

LEADERSHIP SUMMIT & INDUSTRY EXPO

RIA's 66th ANNUAL CONVENTION



**I AM NOT MY FATHER'S
BUSINESS**



**MARCH 8-11, 2011
THE BROADMOOR
COLORADO SPRINGS, CO**

Overview

- Challenges of Family Business
- Benefits & Pitfalls of working with Dad
- Business & Emotions don't mix
- Trials and Lessons Learned

Preview

- Dealing with Dad
- Establishing Creditability
- Financial Considerations
- Building your own team
- Challenges and limitations of living within your fathers vision.

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Andrew Goldberg, CR, WLS



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My dad is like Joe Paterno...



Family and Business

- Adds a layer of complexity to Strategic Planning
- Not just about business, but about passing the business from one generation to the next **AND** keeping the family together.

Family and Business Issues

- *Mixed Messages*
- *Disagreement leading to impasse and inaction*
- *Blind Spots*

Strategies and Best Practices

- *Strategic Plan*
- *Board of Directors – Outside Director*
- *Improve capabilities'*
- *Create a management team - meet monthly*
- *Hire people who can do what you cannot*
- *Join a peer group – reality check*
- *Consultants – more reality checks*

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Justin Woodard

VP Operations – Woodard Cleaning & Restoration

St. Louis, MO



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Founding of Woodard

- 1946
- Earl & Nancy Woodard
- Began with In-Home Carpet Cleaning

'Ancient' History: 1980's

- Started in Fire & Water Mitigation
- Charlie (Dad), George, Barry bought the business
- Continued with Carpet, Rugs and Furniture

Recent History

- 2008: Justin started
 - 5 years Business & IT Consulting background
- 2009: Charlie bought out brother
- 2010: began full service restoration

Currently

- Charlie Woodard, CEO
- Debbie Bogar, COO
- Scott Vandover, VP Restoration
- Justin Woodard, VP Operations

Future

- Continue to see great opportunity in Reconstruction
- Strategy focused on Continuous Improvement

Building Credibility

- Prior, Non-Restoration Experience
- Lots of questions
- Focus on the current vision & strategic plan of the organization

Prior Experience

- 5 years in business technology consulting in Chicago
- Position of knowledge and authority
- Unique and different perspective to share

Questions

- Socratic conversation: recognizing your own ignorance and asking great questions
- 11 questions to broaden your understanding
- Sell your team on their own ideas by asking questions

Woodard Vision

- Dad's vision, focused by the executive team and build into strategic plan by the management team
- Build credibility by helping the strategic plan succeed
- Stay focused and on task based on the plan

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REED DOW CR

Reed Dow & Associates



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Dow Columbia

Murray was past
president of NIFR
and of
RIA (ASCR).



Murray and Gene O' Lee Dow
Founders of Dow Columbia
1952

Columbia Rug and Upholstery Cleaners

It began when my father purchased a small cleaners by the name of Columbia Rug and Upholstery Cleaners.

There was some confusion between my father's business and a company called Columbia Upholstery, so they changed the name to

Dow Columbia Rug and Upholstery Cleaners



and

Dow Columbia was born!

How Reed Got into the Business

Reed was a very successful junior studying business at the University of Washington.

Well, since this is an honest program, the truth is: I was going to way too many Fraternity Parties (Sigma Chi).



The Phone Called that Changed My Life



My dad called one day asking if I would quit school and return to Portland and help in the business for a short time. He had lost a important employee and thought I could fill in just until he could find a new employee. As they say... the rest **is history.**

The Decision that Changed My Life Again

I sold Dow Columbia
in
late 2006
to
Jerry Baker

Reed Dow & Associates



Financial Considerations

- What to Pay for a business
- How to structure a Deal
- 5 Biggest Mistakes

What Is the Value Of the Business?



What Dad is Thinking

After all the
Blood Sweet and Tears



Doing Jobs Like This



Back Breaking Work



Personnel Problems



Long Hours



Dealing With The



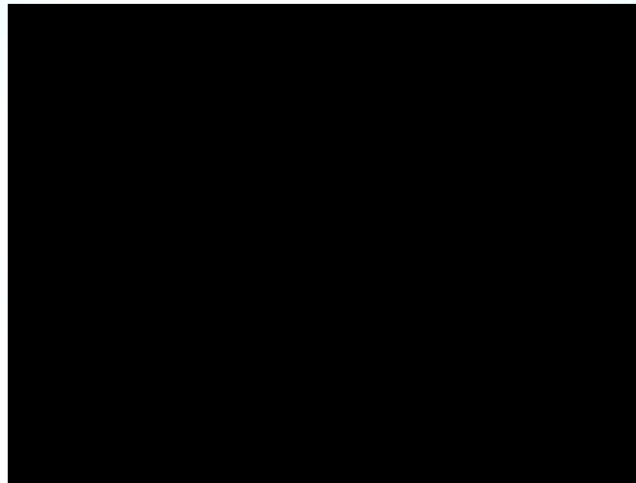
Dad is Thinking

PRICELESS



What Son or Daughter is Thinking

Blood Sweet and Tears



Dad's Rock Group

Besides

- I worked on the big job over my Christmas vacation.
- I was the one that set up the internet and new web site!
- Dad never paid me the going rate.

What Son or Daughter is Thinking the Value is:



Same as
Herding Ducks

Big Mistakes

1. Calling an Accountant for value
2. Calling an Attorney before a deal is agreed to
3. Failing to keep Emotion out
4. Using the company Attorney
5. Seller staying around too long and affecting the buyer business

What you need to do

1. Remove emotion.
2. Remove the family factor.
3. Forget the past.
4. The only thing that is important is what the business is worth today.
5. All parties must be as objective as possible.

Steps

1. Leave emotion out
2. Hire someone that has done this before, that has experience in this industry

Steps

3. Hire a business broker to value the business

- This is what they do.
- Cost 1,500 to 2,500.
- They will value the company without emotion.
- Seller sets price without consideration of who is buying.
- Consider listing the business with the broker.

Steps

4. Make this a straight business deal
5. Professional negotiations
6. Must be done in a business setting
7. Notes or recording must be kept
8. No special deals, the numbers are the numbers

Steps

9. Buyer must show good faith(Collateral or other commitment)

10. If seller wants to give consideration to buyer

- Lower down payment
- Lower than market interest rate
- Longer term on loan



11. Default must be addressed

12. Call the Attorney and Accountant to write the deal up.

Business Deal Done



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Jaclyn Carpenter, WLS
President- IDEAL Restoration, Inc.



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Where we came from

- Butch Carpenter, 1973
- Carpet Cleaning
- Changed focus to Water
- Old Management Style



How I got into the Business

- I never showed interest
- Butch never asked
- Never saw the big picture

Daddy's
GIRL

How I got into the Business

- Agreement with General Manager - 2002
- Breach of Contract
- Butch counted his eggs before they hatched
- Not interested in returning to work





The light bulb came on!

- 2006: 23 years old
- Hit me like a ton of bricks
- Now, I was ready

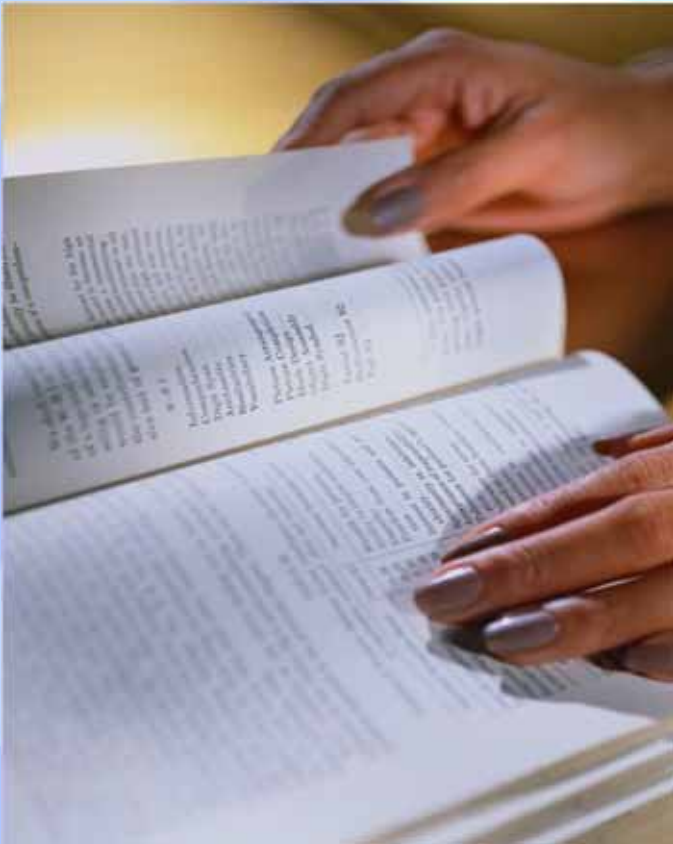


My arrival to IDEAL

- Sinking Ship without a captain
- Human nature took over
- Reputation was affected



What is Management?



- Industry-specific education
- Most important – learning how to manage people.

Today

- Butch visits every 6 mo.
- Buy/Sell Process
- WBE
- Diversified services
- Record Year 2010
- Provide healthy work atmosphere



The Future of IDEAL

- Find my Sweet Spot
- Choose profitable work
- Retired early?



Keys to my success

- Outside Help
- Manage People
- Be an expert at hiring
- One person at a time



Lessons Learned

- If your kid is not interested now, they might be one day. DON'T PUSH THEM
- Move quickly
- Keep working hard. If you're doing everything right, you will succeed.