

Will Denton

*Lessons Learned From A Small Business
Success Story*



GENERATIONS
LAW GROUP

Tom Walker
Lawyer

WILL DENTON

Lessons Learned From
A Small Business Success Story

Tom Walker | Lawyer



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Jacobs & Whitehall

73-03 Bell Blvd, #10

Oakland Gardens, NY 11364

www.jacobsandwhitehall.com

(888) 570-7338

Ordering Information:

Quantity sales. Special discounts are available on quantity purchases by corporations, associations, and others. For details, contact the publisher at the address above.

Orders by U.S. trade bookstores and wholesalers. Please contact Jacobs & Whitehall at Tel: (888) 570-7338 or visit www.jacobsandwhitehall.com.

Printed in the United States of America

Published in 2020

ISBN: 978-1-951149-29-1

FOREWORD

I have always had an interest in business. My first inclination was to focus that interest on my family's company—but plans change.

In June of 1973, I left the security of a high-paying job with my family's wholesale beer distribution business and launched my career—first as a law student and then in April 1976 as a fully licensed lawyer.

After practicing in a law firm for several months, I packed up my wife and two daughters and drove to Miami, Florida to pursue an advanced degree in tax law.

I really began my journey as a lawyer when I returned to Idaho in June of 1977 as one of only a few tax lawyers in the state.

I have enjoyed my work as a lawyer, businessman, and adviser. I decided to write this book to share some of

my experiences through a story about Will Denton, an energetic young man who takes over the family business, Denton Heating & Air Conditioning. From time to time, I'll simply call it "Denton's."

I hope that you, the reader, will gain an understanding that the obstacles you face and share with other business owners are actually opportunities. Make the most of them.

DISCLAIMER

Dear Reader:

This book is for educational purposes only. I'm not giving you legal advice. I'm not establishing an attorney-client relationship with you.

I assume no liability for any errors or omissions or for how you use this book or its contents. I don't assume any responsibility for any consequences resulting directly or indirectly from your use of this book.

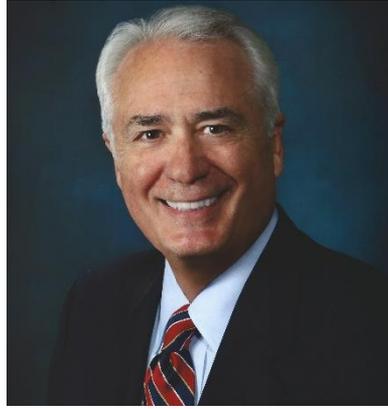
I encourage you to seek legal or any other advice from an experienced lawyer or the appropriate expert who is aware of the specific facts of your situation and is knowledgeable of the law in your jurisdiction.

TABLE OF CONTENTS

i.	Foreword	2
<hr/> <hr/>		
ii.	Disclaimer	4
<hr/> <hr/>		
iii.	Table Of Contents	5
<hr/> <hr/>		
iv.	About The Author	7
<hr/> <hr/>		
v.	Your Concierge CounselSM	10
<hr/> <hr/>		
vi.	Introduction	12
<hr/> <hr/>		
1.	The Early Years	14
<hr/> <hr/>		
2.	Starting Up Denton's	16
<hr/> <hr/>		
3.	Will Goes To Work In The Family Business	18
<hr/> <hr/>		
4.	Will Goes Off To College	20
<hr/> <hr/>		
5.	Dealing With Employees	21
<hr/> <hr/>		
6.	Incorporating Denton's	24
<hr/> <hr/>		
7.	Business Structure	25

8. Importance of Systems And Planning	31
<hr/>	
9. Should Denton's Have An Active Board Of Directors?	35
<hr/>	
10. Denton's Core Policies	39
<hr/>	
11. Creating A Culture That Reflects Denton's Values And Vision	43
<hr/>	
12. Developing Denton's Culture	44
<hr/>	
13. Successfully Dealing With Employee Issues	50
<hr/>	
14. Facing Up To A Major Crisis	59
<hr/>	
15. A Crisis Arrives	63
<hr/>	
16. Denton's Management And Succession Plan	66
<hr/>	
17. Will's Vision For Denton's Future	82
<hr/>	
18. Conclusion	86

ABOUT THE AUTHOR



After graduating from Georgetown University in Washington, D.C. in 1967 and before going to law school, I worked—and actually grew up in—my family’s wholesale beer distribution business. I planned to return home after college and work full time with my mother and father in “the business.”

After seven years in the beer business, I decided to go to law school with my parents’ blessing and support. My wife, Donna, has always been very supportive. She’s put up with me and my faults for nearly 52 years. That’s the kind of steady partner every man should have.

When I started practicing law in 1977, there were only five tax attorneys in the entire state of Idaho. Right out of the gates, I gained invaluable experience in planning and litigation, which eventually resulted in representing clients before the Internal Revenue Service and the Idaho State Tax Commission.

I operated as a solo practitioner for 16 years setting up businesses and developing relationships. It was rewarding, but I knew I wanted to serve a broader spectrum of clients. After discussing possibilities with a friend of mine, he invited me to join his law firm. My focus remained on business, tax planning, and litigation. For the next 22 years, we served the people of Idaho in ways I would never have imagined.

As I sit down to write this book, I have enjoyed nearly 44 years as a practicing lawyer. Although I have been a “tax lawyer” for many years now, I have also done a lot of other things over the years to keep me interested. I love to learn, so I learned to be a civil litigator. I even took on several cases under the Racketeer Influenced and

Corrupt Organizations Act, commonly called RICO. RICO is a federal law that provides for extended criminal penalties and a civil cause of action for acts performed as part of an ongoing criminal organization. These cases were fascinating and challenging.

I litigated for over 25 years until I tried a very long and complicated construction defect case that wore me out. It also wore out the judge, who went on part-time status shortly after the trial. I told myself I was going to cut back on my civil litigation practice, so I had to decide what to do with myself next. How about a return to representing my favorite people—entrepreneurs and small business owners? As soon as I had the thought I knew it was the right idea, so, that's exactly what I did.

YOUR CONCIERGE COUNSELSM

Setting up and advising businesses for long-term success is something I take great pride in. Small business owners and entrepreneurs are our ideal clients, so we have developed a program called Your Concierge CounselSM, which provides general counsel legal services to entrepreneurs and small businesses.

Having an ongoing relationship with a strong legal team is a critical part of having a successful business. A business can only succeed and thrive if it has a robust legal foundation that supports its efforts. In-house legal counsel can bring increased value to a business by providing proactive solutions to business problems... lowering risk and improving the performance.

Most closely held businesses only need a lawyer part-time. Our goal is to provide business owners with access to high quality, professional legal help at a reasonable monthly cost. We work with each client to

develop a customized legal representation program at an affordable price. With our flat-fee model, we work efficiently so business owners can consult with us without paying the high fees of an as-needed hourly lawyer—fees that can get expensive very fast.

We prepare an analysis of the business, determine its legal needs, and put together a proposal under which business owners can ask unlimited questions by email or phone for a fixed monthly fee. We also work by the hour, depending on the particular project.

INTRODUCTION

This book is a story about an energetic young man, Will Denton, who takes over his family's business, Denton Heating & Air Conditioning, from his parents, Bud and Mary Denton. Will is focused, committed and organized.

Although Bud and Mary had done a great job getting Denton's set up and operating profitably, they made all the decisions. Delegation was not a part of Bud's vocabulary. Will knew he needed a smarter way of running and growing the company. He wanted to tap into and exploit the talents of Denton's employees, and he had figured out that the only way he could effectively delegate critical tasks and decisions was by adopting new systems and plans.

Will wanted to break down the walls of "us versus them" between management and employees by establishing transparency as a part of the company culture. That meant encouraging the open sharing of information and accountability at all levels. Will's goal was to develop

company plans and policies that would make sharing and decision-making an integral part of Denton's philosophy, and not just an empty saying or catchphrase.

Will believed that creating trust and openness with the workforce would build a family-like culture and make Denton's the kind of company people wanted to work for. According to Will, he and the other managers needed to share information on the company's direction, strategies, and financial outlook.

This was radical thinking back in the late 60s and early 70s when Will came into the business full time.

This book discusses some of the challenges Will and his family faced, how they dealt with them, and the lessons they learned—lessons that you can apply in your own business.

THE EARLY YEARS

William A. “Bud” Denton, Sr. established Denton Heating & Air Conditioning in the spring of 1946 after he returned from World War II.

Bud had served in the Third Army commanded by General George S. Patton driving an M4 Sherman tank, the medium tank most widely used by the United States and its Western Allies in World War II. The five-man Sherman tank crew was commanded by Lyle Cutler, Bud’s best friend from Hellgate High School in Missoula, Montana. Christopher “Chris” Jacobs from Fairhope, Alabama, manned the main gun. Ernest “Willy” Willis from Amarillo, Texas, served as the loader, and William Joseph “Billy Joe” Cartwright of Dodge City, Kansas, was the co-driver and hull gunner.

Bud married his high school sweetheart, Mary Crosby, just before boarding the *Acadia* and heading to England along with 513 officers and 1,121 fellow enlisted

men. Luckily, Bud and Mary had the chance for a short five-day honeymoon at the Old Faithful Lodge in Yellowstone Park.

While Bud served in Europe, Mary worked as a clerk and bookkeeper for Alvin Cox's stationery store at 128 Main Street in Missoula. Mary's on-the-job training at Cox Stationers and Gift Cards gave her valuable experience and made her a perfect working partner for Bud.

Like many returning servicemen, setting up a small business was Bud's dream. Bud's training in tank maintenance at Fort Knox, Kentucky, gave him an appreciation for all things mechanical. Working with his hands gave him immense satisfaction.

STARTING UP DENTON'S

After the Army discharged Bud in January of 1946, he and Mary moved to Boise, Idaho, to start up a heating and air conditioning business. One of Bud's Army buddies was from Boise, and he always talked about what a great place Boise was to set up a business and raise a family.

Starting a heating and air conditioning business suited Bud just fine, but although he was an excellent mechanic and fabricator, he didn't know a thing about running a business. Bud's business plan consisted of trial and error—sometimes with terrible financial results.

Bud and Mary found the perfect location for their business at 2202 W. Main Street in Boise. The building had a small office and retail counter space in front and a large shop in the rear. Lew Crandall and his wife, Loretta, had operated a small engine repair shop out of the building until Lew got sick and had to retire. The rent was very reasonable, so it fit into Bud and Mary's plans nicely.

Bud and Mary had a son, William A. "Will" Denton, Jr. on October 4, 1947. They had their second child, Denise Mary, on December 2, 1948; followed by a third baby girl, Alice Jane, on February 28, 1950.

WILL GOES TO WORK IN THE FAMILY BUSINESS

Will started working in the family business at about age 10, running errands, and hanging around the shop learning the trade. Like his dad, Will enjoyed working with his hands, but he was also a sharp kid who enjoyed reading. His mom, Mary, who was the valedictorian at Hellgate High School in Missoula, encouraged young Will to read books. Will took to reading like nobody's business. Mary brought home classics from the Boise public library, including *Moby Dick*, *Huckleberry Finn*, *Pride and Prejudice*, *The Great Gatsby*, and *Animal Farm*.

By the time Will reached age 14, Mary had him working with her in the Denton Heating & Air Conditioning office after school and during school vacations. Mary taught Will how to take inventory of HVAC equipment and shop materials, how to place orders with suppliers, how to take orders from customers at the counter and over the phone, and how to manage the workflow in the shop. Will split his

time in the office with a few hours in the shop. He enjoyed both but favored his time in the office.

After graduating from Boise High School in June of 1965, Bud joined the other two Denton salesmen calling on homes and businesses in the Treasure Valley area.

Back in 1965, all three of the salesmen were men. Mary was the only woman working in the business. Denise, then age 17 and Alice, age 15, had not shown much interest in the business; perhaps because Will was the heir apparent. This situation caused some animosity on the girls' part. Denise and Alice complained to their mother that Will got all the attention. They sometimes called him "Prince William."

WILL GOES OFF TO COLLEGE

In October 1964, Will applied to the University of Idaho in Moscow, Idaho. Since he was an excellent B+ student, the U of I accepted Will for the Fall semester of 1965. Since he had grown up in the family business, Will naturally wanted to study business at U of I.

During the 1965-1966 academic year, Will took a full load of courses, including Principles of Financial Accounting and Human Resource Management. He did very well, even better than in high school. Will got straight "A"s.

As soon as the Spring semester ended, Will took a couple of weeks off and visited Scottsdale, Arizona, before returning to Boise to work that summer in the family business. Will's duties included all the tasks that he had done while in high school, but Bud also put him in charge of hiring, supervising and firing employees.

DEALING WITH EMPLOYEES

Will liked the hiring and supervising part of the business, but not so much the firing part. One crucial lesson Bud taught Will was to hire slow and fire fast.

Bud explained that “hire slow, fire fast” doesn’t mean you have to take months to make that critical hire, or that you fire anyone based on a knee-jerk reaction. As a small business owner, you must be extremely careful about who you hire and who you keep. Making a bad hire can lead to endless problems. Bud warned that regardless of how hard you try, you will make mistakes, especially if you rush to hire to fill that open slot.

By taking his time, Will sometimes found out that he didn’t have to fill that position anyway. With some thoughtful planning, he could restructure the workflow to get the job done with the team he already had. Will also discovered the importance of taking time to vet each candidate. The results of careful one-on-one interviews gave him a good gauge of whether he had found a good fit.

As Bud had experienced in the Army, culture is everything. If you have the right folks in the right positions, everything goes smoothly, work gets done efficiently, everyone is happier, and you won't have to waste time and energy dealing with drama.

On the other hand, firing fast will get rid of a bad actor who will almost always poison the culture. Keeping him or her around will negatively impact the team members. Bud, Mary, and Will wanted their customers to conclude that they had a world-class team. They didn't want to disappoint their customers by holding onto someone who was a bad fit. As the old proverb states, a chain is only as strong as its weakest link. You must cut out that link before it pulls down the rest of your team.

Mary, the sensitive one, agreed that firing fast is critical—but she also explained the importance of firing compassionately. Don't march them to the door with a box full of their stuff. You never know where they may end up in the future. They may take a job with your biggest customer and be able to make purchasing

decisions. More importantly, you want to be the employer everyone wants to work for, and that won't happen if you're a jerk at letting people go. If you can say this honestly, it's best to tell them that they are talented and capable, but that this job is just not a good fit.

INCORPORATING DENTON'S

Will returned to college in September 1966 to resume his business studies. During one of his classes, he heard a passing reference to the advantages of incorporating. Will wondered why Denton Heating & Air Conditioning wasn't incorporated. Will called his mother about this question because she was in charge of the office. Mary told Will that they had talked about incorporating, but had just never gotten around to it. She encouraged Will to look into incorporating and get back to her.

Will went to the university library and read every book he could find on incorporating a small business. He called Mary and told her they should incorporate Denton's as soon as possible. Will also talked to a classmate, Larry Conrad, whose father, Lawrence P. Conrad, was a lawyer in Boise. Lawrence, an experienced business lawyer, seemed like someone they should meet. Will suggested that Bud and Mary set up an appointment.

BUSINESS STRUCTURE

Bud and Mary met with Lawrence and asked him for advice on whether they should incorporate Denton Heating & Air Conditioning.

During their first meeting, Lawrence said he needed more information about the business of Denton Heating & Air Conditioning before he could make a recommendation regarding incorporation.

Lawrence went on to tell Bud and Mary that continuing their business as a proprietorship was probably not the best way to go. Operating as a proprietorship exposed their personal assets to business claims. There are two types of corporations for tax purposes. The first type is a C corporation, which refers to subchapter C of the Internal Revenue Code. The problem with a C corporation is that the income is subject to double taxation. The government first taxes corporate profits and then collects a subsequent tax when the corporation pays dividends to the shareholders.

A subchapter S corporation is taxed much like a proprietorship or partnership, but the shareholders have limited liability. Incorporating as an S corporation will allow Bud and Mary to protect their personal assets from the claims of business creditors, but there are nuances to bear in mind. For instance, if they sign personal guarantees when their company borrows money from the bank, their personal assets will be subject to the bank's collection efforts.

Lawrence also explained that once they make a choice, they are not stuck with the choice for the rest of their business lives. There are statutes in most states that allow business owners to convert the ownership structure from one entity to another.

Laurence explained there are several things to consider when choosing a business structure. All business structures have their advantages and disadvantages. Laurence said, "The key is to look closely at your personal goals and the needs of Denton Heating & Air Conditioning and determine the structure that will best serve all those objectives. Let's first consider three specific areas."

Laurence pointed out that for good reason, the first area to consider is taxes. The more you can save on taxes and reinvest in the business, the stronger it will be, and faster it can grow. The different business structures focus on distinct advantages and incentives when it comes to taxation. Certain structures, such as sole proprietorships and partnerships, report income on the individual's personal return. The income earned from these businesses will be taxed at the individual's rate of taxation. The appropriate business deductions will still apply and aid in reducing the overall income reported.

There are different corporate tax structures, such as a C-Corporation and an S-Corporation. Even though they are both corporations, they treat taxes differently, so it is essential to focus on the advantages and disadvantages of each. Laurence told them that an S-Corporation is generally favored by most small business owners because the net income of the business can be allocated between the owners' salary and S-Corporation dividends in such a way to minimize payroll taxes, including social security as well as state and federal unemployment taxes.

Laurence advised Bud and Mary to put together a plan to get them where they wanted to go in the next 5 to 10 years. After they knew where they were and where they wanted to be, it would be easier to determine the best corporate structure to minimize their taxes as they achieved their goals. Laurence added that there were two other issues Bud and Mary needed to consider before deciding on a business structure.

Laurence explained that one of the critical responsibilities of a business owner is reducing risk. Keeping risk at a low level is a vital function of any leader. Before Bud and Mary could decide on a business structure, they would need to understand their current level of risk and what factors could increase their risk.

For example, some structures—such as a sole proprietorship like Denton’s Heating & Air Conditioning — placed all the business risks on the owners. There was little personal risk protection beyond what they might have through insurance. Other structures, such as a corporation,

could establish a shield between business risks and personal assets, such as Bud and Mary's home.

Laurence explained that complexity is the third area to consider in choosing the appropriate business structure. Certain structures require more work to manage than others. With their sole proprietorship, Bud and Mary didn't have anyone else to answer to when making business decisions. A full corporation structure would be very different, with a board of directors and regular shareholder and director meetings.

Part of picking a structure is determining how much additional input you need and want. Each structure has different requirements that have to be met. Understanding these requirements and how to deal with them influences the structure.

Laurence advised Bud and Mary to discuss all the factors and come back in a week or two to decide whether incorporation was right for their business.

Two weeks later, Bud and Mary were back in Laurence Conrad's office. They talked to their son Will, and agreed to incorporate under Idaho law and elect taxation under the S-corporation rules.

Lawrence told Bud and Mary that incorporation required some documentation, including Articles of Incorporation, Bylaws, Organization Minutes, and possibly a Shareholder Agreement to provide for ownership and management succession planning. Mary told Lawrence that they were pretty sure Will was going to continue to work in the business and eventually take it over, so they wanted to consider developing a shareholder agreement. Mary also mentioned that they needed to consider an estate plan to provide for their two daughters, considering that Will would likely take over the business. Lawrence was pleased with their decision and said he would start the paperwork the next day.

IMPORTANCE OF SYSTEMS AND PLANNING

Soon after graduating with his business management degree from the University of Idaho, Will waded into the business. He set up systems, procedures, and processes for the company. Will had learned that clear-cut procedures and processes help everyone involved in the business, including the owners, to understand the plan and know how to execute each task necessary to make the business successful.

Will worked tirelessly on each system to document every repeatable process in the company. Some might think that he went overboard in establishing extensive systems.

In looking around at other successful businesses for examples of great systems, he visited a friend who managed a McDonald's restaurant. Wow! Here was a classic example of a well-developed system. Will learned that the system was the reason McDonald's could hire high school kids,

who came in knowing nothing about the restaurant business. They could pick up the manual and follow it step by step to know how to execute every task at a McDonald's restaurant: cooking a hamburger, making fries, fixing drinks, and taking orders. McDonald's is a study in how systems can make a small business into a very large business. Will wanted to create a scalable business. He knew he would have to establish systems, so everyone knew what they needed to do and when they needed to do it.

For example, several false starts at hiring and training employees had convinced Will that a failure to document the employee on-boarding system was the cause of the problem. Will was also convinced that the systems he created would need to be monitored and maintained after the initial set-up.

Business challenges change, and as a consequence, the systems have to be adjusted from time to time. According to everything Will read on systems procedures and processes, systems must be in writing, even if it is a simple checklist for each task that someone needs to complete.

Systems for Denton's

Bud and Mary asked Will about his work on the business systems. Will explained that each system is a written procedure, process, or course of action designed to achieve a specific result.

For example, Will pointed out that when the company received an order from a customer, the system should include the steps necessary to complete the order and deliver it to the customer. These tasks included the order intake, issuing work orders for the production of the product, the manufacturing process, and quality control. From that point on, the process shifted to packaging and shipping. Will showed Bud and Mary the step by step task list for everything that needed to be completed to perform this specific business task. To say that Bud and Mary were impressed would be an understatement.

Should Will Develop The Systems Or Hire A Professional?

One of the first challenges Will grappled with was whether he should develop the system task lists because he knew the business best, or whether he should hire a professional business consultant. After a lot of careful thought, Will decided to establish the systems himself, and then refine each system after he had some operational experience. Depending on how things went, Will would then consider hiring a professional to assist in further developing and documenting the systems.

SHOULD DENTON'S HAVE AN ACTIVE BOARD OF DIRECTORS?

Will had just finished reading an article by a well-known small company consultant in his favorite business magazine. The article was about governing a small incorporated business. Will was not surprised to learn that very few small businesses had a formal board of directors. After all, neither did Denton's. The article's author, James Pierpont Jones, pointed out that even small businesses that do have boards usually populate them with family, friends, and internal management.

Will thought about Mr. Jones' article for several days and then asked Bud and Mary to meet and discuss setting up a formal board of five directors, including two outsiders with businesses of their own. Will thought it was time to consider a formal board because Denton's was expecting revenue for the year to exceed \$5 million.

Will expected that his father, Bud, would resist having outsiders on the board because outside board members “don’t know the business.”

Will was also prepared to discuss whether outside board members would cost too much compared with the value they brought to the company. According to the article, outside board members often brought value to the company far in excess of their cost in directors’ fees. Mr. Jones had encouraged several businesses to add outsiders to the board, either as voting or advisory members, and in a number of cases the outside members had gone on to save the company from ruin. Outside board members are likely to be more objective and more attuned to identifying problems based upon the director’s own business experiences.

Will pointed out to Bud and Mary that, since the two directors he had in mind were experienced businessmen, they would bring outside experience and perspective to the board. They could also be helpful in handling disputes, particularly among family members. According to the article by Mr. Jones, it’s a good idea to

have someone with an established relationship to the participants, who can take an objective view and help resolve issues that may arise in the future.

Will was convinced that the outside board members could help in generating sales through their business contacts and even help raise capital. Will suggested to Bud and Mary that if Denton's continued to grow, they were probably going to need to raise more capital. The banks Will had talked to were more amenable to making loans to Denton's if it had a formal or advisory board. The bankers all said that respected outside board members would make them more comfortable.

After listening to Will's presentation, Bud and Mary agreed that setting up a formal board was a good idea. Will suggested that Duane Martin, the owner of a well-established construction firm, would be a great choice for one of the outside director positions. Will then recommended Mike Conley, owner and operator of a food processing business, as the other outside director. The two outside directors, plus Bud, Mary, and Will

rounded out the five-director board. Bud and Mary agreed with Will's plan and asked him to contact Duane and Mike to see if they'd be interested.

Duane and Mike were both very receptive to serving on Denton's board. In fact, they thought having outside board members on the board would be very beneficial.

Will scheduled the first meeting for the new board for January 3rd, the beginning of a new business year.

DENTON'S CORE POLICIES

Will had been working on several core policies that he thought Denton's should have, including decision-making and governance policies. Will presented his ideas to the new board at the first meeting.

Will explained that the policies should be in writing and should answer these questions: How are we going to make decisions? Who's responsible for making decisions in general management, financial management, accountability, and managing the employees?

Initially, Bud and Mary had handled all of these tasks, but they had handed off most of them to Will over the last several years. Will, in turn, had delegated some of the responsibilities to the office managers, shop managers, and supervisors.

Will was confident that having identified these critical areas, other people could be plugged into the

decision slots. However, Will also knew that he had to have clear policies that the people in those slots could follow to achieve Denton's vision, purpose, and mission.

Will recognized that compensation and performance were also important core policies. How should Denton's establish compensation? Compensation can be a touchy issue in family-owned and small businesses.

Will had read about disputes in small and family businesses that arose because some of the participants did not believe the compensation plan was fair. Often, one associate believes that others are not pulling their weight and are being overpaid for their contribution to the company.

Will wanted to establish policies that would measure each person's contribution to the company. He decided that the best answer was to establish a performance policy. Will met with the office managers, shop managers, and supervisors and established the benchmarks that each employee needed to achieve to meet the company's goals.

The next area that Will emphasized was employment policies. He worked on developing a hiring profile to determine what sort of diversification he needed to build into the business. During the early years of Denton's business, it was difficult to diversify the employee base, simply because there were only a few employees. As Denton's grew and brought on more employees, Will set up written employee policies to guide management in hiring and dealing with disciplinary issues and terminations.

After a lunch break, the board reconvened, and Will said he wanted to take a few minutes to talk about communication policies within the company. Will shared with the board several studies on effective communications. He noted that successful business communications needed to be directed towards assisting employees to achieve their goals. Will emphasized that the middle managers and supervisors needed to give positive feedback, both orally and in writing.

Will set up a system for keeping track of communications to identify situations that might lead to problems, a breakdown in communications, or a failure of employees to work toward the company's goals.

CREATING A CULTURE THAT REFLECTS DENTON'S VALUES AND VISION

Will realized that he had to establish the kind of culture that he and his fellow directors wanted to have for Denton's. He emphasized the important steps the managers could take in the workplace, like providing a comfortable working environment where the employees would not be distracted from their work.

Based on his experience in the Idaho Army National Guard, Will wanted to establish a code of conduct for Denton's. The code he adopted defined what was acceptable for Denton's people. One of the things Will included in the code of conduct was that gossip would not be tolerated. Will knew that gossip is not conducive to a positive company culture.

The directors were happy with Will's work and adjourned until the next board meeting scheduled for February.

DEVELOPING DENTON'S CULTURE

As mentioned in the Introduction, Will wanted to break down the walls of “us versus them” between management and Denton’s employees by establishing transparency as part of the company culture: the open sharing of information and accountability at all levels. Will’s goal was to develop company policies that would make sharing and decision-making an integral part of Denton’s philosophy, and not just an empty saying or catchphrase.

Will believed that creating trust and openness with the workforce would build a family-like culture and make Denton’s the kind of company people wanted to work for. According to Will, he and the other managers needed to share information on the company’s direction, strategies, and financial outlook.

Will learned, after overcoming resistance from Bud, that creating an open business environment encouraged employees to look out for the company’s best

interests. His objective was to support the greater good of the business by improving employee relations, so employees would know what they were working for, feel valued, and deliver results that support continuous and sustainable company growth.

Part of Bud's resistance to Will's "new" ideas came because Bud kept doing things the way he had always done them. Bud also worried that opening up information for everyone to see would harm the business.

The most significant resistance came from Will's desire to share the business financials with the employees. Bud's main concern was his fear that competitors could end up getting hold of key financial information. While it's true that outsiders could obtain financial data from Denton's employees, the reality is that it wouldn't make much difference. Will's concept of sharing Denton's financial information was limited to simplified data that didn't provide any competitive insights.

Another common concern Bud expressed was that giving employees financial information might lead to unintended internal consequences. These included having staff members find out how much revenue the company generates and consequently requesting larger salaries or finding out how little the company makes and jumping ship. However, Will's concept was that employees would feel more involved in driving the company's success. Compensation figures would not be shared and each employee's privacy would be protected.

Bud finally relented, and after only one year of the new policy, Denton's employees had reacted very favorably to financial transparency.

Will invited the company's CPA to come in for a couple of hours each month to explain the financial reports to the employees and answer their questions. Not surprisingly, most of the shop and dock workers, and some working in the office didn't have a clue about business financial statements.

It quickly became apparent that the employees loved learning about the “numbers” and how their work contributed to their success and the profitable growth of the business.

During a run of three months with lousy revenue, the employees stepped up and helped turn the situation around. By the end of the year, Denton’s was solidly profitable, and in a position to share those profits with the employees. This incentivized employees to work even harder the next year, generating more revenue while holding the line on expenses.

Will always reminded the managers and employees that each one of them contributed to Denton’s success. Will also highlighted career advancement paths, showing employees how contributing to Denton’s growth put their future career growth in their own hands. Will had proved his concept that when employees realize they are trusted by and can trust management, they’ll step up and perform their work in an engaged and thoughtful manner.

Will's goal was to create an ownership culture in which employees saw the business in the same way Bud, Mary, he and the managers saw it. People will fight for that which they have helped create, and they need to understand how their contributions correlate to the success of the enterprise.

Will wanted to overcome the typical situation where employees only see their work in isolation and never know how much they are helping (or hurting) the company.

Besides, letting Denton's employees in on the inside scoop elevated their status by giving them the feeling that they were in a unique group and privy to information that people at other organizations were not. Employees also valued the ability to perceive what was to come.

A big part of Will's financial plan was forecasting future financial numbers. By giving employees a preview of what to expect, Will was convinced that this awareness would encourage engagement, and each employee would

do his or her part to hit the numbers and maintain a feeling of certainty.

Will understood that when people are given a sense of control, they realize they are responsible and can't put the blame on others. This autonomy will create accountability and a feeling of pride for an employee who knows they have helped create a successful outcome.

Another of Will's transparency plans was to create shared goals, so that everyone would rally around a common cause and assess how they could do their part to accomplish the company's objectives.

After several years of implementing his transparency plans, Will had succeeded in building a winning culture where employees felt like they mattered and made a difference. The employees' engagement proved to all that Denton's was on the path to consistent growth and profitability.

SUCCESSFULLY DEALING WITH EMPLOYEE ISSUES

Will, Bud, and Mary were having a discussion late one Friday afternoon after a particularly stressful week dealing with employee issues. Will preferred to refer to these challenges as issues rather than problems, something he learned in his Human Resources class at the University of Idaho. Addressing them as issues rather than problems puts everyone in a better frame of mind.

Still, Will had to admit... sometimes some people can be a real pain.

In every business, there's usually at least one person who saps morale, slows productivity, and stirs up anger in other employees because of a bad attitude, refusal to play by the rules, or just plain disturbing behavior. Will knew that you can't let these situations fester.

Will reminded Bud and Mary about their advice—hire slow and fire fast.

Learn Their Strengths

Mary said that she had heard talk around the office about a particular employee's habit of avoiding work. Let's call her Julie for purposes of discussion.

While everyone else in the office carried a full workload, Julie spent a lot of time on her personal matters during work hours. She found clever ways of avoiding her responsibilities and having others in the office deal with them. For example, if a customer called, instead of taking care of the issue immediately, Julie would ask the customer to call back when she knew her co-workers would be available to handle the problem.

Mary told Will that she wanted to take some time to get to know Julie better before they decided whether to fire her. Mary learned right away that Julie was miserable in her current job. Mary suggested that because Julie was

smart and trainable, Will reassign her to a position in quality control that just happened to be open.

Mary volunteered to work with Julie in the new position to establish goals and develop a plan for achieving them. Julie's behavior toward the others in the company improved almost immediately after she transitioned into the new role.

Will and Mary agreed that they needed to focus more on finding the right fit between an employee's strengths and the job requirements. They both felt that success would likely follow such a strategy.

Identifying the Problem

As we already know, Will is an organized planner. So, he set out to develop an employee development plan to deal with issues before they become serious problems.

Will started to make a list.

- Is a problem employee one who is unorthodox in his work but stays inside the lines enough to avoid disciplinary issues?
- Is the employee failing because no one has helped set her up for success, or has she been put in a no-win situation?
- Is the employee facing personal challenges and doesn't have the coping mechanisms to handle problems at work as well?

Will recognized that we can all identify specific behaviors that cause us to label people, but he also believed that there were more important questions: What is the root cause of a person's actions? Why would anyone choose to act out in the place where they make their livelihood? Will was convinced that employees don't wake up in the morning thinking about how to screw up at work.

Will felt that management was responsible for identifying what may be causing an employee to act in a manner that made them "difficult."

Will told Bud and Mary that he would listen, keep an open mind, and try not to make assumptions. They all agreed that it would not be easy, but they recognized that sometimes the “difficult” employee isn’t the problem; it’s the organization’s culture.

Other times, the employee is just a pain, and they would need to help him be happy... somewhere else.

Denton’s Employee Development Plan

As Will finished up the second draft of his employee development plan, another problem presented itself. Jack, an employee in the shop, had a bad attitude that was starting to interfere with production. He frequently complained about putting in long hours, and no one liked working with him.

When Jack came to talk to Will about feeling overwhelmed in his job, Will listened and offered to have one of the shop supervisors help Jack cope with the demands of his job. Will also told him that if he felt the

position wasn't right for him, it was okay to look for opportunities elsewhere and perhaps return after he gained more experience. Jack seemed relieved.

Then Will got to the real issue behind Jack's long work hours. In the course of their conversation, it became clear that work was all Jack had going on in his life. He was new to the area and hadn't yet made any social connections. Will talked with Jack about how he could become a part of the community. Jack took Will's advice to heart and joined a local social club.

Although Jack ended up leaving Denton's on good terms, Jack told Will that having activities outside of work gave him the confidence to move forward in his career. Will's interaction with Jack proved that engaging with a challenged employee helped him identify the real issue. Balancing work life with outside interests makes for a better worker.

Be Transparent And Communicate Clearly

Will's employee development plan reminded management and supervisors to be as transparent as possible and to seek regular feedback, especially with new employees.

Dave, a supervisor in shipping and receiving, was a micromanager who found fault with everything his direct reports did. He had some training as an engineer and had an analytical mind. Dave drilled everything down to the very core, but he never shared all the information that his workers needed to complete a task correctly. Dave was not the malicious type; he assumed that everyone thought the same way he did and was shocked to learn otherwise. Getting Dave to lighten up presented Will with a real challenge.

Will explained in one of their many meetings that Dave needed to realize that he had to communicate more clearly and layout the details for each assigned task. Will showed Dave how he had developed systems

for other departments in the company and assigned Dave the task of developing a system for the shipping and receiving department.

Screen Well Before Hiring

As Will worked and reworked his employee development plan, he focused on avoiding errors in management's hiring decisions. Will's plan emphasized the importance of conducting proper background screening, reference checks, and behavioral-based interviews.

Being Prepared Is Key

As Denton's added more females in the shop, Will became concerned about workplace harassment. Some of the older male employees had been used to using colorful language as part of their everyday conversations. Will was also worried that some of the men liked to flirt with the newer female employees.

Sure enough, as Will feared, Bob, a sheet metal fabricator, became the subject of a workplace harassment complaint. A female co-worker, Betty, reported that Bill threatened her when she refused his requests for a date. After learning that Betty had a boyfriend, Bob allegedly punched, kicked, and pushed over the Coke machine in the break room. Will decided to terminate Bob's employment, but he was concerned that Bob might react violently.

Will decided to assign three of the shop supervisors to investigate the allegations against Bob and develop workplace safety measures for the female workers. After a two-week investigation, Will and the lead shop supervisor met with Bob in a neutral, private location to deliver their findings. Fortunately, Bob didn't react aggressively and agreed to move on to another company.

The episode with Bob gave Will an opportunity to coach his supervisors to be prepared when confronted with a volatile situation. Whether the worst-case scenario comes to pass or not, it's better to be safe than sorry.

FACING UP TO A MAJOR CRISIS

The first several years of Denton's operations under Will's management were smooth and successful. However, good things don't last forever in business, and Will realized this fact of life. It was time for a test of the crisis planning Will developed while setting up the systems he designed for the company.

Let's look at Will's plan. He learned the planning principles while attending the Idaho Military Academy's Army National Guard Officer Training Program. Will knew that being prepared in the face of a crisis is essential to securing a successful outcome. He recalled Captain Greg Steel's warning: "If a leader doesn't have contingency plans, he will have to make critical decisions under stress and often, without all the facts."

Will based his crisis planning on what he had learned as an officer in the Idaho Army National Guard.

First, Will knew that he must develop a strong leadership team committed to Denton's customer-centric core values. These values would not only serve as a foundation for his crisis planning, they would also determine how well Denton's people would respond when faced with a crisis. Will believed that a sound, value-based response during an emergency was far more likely to be favorably received by all those who dealt with the company.

Second, Will assembled a standby crisis management team. The team included a person from each department in the company, from the front office to the shipping dock, along with the company's lawyer and accountant.

Third, Will developed a crisis management plan rooted in Denton's philosophy and core values. Will's plans included a list of all the potential catastrophes that Denton could face. The plans laid out in detail the exact response needed for each possible situation. Will knew that the more information he included, the less chaos would ensue when a catastrophe occurred.

Fourth, at Will's direction, Denton's crisis management team undertook to train the company's employees not only to do their jobs but also to identify potential issues that should be addressed before they turn into major problems. Will emphasized that Denton's employees must be empowered to bring issues to the attention of management so an evaluation and a corrective course of action can be taken early on to keep crisis situations from arising. Also, the crisis team trained the employees so they thoroughly understood their roles in the event of a disaster.

Fifth, Will adopted a policy to communicate in a timely and consistent manner. He believed that Denton's reputation depended directly on timely communications with customers and vendors. He often counseled Denton's employees that message consistency was vital because differing messages damage company credibility. With timeliness and consistency in mind, Will and his crisis management team developed a thorough communications plan as part of the crisis management plan.

Sixth, Will emphasized that the crisis management plan was a living document that the team needed to review regularly for updates and changes.

Anticipating a crisis is a matter of strategic planning and risk management. Will's commitment was to follow these six steps to prepare Denton's for a catastrophe and to position his management team to handle both the expected and the unexpected fallout.

A CRISIS ARRIVES

For many years, even before Will joined the company, Denton Heating & Air Conditioning had won customers and market share in the Treasure Valley of Idaho because of its outstanding products and service. Denton's brand was synonymous with quality. At least that was the perception until its major air conditioning unit supplier shipped thousands of units to its dealers throughout the United States and Canada with defective pumps.

Although Denton didn't manufacture the units, Will and his team had to deal with the consequences of installing nearly 100 of these faulty units in the homes and businesses of Denton's customers. Because of this disaster, Denton's supplier teetered on the verge of bankruptcy and was slow to respond to Denton's pleas for replacement pumps. Denton's had to carry the financial burden of buying replacement pumps directly from an alternate pump manufacturer.

As soon as Denton's customers reported failures of their air conditioning units in late June, Will kicked his crisis plan into high gear, and he focused on Denton's customer-centric core values.

Will called a replacement pump manufacturer and arranged acceptable credit terms to purchase 100 pumps at \$1,250 each for a total purchase order of \$125,000, a considerable amount for Denton's business. This problem was especially concerning because it was becoming increasingly unlikely that the original manufacturer would be able to pony up the money to replace the defective pumps.

Will knew that Denton's had to respond promptly to its customers' demands for air conditioning because July temperatures in Boise can often reach over 100 degrees.

With a seeming disregard for financial considerations, Will held the company true to its customer-first philosophy. He remained focused on delivering and maintaining high-quality products at an affordable price.

Will kept the long view of systematically building the business over many years despite short-term setbacks. Will knew that Denton's had to take responsibility, even though it did not manufacture the faulty pumps.

By owning up to the problem immediately and implementing a prompt solution, Denton's weathered the crisis.

DENTON'S MANAGEMENT AND SUCCESSION PLAN

Will had been in the business for ten years following graduation from the University of Idaho in 1969 with a degree in business management. As Bud and Mary were both 56 years old in 1979; they started to seriously consider how best to pass ownership of Denton's to Will.

Bud and Mary also needed to come up with a plan to share their estate with their daughters, Denise Mary and Alice Jane.

Since Will had contributed a lot to the growth of Denton's, Bud and Mary didn't feel they had to equalize the value of the assets each of their three children would receive.

They decided to address their estate plan first. So, they called their attorney, Laurence P. Conrad.

Laurence was pleased to hear that Bud and Mary had decided to get a succession plan in place. And their timing was excellent. Laurence told them that he and his son and law partner, Larry, had put together a presentation on business succession planning that they would be presenting the following week at the Holiday Inn in Boise.

Laurence told Bud and Mary that Larry not only had a law degree (J.D.) from the University of Idaho but also a master of laws degree in taxation (LL.M.) from the University of Miami in Coral Gables, Florida. Laurence told Bud and Mary that Larry was specializing in business formations, operations, and succession planning.

Bud and Mary said they would be at the event and bring Will along.

Bud, Will, and Mary joined about 50 other clients of the Conrad Law Firm at the Holiday Inn for the seminar on business succession planning.

Laurence started the program and thanked everyone for coming to share in the information he and Larry had put together. Laurence then invited Larry to share his thoughts with the assembled group.

Larry started by recognizing that most small business owners spend their entire lives trying to make something of themselves and their business. They pour their hearts and time into the business day after day, year after year, but somewhere along the way, some of the most important aspects of their journey gets lost in the fray of their everyday business and personal lives.

They forget about the fragility of it all. That's why Larry decided to stress the importance of succession planning to the clients of the Conrad Law Firm. As he explained, the bottom line is that succession planning should be dealt with right up front when starting a business, but it's never too late to get a plan in place. Each business owner needs to put precautions in place to ensure the continued prosperity of the business if and when something happens to the owner.

Larry pointed out that nobody likes to think about incapacitation or end of life. Still, it's important to have this conversation before it's too late—first with yourself and then with your family and advisers.

Unfortunately, we know all too well what the results can look like if you don't take the appropriate measures to ensure the business ends up in capable hands.

Larry said, "Every business should have two succession plans, a **crisis succession strategy** and an **orderly succession strategy**."

Larry told the group that within the last year, he and Laurence had two cases involving business owners who died unexpectedly without ownership or management succession plans. These events put both businesses into crisis mode.

One business coped with the crisis without serious financial repercussions because it had a qualified manager in place. The other business almost failed because it had

no one to take over management. This is why each business owner should develop both types of succession plans. It's difficult to hand over the reins—for many business owners it's the last thing they can fathom—but they need to think about the future for their business.

When a crisis isn't adequately accounted for, things will get messy. One company the Conrads worked with didn't have a crisis **management succession** plan, and it almost resulted in the end of the company.

Regarding **ownership succession**, neither company had an ownership succession plan. Thus, under Idaho law, each business passed to the deceased owner's heirs.

One business passed to a teenager barely out of high school. While he showed great regret in not being able to carry on his father's business, he didn't have the life experience, skill, or training to carry on the operations.

After all, he hadn't even had a chance to go to college yet. What this event drove home is how often this sort of unexpected thing can happen.

Larry pointed out that if the owner of a family business planned on leaving the business to their children, they must build a management team around them, so the business won't be hung out to dry if the owner becomes incapacitated or dies while still running the business full time.

The truth is that an **orderly succession** plan doesn't happen overnight. It typically takes from three to eight years to get all the pieces into place and qualify the business successors. Each owner needs to buckle down, have the hard conversations, and discover who is the most capable and practical for the position.

Larry noted that from his and his father's experience, the most challenging thing an owner faces, even more so than an unexpected crisis, is figuring out what he or she will do after retiring. Many small business

owners haven't thought about life after the business. Figuring out what they'll do every day usually turns out to be a real challenge.

Every owner needs to give some serious thought to what the future of their company will look like, no matter how hard it may be.

Besides these financial issues and how the owner will best be able to transfer ownership, one of the most difficult problems is preparing for life after transitioning out of the business, whether by sale or gifting to family members.

Many small business owners spend 60 or 70 hours a week working on and in their business. They work so hard because they love it, but what are they going to do with themselves once they've retired? It's going to be difficult for them to go off and fish or golf every day, and they can only do so much traveling. Larry noted that they would probably be bored out of their minds in no time. Preparing the owner for the transition can be a challenge.

The next challenge is organizing the business for succession, and that means identifying and developing competent successors. There may be more than one potential successor. Preparing the business for a successful transition requires a lot of planning. Getting the business organization into shape with established systems, processes, and procedures so it can be passed on is an essential part of planning.

Planning, implementing, and adjusting the strategy over time is another challenge. The owner may transfer the business to a younger generation, but what are the differences in the generational approach to various things? It's important to deal with these multifaceted problems upfront, and the sooner the owner starts planning, the better off he or she is going to be.

Larry outlined that business succession planning is a series of logistical and financial decisions about who will take over the business upon the retirement, death, or disability of an owner or a key manager. To write a succession plan, the first step is to identify the ideal

successor. Once you determine that, you need to determine the best arrangement to make the transition. There are many ways to transfer ownership of a business. The details are often taken care of in the shareholder or the buy-sell agreement.

In family businesses, a typical plan is to pass ownership to family members. This was a popular topic since many of the Conrad Law Firm's clients were owners of small family businesses just like Bud and Mary.

Another way of transferring ownership is to sell to a key employee or a group of key employees. That is often difficult, primarily because the key employees won't have the money to buy the owner out. The Small Business Administration loan program may be an answer in this situation.

One strategy the Conrad Law Firm used occasionally was the sale of a business to an employee stock ownership plan (ESOP). According to Larry, this was something they had recommended in several cases

because there are tremendous tax advantages to the owner in selling to an ESOP. For instance, they can defer the capital gains tax, which is often substantial on the sale of a business.

Sometimes, small businesses are sold to outside buyers. Who might those buyers be? According to Larry, a likely buyer is a competitor who is looking to expand his or her business. They may be able to expand product lines, services, geographical areas, and customer base.

Larry pointed out that approaching a competitor is likely to be difficult. They're going to want to know everything about the business, but the owner doesn't want to tell them. Larry warned that the business owner must get legal guidance on how to protect the products, services, techniques, and systems the business has developed over the years. Larry noted that this is usually accomplished through nondisclosure and non-solicitation agreements, but he cautioned that these agreements are only as good as the parties who enter into them.

Finally, if it is a multi-owner business, the company can redeem the departing or departed owners' interest in the business, or the co-owners can buy them out. There are advantages to having the company redeem the ownership interest, especially if the company has the money, or the ability to borrow it. Life insurance is a method for funding buyouts, which can provide a ready means of cash if one of the co-owners passes away.

It was time for a break in the proceedings, so Larry told the group, "let's have lunch and do some networking among tablemates."

Larry had arranged for the Holiday Inn to provide a sit-down lunch in a room adjoining the seminar room. Everyone moved to the next room and took a seat at a group of round tables seating eight persons each. This configuration facilitated lively discussions among the Conrad Law Firm clients.

After lunch, Larry then turned the presentation over to his father to talk about what business owners should consider in developing a business succession plan.

Laurence started his presentation by pointing out that business owners need to develop the values and the capabilities of potential successors, and that can take some time. Most small business owners don't want to sell to just anyone. They want to sell to someone who has values compatible with their own.

Then, there's the question of capabilities. Are the candidates able to run the business? Some successful family businesses, for example, require family members to have outside experience to gain perspective, such as military service or going to work for a different company.

The other thing the owner needs to do is figure out how he or she will achieve lifelong financial security.

If someone sells out at age 65, chances are they will live another 20 years. How are they going to maintain their

standard of living? Each owner who will be departing needs to revisit their estate plan and effectively use the available planning opportunities. Some small businesses will attract estate tax, which can be mitigated through proper planning. Avoiding a substantial estate tax upon death is an important aspect of succession planning.

The successors also need to have their own career plans. What are their goals, and why do they want to run the business?

Besides developing the owner's succession, the business needs to develop management succession. Not every potential successor will have the skill set required to handle all the pieces of the succession puzzle. Some will be adept at managing processes or manufacturing procedures, others will be good at dealing with financial matters, and others will do best in marketing and sales. These things need to be identified so the owner fits the right successors into the right management roles.

Laurence then introduced a guest speaker, Col. Jonathan Sparks, U.S. Army Reserve. In addition to being a small business owner himself, Col. Sparks' 20 years in the Army provided him with invaluable training, experience, and insight into selecting people who can be successful in business.

Although each of the military services has a set of core values, Col. Sparks was most familiar with the Army's version.

Col. Sparks pointed out that these principles are powerful and instructive guides to selecting management and ownership successors for small businesses.

LOYALTY. The Army defines loyalty as "believing in and devoting yourself to something or someone." It is a commitment to love, care, and support your people. Leaders should always demonstrate loyalty first before asking for it from their people.

DUTY. This means “fulfilling your obligations.” Each member of a team must do his or her part with excellence to ensure the success of all.

RESPECT. The Army defines this as: “appreciate the best in other people.” It’s putting a “10” on everyone’s head and trusting that they will live up to that belief.

SELFLESS SERVICE. Adding value to others by putting their needs ahead of your own. It’s the willingness to exceed expectations so others will benefit.

HONOR. Honor means living according to your values. Living with honor means that your walk always matches your talk.

INTEGRITY. Integrity means living authentically by being a person who doesn’t deceive or intentionally mislead others. Integrity as a leader is the foundation upon which trust is built.

PERSONAL COURAGE. Courage is the willingness to act in the face of fear. You build your courage when you stand up for what you believe is right and good.

And Col. Sparks asked: “Did you notice these values can be summed up by the acrostic **LDRSHIP** (leadership)?”

Col. Sparks’ presentation concluded the Conrad Law Firm’s seminar.

Bud, Mary, and Will left the Holiday Inn excited about putting together their management and ownership succession plan.

On the drive back to Denton’s, Bud told Will that they had set up a meeting with Larry Conrad to discuss their estate plan. Bud was particularly impressed with Larry’s tax credentials, because they would be an excellent resource for developing the plan.

WILL'S VISION FOR DENTON'S FUTURE

Bud and Mary both retired in 1987. Although Will had been pretty much running Denton's for the past several years, he now had full ownership and responsibility for the company. Will spent a month reflecting on his future and the future of his company. He realized that he had the opportunity and responsibility to shape Denton's future.

A lot had changed since Will graduated from the University of Idaho and started working full time at Denton's. He recognized that the company was operating in an increasingly competitive marketplace. He was always looking for ways to stay ahead and build a business culture that didn't lag behind. Will was committed to continuous improvement, which involved tapping ideas from employees at all levels, expecting everyone at the company to hold each other accountable, and rewarding success through smart compensation programs.

Will closely tracked and shared the most important metrics in the business by putting every employee on a team. These teams closely monitored metrics affecting operating profit, including scrap, efficiency, quality, and on-time delivery, and came up with ideas to improve them.

Will's compensation plan tied bonuses to improvements. If the metrics didn't show improvement month to month, the teams were expected to take corrective action. Will was very pleased with this program's success in increasing revenues and saving money month after month.

Will worked tirelessly with his teams at developing competence by providing access to the latest technology, regular training opportunities, and other experiences that enhanced each team member's skills.

A key factor in the success of Denton's Continuous Improvement program was a company-wide cultural change towards more personal accountability. Employees realized the company's compensation plan could account for up to 10 percent of their total compensation. This

generated peer pressure and resulted in zero tolerance for non-participation in the team problem-solving process.

Will also established a process for corrective action. If there was a problem around quality or efficiency, no blame was placed on anyone. Instead, all team members took responsibility for solving the problem.

Contingency Planning?

As discussed previously in this book, Will is a planner. Contingency planning was one of his favorite projects. Will described contingency planning as the proactive process of planning for both the short-term and long-term security of the company. He often referred to it as Denton's "Plan B."

Over the years, Will saw other business owners get into trouble because they didn't have well thought out contingency plans, or worse, they had no plans at all. Will's planning not only focused on the positive aspects like revenue and expenses but also considered potential adverse

events, like a collapse of the local economy, or one of Denton's biggest customers suddenly going out of business. Will's effective contingency planning ensured that Denton's could rally quickly when things went off course.

CONCLUSION

I hope you found Will's story helpful and instructive. My goal in writing this book was to help you deal with the issues you will face in your business, but my most important message is that you can overcome any obstacle by applying the core values that feed your desire for success.

Before you can successfully manifest your core values, whether personal or business, you must have that burning desire and belief that you will be an overwhelming success.

Dr. Wayne W. Dyer wrote in his book *Wishes Fulfilled, Mastering the Art of Manifesting*, that he recalled upon reading Napoleon Hill's *Think and Grow Rich*, "...there's one distinguishing characteristic of those who live life at a higher level with a richness that's not just about monetary gain. It is that these unique and rare individuals have a burning desire to succeed. Now a

burning desire is much different from a regular wish or desire because it burns inside—once ignited, it never goes out, regardless of what transpires.”

Saint Ignatius of Loyola once told his followers: “For those who believe, no words are necessary. For those who do not believe, no words are possible.”

Remain open to learning every day, and take advantage of the great opportunities that owning and operating a small business presents to you, your family, co-workers, customers, and suppliers.

You have my best wishes for success in life and business. Thank you for taking the time to read my book.

Tom

January 2020

WILL DENTON

Lessons Learned From A Small Business Success Story



Tom Walker | Lawyer

After graduating from Georgetown University in Washington, D.C. in 1967 and before going to law school, I worked and actually grew up in my family's wholesale beer distribution business. I planned to return home after college and work full time with my mother and father in "the business."

After seven years in the beer business, I decided to go to law school with my parents' blessing and support. My wife, Donna, has always been very supportive. She's put up with me and my faults for nearly 52 years. That's the kind of steady partner every man should have.

When I started practicing law in 1977, there were only five tax attorneys in the entire state of Idaho. Right out of the gates, I gained invaluable experience in planning and litigation, which eventually resulted in representing clients before the Internal Revenue Service and the Idaho State Tax Commission.

I operated as a solo practitioner for 16 years setting up businesses and developing relationships. It was rewarding, but I knew I wanted to serve a broader spectrum of clients. After discussing possibilities with a friend of mine, he invited me to join his law firm. My focus remained on business, tax planning, and litigation. For the next 22 years, we served the people of Idaho in ways I would never have imagined.

As I sit down to write this book, I have enjoyed nearly 44 years as a practicing lawyer. Although I have been a "tax lawyer" for many years now, I have also done a lot of other things over the years to keep me interested. I love to learn, so I learned to be a civil litigator. I even took on several cases under the Racketeer Influenced and Corrupt Organizations Act, commonly called RICO. RICO is a federal law that provides for extended criminal penalties and a civil cause of action for acts performed as part of an ongoing criminal organization. These cases were fascinating and challenging.

I litigated for over 25 years until I tried a very long and complicated construction defect case that wore me out. It also wore out the judge, who went on part-time status shortly after the trial. I told myself I was going to cut back on my civil litigation practice, so I had to decide what to do with myself next. How about a return to representing my favorite people entrepreneurs and small business owners? As soon as I had the thought I knew it was the right idea, so, that's exactly what I did.



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Price: \$14.95