

## The Meldrum Group: Building From The Ground Up

In 1962, Floyd Meldrum arrived in Las Vegas with wife Jeri, four small daughters and less than \$100 in his pocket. Fresh out of college with an engineering degree, he started work for a large construction contractor, but dreamed of owning his own business. After working for several months, he and Jeri managed to save \$1,500. Together with a \$1,500 loan from a friend, they had enough to start their own company, Southern Nevada Paving, which eventually became one of the leaders in Nevada's construction industry.

Under the Meldrums' leadership, Southern Nevada Paving performed critical services in the growing Las Vegas area for more than 42 years, including contracting, asphalt paving, excavation and aggregate mining. They were part of the construction team for 90% of the hotels and mega-resorts on and off the Las Vegas Strip. In addition to private sector projects, the company worked on roads and highways, countless schools and other public facilities. They were also involved with major projects at the government's top-secret Area 51 and at the Nevada Test Site.

While operating Southern Nevada Paving, the Meldrums began purchasing and developing what became several hundred acres of industrial property. Together with a partner, they purchased the 525-acre Sloan Quarry in 2000 and spent in excess of \$1 million to improve the commercial power at the quarry site, which has mineral reserves estimated at more than a billion tons.

In 2003, they sold the company to a large multinational cooperation, but kept the land parcels they had acquired. After the sale, Floyd discovered he wasn't ready to retire. Together with the family members, he formed the Meldrum Group, which now offers a full range of services, including land acquisition and development, build-to-suit construction, and program management services. Their commercial projects now have nearly 90 tenants, from small local companies to Fortune 100 companies. They also have part ownership in the 20,000-acre APEX Industrial Park.



*The Meldrum Group family with the Caterpillar Wheel Loader recently purchased by Boulder Sand and Gravel: Jason Jensen, Floyd Meldrum, Jeri Meldrum, Judy Jensen, Steve Jensen, Maria Estrada.*

The Meldrum Group is truly a family business, with founders Floyd and Jeri still active in the company. Their daughter, Judy Jensen, works in the Meldrum Group office along with her husband, Steve Jensen, who has worked for the Meldrums' companies for 30 years and who serves as vice president of Boulder Sand & Gravel, an affiliated company. Grandson Jason Jensen began his career at age 13 working during summer breaks from school and learning the ropes directly from his grandfather. He is now chief operating officer of the Meldrum Group. In addition, granddaughter Maria Estrada works for the company as a bookkeeper.

"The best part of having a family business is being around people who always have your back and have the same motivation to see the business succeed," Floyd said. "You can trust them to make the right decision. It's also great to watch the younger generation come up."

Steve also appreciates the advantages of working in a family business. "It's nice to have three generations working together," he said. "We each have a unique role in the company and everyone knows what's expected of them."

*continued on page 3...*



# Unsticking Succession: Common Obstacles and a Path Forward

By Kent B. Rhodes, Ed.D., Kristi Daeda

*This article arose from a specific question from a family enterprise leader: “I know that I have to plan for succession and I know everything I should be doing, but I’m not making any progress. How do I get unstuck?” Succession planning remains a critical focus for many family firms. We hope this review of a fundamental family business concern sparks some new thinking and some positive momentum to kick off your planning.*

*The following case is a composite based on our client experiences.*

Carl is a robust, energetic man in his early 70s with a booming voice and raucous laugh. For the last 40 years, he’s led the company that his father founded through steady organic expansion, reaching into new regions, building new facilities, and growing the family’s brand. Carl and his wife, Melinda, have dedicated their lives to the business and are proud of what they’ve built. They plan to pass it on to their three children, now in

their 30s and 40s, who followed their father into the business. The siblings are starting to ask questions about the future, especially around Carl’s personal plans, his vision for their contribution after his retirement and what they need to be doing to prepare themselves.

Carl’s own father died suddenly and relatively young, leaving him to step in and figure out how to fill his father’s shoes at the ripe old age of 32. Carl doesn’t want to leave his own children in the lurch, but feels too young and engaged in the business to begin to contemplate his exit. “Besides,” he tells himself, “the kids still have a way to go before they’re ready to take over.” But all three children grew up hearing stories from both their parents about the difficult challenges their father faced when he had to suddenly step in to lead the company. They have no desire to repeat history.

To Carl, their questions feel like pressure and he wonders if they are showing signs of entitlement. “What’s your hurry?” he thinks. “You have a long way to go before you are ready.”



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Jason said one difficulty in a family business is finding a balance between family time and work. “There’s never a chance to have a vacation together, because someone always has to watch the business,” he said. “We’re in the office a lot, and it’s hard to step away for any length of time. However, I appreciate the trust that’s placed in me in the family business. When you first start on a career path in the corporate world, you are not really allowed to make important decisions. Here, I’m respected and trusted to make decisions both large and small. That’s unique.”

Sharing the Meldrum Group success has always been an important part of the family’s vision of stewardship. Floyd received his engineering degree from the University

of Utah. Thanks to a \$3.5 million donation from the Meldrum family, the university now boasts a top of the line facility named the Floyd and Jeri Meldrum Civil and Environmental Engineering Building, where hundreds of top engineering students are being trained and prepared to enter tomorrow’s workforce.

Sixty years ago, a young couple’s vision of the limitless possibilities within Southern Nevada, coupled with integrity, compassion and tenacity, has become a shining example of the American dream, and there is much more ahead with the younger generations continuing the business.

## *Why Some Leaders Avoid Planning For Succession*

Carl understands better than most the risk of continuing without a succession plan, yet he alternates between not wanting to “open that can of worms” and not knowing where to start. Leaders like Carl often cite day-to-day business obligations as being badly timed with any potential succession planning efforts, yet time may be the easiest obstacle to overcome. Sometimes the real hurdle is simply a sense of the task being too complex. This often shows up in three common themes:

### **Readiness of Successors**

As a business grows, its leadership needs change. The leading generation often sees a business that is much more complex and challenging than when they took the reins, and wonder whether the next generation will be able to step into ever-bigger shoes successfully. Conversely, the next generation questions how they can be better prepared for the future without a solid plan in place that ensures it. What will it take for their parents to feel comfortable enough to give them more experience and responsibility in the enterprise?

### **Family Expectations**

All family members, both leading generation and next generation, bring some expectations to the table such as ideas about how the next generation will engage in the business. These include whether career paths will be offered, how those paths will be nurtured, who might be a future enterprise leader, under what terms ownership will be available, and so on. Many leaders

avoid these kinds of conversations because they sense a mismatch in expectations that could be uncomfortable for all involved. Some even use their own discomfort as an excuse that the next generation “isn’t ready to lead.”

### **The Leader’s Personal Vision**

Beyond planning for the future of the business, family business leaders also must contemplate their own future after succession. But sometimes, envisioning the impact of a well-executed succession plan on what the leader generation wants in “retirement” is easier said than done. Founders may find this personal aspect of succession planning to be particularly challenging, but any leader will feel resistance around planning for their own exit unless they have a compelling vision of their life beyond their current role.

## *A Different Point Of View*

For some leaders like Carl, the very term “succession” carries a misconception of one person in the next generation being selected for some kind of genetic “coronation” regardless of fit or readiness. Because of these challenges, we have found it helpful to include the concept of continuity into conversations about developing robust and transparent succession plans.

The roadblocks of succession planning can be more easily broken down by shifting the focus from executing a series of legal and financial changes that accompany more traditional succession and ownership transitions to one of preparing the business and the family to be able to respond well to any future change. With a goal to

move towards a clearer state of readiness, this approach allows the family and the business to be more nimble and respond to changing conditions. It also opens up a new set of questions that can form the basis for a more holistic planning process.

These broader questions help shift the focus from a somewhat limited mindset of “who” and “how” approach traditionally associated with succession to the “what,” “why” and “when” of a broader planning process. Together, both mindsets can play important roles in helping to build a roadmap to successful transitions within the family enterprise.

### What = Vision

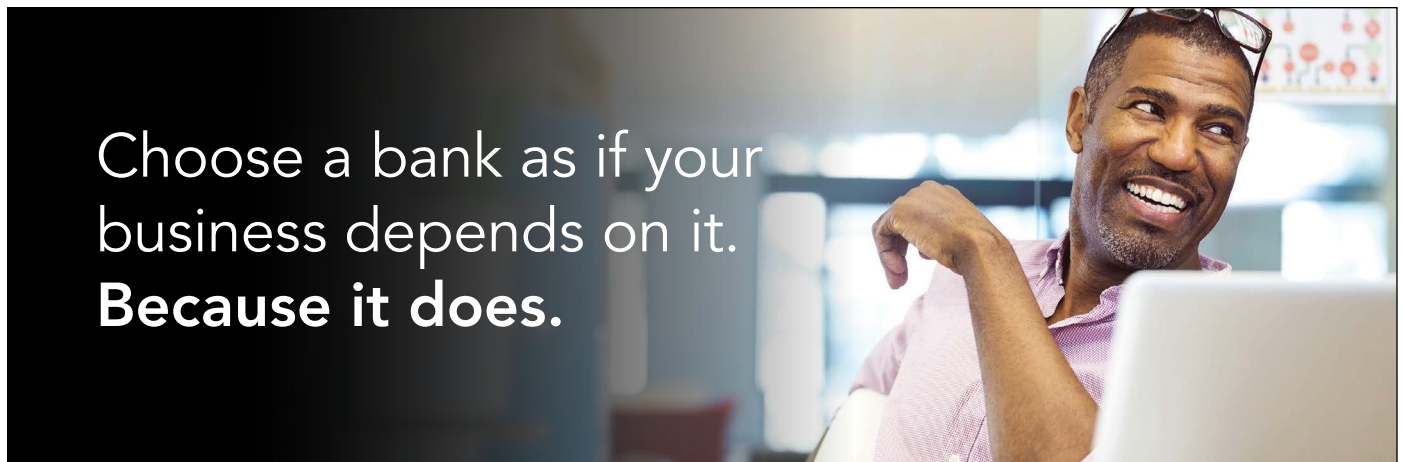
Successful family firms are driven by their vision of the future or simply: Together, what we want. Developing clarity around a family’s deeply held vision can help overcome internal resistance to a succession planning process by creating a sort of roadmap to making the shared vision reality.

When we think about corporate vision, we may think of scripted corporate-speak that articulates a company’s goals in the marketplace. In family firms, vision is more nuanced and compelling, involving much more than a singular corporate statement. It also contains answers to the following questions:

- What do we want for the future of this business?
- What do we want in terms of our children working in the business?
- What do we want to see around our family’s ownership in the future?
- What does ownership mean for the health of our family?

Once these answers are articulated, you have a definition of what you want to achieve through your succession process: the protection of all that you’ve built and the achievement of all you hope to build. Motivation becomes more tangible when you think about succession as a critical activity in support of achieving your vision.

Carl knows he wants this business to continue with his family name on the front of the building. He’s seen the teamwork that his children are building as co-workers and future leaders, and the idea of them continuing to build this business together is exciting for him. Is that what they want? He’s not so sure. Although they’ve expressed interest in advancing their careers with the company, he realizes that they may not understand the responsibilities of ownership. For them to become business partners, they will need to share a common vision as well. Carl begins to see there are some conversations that must be had — and learning for his kids that must occur — before a succession plan can be devised.



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## Why = Values

One of the reasons that family businesses succeed is a strong basis in values, or what is most important to them. Entrepreneurs typically build businesses that reflect their value system, and their successors carry those values forward as the bedrock on which the company's brand and culture are built. Asking these kinds of "why" questions sheds light on the values that drive the way we do things:

- Why is it important that we treat our employees and customers the way we do?
- Why do we give back to the community?
- Why do we want the enterprise to be led by the next generation?
- Why is it important that we keep our family connected to each other?
- Why do we view wealth the way we do?

Thinking about these important "why" questions can help open the conversation to clearer continuity and succession planning processes by inviting the family to identify and ratify the family's values for themselves and for the business as they move into the future.

Carl's children see the world differently, and this makes it harder for Carl to envision the future of the company under new leadership. What Carl and his children have in common, due in no small part to Carl and Melinda's efforts in their upbringing, is a deep appreciation and sense of responsibility for the business and all it brings to their family and the community. Grounding discussions about the future in these shared values increases the chances that all involved find common ground.

One of the toughest questions leaders need to answer is:  
When is the right time to exit?

## When = A Timeline

One of the toughest questions leaders need to answer is: When is the right time to exit? In fact, trying to plan an exit date in a vacuum or without deeper conversations with family members can place unnecessary pressure on the family and limit the planning process. By the same

token, answers to "when" questions that are met with defensive answers like, "when I'm good and ready" or "when they carry me out feet first" are dismissive and do not instill confidence in an ability to lead a planning process.

In deciding the right time to exit, leaders draw from their own financial needs, business cycles, strategic plans, personal readiness, successor readiness, ownership transition planning, and more. And yet, the absence of a target date sometimes means that there's no felt urgency, and that the planning process can be deferred indefinitely until the "right" time. For this reason, it can be useful to think forward and imagine when might be an appropriate time to exit. This target date is not an absolute, but instead can help you envision what sorts of activities need to happen to make the transition successfully, and on what timeline these smaller activities should occur. This simple strategic planning approach is also key to creating a roadmap that can be easily followed by everyone involved in the planning process or impacted by it.

While Carl remains engaged in the business, he thinks that within five years his level of involvement in the day-to-day operations is likely to change. This tentative five-year target prompts some questions that will advance the planning process, stemming from the primary question: "If I were to retire in five years, what would need to happen before then so that we can maintain our vision (what) and values (why)?" Because Carl worries about his children's readiness to lead, he begins to think about what can be achieved in their development over the next five years and how to begin that effort.

As he continues to think through "If I were to retire in five years ... " in consideration of the various aspects of a succession plan — financial planning, ownership transition, key customer and vendor relationships, board governance, and so on — more natural action steps emerge. These action steps form a holistic plan for the future of the business that includes and exceeds the plan for succession.

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## Record Your History — Before It's Too Late

By Craig E. Aronoff, Ph.D.

*Witt Stephens, 84, legendary founder of Little Rock's powerful merchant bank, Stephens & Co., passed away in early December. Thousands attended the funeral.*

Younger brother, Jack, 67, had been the second CEO and president of the 400-employee family business. Jack's son, Warren, 34, took the reins in 1986.

Finally alone after the funeral, Warren was sitting quietly with his own thoughts. He brought out a video cassette and turned on the unit. There was Uncle Witt, talking about the development of the company. Warren watched the entire tape. "Then, I was ready to move on," he commented.

"I'm awfully glad we took the time to do an oral history," Warren said. "It was really simple and inexpensive. But it sure meant a lot to me and to everyone in the Stephens family — now and in the future."

Family histories can be important to any family — but they are especially valuable to family businesses. A family business history can help the family to understand the motives and philosophies of the business' founders and builders. Seeing the challenges they faced and learning how difficulties were overcome — clarifying the values on which the business and the family are based — are other reasons that should persuade you to take the time to record your history.

## Family histories can be important to any family — but they are especially valuable to family businesses.

The process of producing your family business history may be simple or complex. On one extreme, historians can be hired to dig out all available source materials and interview everyone remotely associated with the family and firm. Such professionals can place the organization in the context of its community and times. On the other hand, a founder can just turn on a recorder or scribble some notes about the way it was and how things got to be the way they are now.

The ready availability and ease of operating a smartphone makes an accessible and powerful tool for recording family history. Some are pleased with raw recordings. Other families edit the files, adding narration or even music. Some families publish pamphlets or books incorporating photographs, reprints of advertisements, newspaper articles or correspondence, family trees, or other artifacts of business and family life. The head of one famous family business commissioned a book about the business he founded, but allowed only five copies to be printed. He wanted access to the story restricted to family members.

Anyone can take the initiative. Putting together the family business history can be particularly valuable for the recent retiree or one who is being groomed for leadership. The retiree's breadth of experience and need to make different but valuable contributions to the family business make him an obvious choice. A thorough understanding of the family business' philosophy, strategy and past can result from a younger person's effort to record history. Such understandings are invaluable for future family business leaders.

Preparing to record your history means collecting photographs, documents and artifacts into some kind of family business archive. If the effort is to be comprehensive, it may be necessary to identify and interview former employees or aged associates of previous generations of family business leaders.

As interviews are planned, think through and write down key ideas and incidents that you want to probe. Ask how and why things happened, as well as the what, where, when and who. Ellen Miller, Harvard Law School media services director, says that you need only prepare the first few questions (the rest will come naturally), but that those questions should not be too open-ended.

As you interview, “don't feel compelled to fill every silence,” Miller suggests, “give your subject time to collect his or her thoughts and to answer completely.”

Miller makes one other key point: “Don't wait too long.” The onset of Alzheimer's disease impaired her mother's ability to share her experiences.

Your family business history will be a legacy to future generations. It enriches all who share their experiences, all who record and gather information, and all who read or listen. Most important, a family business history provides the sense of identity, continuity and values that build a firm foundation for the future.

### Worthwhile Guides:

K. A. Kerr, A. J. Loveday and M. G. Blackford, *Local Businesses: Exploring Their History*. The Nearby History Series. The American Assoc. for State and Local History, 1990. 172 2nd Ave. N., Ste. 202, Nashville, TN 37201.

Vera Rosenbluth, *Keeping Family Stories Alive*. Hartley & Marks, Inc., 1990. Box 147, Point Roberts, WA 98281.

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