see the reassurance that it's.

OK, to go have that conversation. I've. Yeah, they'll say I've had that.

Before we went through this and. That kind of.

Camaraderie really helps advance some of the decisions that people need. To make because. They probably would hold off on doing it if it was up to them on their own.

Well, I think too bringing the the peers together, that camaraderie is a good word that you, Scott, but it also puts them in a position where they can be comfortable. Kind of challenging their own thinking to get outside of the box and get outside of what the constraints of their own business or family dynamic might be and force them to, you know, look in the mirror to ask some of the tough questions that sometimes they really need to address as it relates to family and how to how to continue the business.

No, no. I'll just tack on a little piece like about a year ago, we were in a peer group in in region that will. We remain nameless. Right. But we had the CEO talking.

About something just didn't fit their. Culture. And we were hitting numbers, I mean.

So performance wise they look like they wrong, but how they were getting it done just didn't align with the culture.

Yeah.

The CEO ended.

Up leaving the meeting after he brought the issue to us and he he made. The tough decision to let the person go.

Because it just wasn't.

That's hard, people. It's very difficult, especially more senior levels.

But that's how.

Important culture and sustaining the culture was to these family businesses and hardly all companies.

I would imagine there's certain industries that lend themselves to to better succession. And. Multiple generational planning and and multiple generational is is not just family. You know if I'm if I'm G2 in my business, mark, maybe G3. Hopefully he is. And then there'll be G4 and G5 in the insurance planning business it's it's very important and and you've demonstrated this with 127 years at HD. It's very important for our clients to know that there is a formalized succession plan within our businesses, so they'll they'll be serviced for multiple generations. So I think there are some businesses that lend themselves to that. And then there's other businesses that. You know, we'll work with a start up company and we'll be ensuring the key executives with life insurance to protect for the premature death of one of those executives or putting together certain what we will call our golden handcuff plans. You know, certain certain programs to help keep executives and and folks on board. But from the beginning, they're saying our plan is to go public or to be acquired by a private equity firm. And that's that's very different. But I I do kind of think that it's it's also industry specific. Would you agree with that? I mean as you're bringing people into to your peer groups are are you? Do you see that within the groups? Even, yeah, I mean for.

Us at the high center.

I mean, people are joining more.

So because they're trying to sustain the business.

Right, that what tends.

To happen for them as they get an unsolicited. Offer we're able to work. Through their plan and they realize they really don't have a succession plan. Their succession plan really is going to be to have to sell the company. Or in some cases, and this is a tough one, but they they get through hiring outside CEO's and that is where I think we were talking about earlier this morning. That's where some of the insurance products and some of the structuring can be really helpful because that's that's tough for family business to now listen to someone who's a non family member advising and pretty much leading the company. And we've seen it work out. Really. Well for a number of our.

First transition.

Well, well, that has to be tough for you and your team at times too. Being on the outside coming in and saying, have you? Thought about doing things this way.

I I've been in a few peer groups where, you know we we tend to lay back as the facilitator right here speak.

But there is.

A moment where we kind of come in. OK, here are some thoughts that you might want to consider and. I'm always the happiest when a couple months go by to hear this. Hey, we're not working with. We're working with a consulting firm to actually go hire somebody to do this. And the memories you happy because it's, you know, the company is going to make it through this transition versus they're going to sell sometimes selling is like the easy out right it's.

The hardest thing to do, but it's easy. The hardest thing?

To do is to hire somebody in who you know is not your family, to tell you how to. Take this to the next level.

Well, the other other challenge with the the generational transfer is is not just is not only in the ownership structure, but it's what's the actual business doing and how is it adapting to a a new market. And you know we saw businesses pivot during COVID because they they had to. But even beyond that businesses need to continue to evolve to be relevant. In the market. Maybe what G3 is doing is entirely different from what G1 is doing I. Mean look at the. I companies as a great testament to that from a little welding shop to a, you know what? Whatever. I won't say multinational, but a great big thing.

Mark and I talk about this quite a bit and it's, you know, it's that adapting and adopting philosophy and you know the generations that preceded us, if they're still involved in the business, they need to be. I I think they really need to be willing to adapt and adopt new ideas, new strategies, look at things differently. And and part of that you know is having the maybe the self-confidence I think of of feeling strong enough about who you are and what your business is, but also trusting. The the future employees and the future leaders. Scott Burkey if if you were to I'll put you on the spot with. This. One and I I would think that if if you and your organization the high center can get involved earlier with companies and start helping them think through or set up or have conversations. Rather than later, that would be better if you had a new family owned business that came to you. And I say new meaning they're successful, they're profitable, they're they're doing well. What couple things would you tell them to do or to put into place that would help them succeed versus coming down the road and said, I wish you would have thought about this or I wish you would have. With this in place, are there are there a couple of things?

That's a great.

One because it hits it hits a lot of different spots. As I watch these companies come into the high center and get stronger and better, right? So the Community peer group they come to. Speaker series they they take the survey to our leader says they don't know what they don't know. And so I think that sense of wonder and kind of the willingness to be vulnerable. And that's why I feel like we've started to do this now. The sort of ways we do right up front. So we get to know our new members fast, but we also get to elevate issues for them pretty quickly. And.

It's again, it's not things they don't.

Know of. But it's things that they just haven't. Really kind of prioritized because they're in the business. I mean the the day-to-day just jumps up and there's so. Much to do but.

You know, assessing your leadership team understanding.

Who your key players are that you want to hang on to figuring out the conversations you have with them, and then the plans you put in place for them. The other forget when I start working for roads, energy Mike Dibert, I asked me flat out. He told me up front because. I'm going to hire you. You're. Going to be here at least three years. And I love the level set. Of how we were going.

To go at it, and in three years in the security time, you know you're going to be hearing other 5-6 years. And I said I might hear another three and then you. Know, but I felt I could be candid with him because we built that trust. So I think. That it's about getting your leadership team tuned up.

Making sure Scott said having the right people in the right positions is absolutely critical and you know, you might have to make some tougher decisions. You've. Avoided, but that's. What's going to get you to the next level of performance and bottom line hit top line and bottom line results. So Scott, I don't know what you would add to that too, I mean.

We work with a ton of companies that we also work.

With as well.

Yeah, I think the the recognition that there should be a plan and the importance of that and having the self-awareness to realize that you can't necessarily just do it on your own. You know you you've run the business well, it's quote UN quote taking care of itself, but the. The transition to the next generation doesn't doesn't just take care of itself, so the. The humility, the vulnerability, that that word that you used, Scott, I think I think is is good and just being being thoughtful about what you want in terms of transitioning the company.

Might have one piece to this, David, one of one of the eight partners. Has expressed this consistently that whether it's the high Center for Family business, it's the Delaware Valley Family Business Center or it's like an entrepreneurial operating system.

He has seen increase.

Results and transactions for companies that have to Scotts Point right inside them.

Cortana.

So whether that's just the performance of the company increases or it's actually, hey, when I go to sell it, you know the multiples been higher. So yeah, I think Scott's right and that's why we work with a number of sponsors or partners in all the markets were in there in accounting, legal, finance, insurance. We've got all those partners around us, so that. When an issue comes up, we can direct people to the right players in the community.

You mentioned earlier and it's so true. I mean, you look back at DHD over 127 years and there's been, I I presume there's been good times for the company. There's been great times for the company and then there's been other times. Where you know everyone had to work maybe a little.

Bit harder. Oh, Steve, every day is a good day. In the insurance business, what are you talking about?

Right. But I think as you're building these companies. You know if if the right structure is to put into place and the right leadership and know the people in the right seats. You know, working through those more difficult times just tend to strengthen the desire, I would think to remain together and to remain private and to remain within the family. And I I do agree with you, Scott Burking, your comment about there's, there's some humility and some humbleness of of owners of companies as they transition, you know some don't want to kind of go back and relive those things and and pat themselves on the back for for getting through those but that's you know that's what strengthens that. Internal resilience of companies to to stay in that environment and to stay privately held. Let's talk about maybe some of the some of the the risks because the three of us are in the insurance business, there are some risks that we address with our clients. On a regular basis and what we do on the life insurance side is a little different than the property and casualty employee benefits. But you know there's there's certainly some death and disability risks that we can ensure and we we do talk about and frequently implement with our clients. There's risks of not having capital available. For future obligations, you know, that's kind of. What what we would consider fundamental financial planning with regard to having assets set aside, there's other risks that are are the retention risk. So you know, we talked to our our companies about you've got a key executive or a key leader and you really want him or her to remain here for a a period of time. Sometimes it's defined, sometimes it's not defined. Scott Burke, have you seen any any plans in the marketplace that have helped with that retention piece?

Yeah, I think it particularly, Steve.

As you mentioned where it's non family right, family has a little bit deeper commitment maybe obviously they're part of the family, they've been around for generations. They've heard about it over the. Dinner table so but. I think when you get that non family executive, that's.

And it's such a.

Key leadership role, whether it's driving operations, it's driving sales, it's fine. And.

Where?

With this road map and it's funny when we talk about family business, only 17% have a strategic plan, right? So. Planning is also critical that they think this through, but you got to imagine if you want all these people around the table.

If they're that.

Talented is one of our HR partners in town, says somebody's. Probably calling on them right now to come. Work for them and so whatever.

You can do to.

Bolster that.

Financial and culture.

You got that, bill, but I think you know, we talked a lot with some of our Members about this idea of thing.

And I'm not. There's some.

Key insurance that you mentioned a little bit earlier?

Put in some additional.

Pieces in place that are more long term focused versus the you know, yeah, my annual compensation is great. My bonus based on our performance issues, been wonderful. I get all that coming together, but communications I was part of a long term incentive plan and it was really a differentiator for me like. I knew I wasn't leaving unless the company. So. Because I was in a great spot, I knew the shares I was going to get every three years they invested and unfortunately we just weren't able to kind of grow fast enough that were required in 2009. But So what that felt like and I. Think that can. Be really beneficial for those non family members to make sure they.

It just anchors their loyalty.

And one more, one more notch up, right?

And I think again from a planning perspective. Scott Radcliffe, some of the some of the the solutions that HD puts in front of their clients if they're not put into place, can really damage a company.

I think, Steve, it it's it's twofold, it's it's protection against the unexpected and unforeseen sudden, you know tragedy or catastrophe that that can happen that can totally, you know, pull the rug out from out from under the leadership group within a company or the family or and just and unfortunately as a byproduct of our business. We end up hearing about unexpected, you know, bad things that happen so. A failure to to contemplate those things and plan for them is one thing, but there's also the the longer term, so everyone's there and happy, and there's no sudden tragedy. But there's just a a long term, you know, financial bleed out of the company and or a failure to properly. Put aside the capital that's needed to transition and, and we see. Unfortunately, sometimes companies selling because they have. F2 not because it was a part of their ultimate game plan and but they're in a spot where they've they've got no other option and they do fine. Nobody's setting up a go fund me account for them, but they they just didn't do the necessary long term planning. That was there to help the company and and that's that's always kind of sad.

Has the landscape. Discussions changed on executive retention plans in your peer groups coming out of a pandemic.

I'd say the shift we've seen is.

Addressing the fact that I don't have the right people in those senior most seats, right, so for.

Years we got.

By right we went through this person's doing an OK job. This guy's point. They're not. They're not failing at their job, they just.

They've been with the.

Company maybe for a period of time they don't.

Know any?

Different. Yeah. A lot of times we'll encourage next gens to go work somewhere else before they come into the family business is a best practice.

And and I think that's something.

That these these family owned private health businesses are realizing that.

The world's moving.

The faster pace and sometimes you have a controller who's done a wonderful job. For years. But you? The CFO and the school side of the CFO is what's going to take you to the next level of performance and there's going to know things that somebody else does and that's where we start to see those conversations play out. I would say operationally same thing I a lot of folks are getting hired away from bigger companies to come in and work with the family owned, privately held companies.

Well, you're.

Even experience if I work at. Home. Depot. All of a sudden, some of you were at, you know, A2 State 3 state region is now running a sales force for a family owned company. They just they've seen so. Much more and we're. Looking for that experience back, we talked about that culture of caring, that culture of a family owned business.

So yeah, we're seeing a little more of.

Those conversations happening for sure.

To to kind of build off that I I do wonder, we sit here in five years and you know, we look back at the COVID period and I think what what I've seen and probably what everybody else is seeing is. You know, there's certain family owned businesses that during COVID decided you know what I I really do want to buckle down and keep this in the family or I want to keep it private. You know what I built is special. You know our future is positive. I really want to do that. Then there's that. The other group that said, you know, heck, I'm not sure I want to do this. More. And so I do wonder how these statistics will change if they will. If we sit here in another five years. Because of the impact of 2020 to 22, maybe maybe bleeding into 23.

Steve, I I certainly saw that with some some companies where you know had the pandemic not happened, they wouldn't have sold, but they got to a point where you know a lot of us scratched our heads and looked in the mirror said, you know, what are we doing? Why are we doing it? And what does life look like and and could have looked different and and we definitely saw some companies pivot. Yeah, and and sell because they could, they were in a good spot and it was just they were done.

I think the pandemic just made everyone pretty much say why and decisions had to be made for, for better or for worse. But we're we're coming up on time. Thank you for hosting us. Scott Radcliffe at Angle, Ham Bright and Davies. Great place of Lancaster and Scott Burkey. It's been it's been a pleasure to hear about you and all the work you've done at the high center. So thank you so much for joining us.

Bye bye.