

LEGACY

EXECS: BALANCE TRADITION, COMMUNITY, INNOVATION TO SUSTAIN FAMILY LEGACY

BY JIM T. RYAN

Traditions, community and innovation are paramount to creating a company that will thrive and span generations, said executives from long-time family-owned companies.

Balancing those values is a complex challenge that is integral to improving the business in each generation, and how the leaders achieve that differs from company to company and industry to industry.

Doing nothing, though, is not an option, they said. >

RUTTER'S: HANDS-ON, COMMUNITY MINDED

"It's like having another kid," said Todd Rutter, president and CEO of York County-based Rutter's Dairy, a division of Rutter's Holdings Inc. "If you're going to be successful in your family-owned business, you have to be hands-on."

The Rutter's group, which today includes convenience stores and real estate holdings, has been continuously operating since 1921, when brothers George and Bud Rutter began selling milk from the back of a horse-drawn carriage.

The second generation of leaders at the company debuted Rutter's Farm Stores in 1967 to compete with growing number of grocery store-operated dairies. It worked, aided by the growth in the convenience store market. By the 1980s and '90s, the third generation of the Rutter, Christ and Hartman families that expanded Bud and George Rutter's business had taken over. The third generation includes Scott Hartman, Todd Rutter and Tim Rutter.

Each generation has groomed the business so that when they hand it off, it's better and more successful, Todd Rutter said. Like their predecessors, the third generation innovated, redesigning the stores, upgrading the dairy's technology and increasing the company footprint in six states.

However, with the recession, the company is focused on controlling costs, bringing customers in and maintaining a stable business to outlast difficult times, Rutter said.

Last year's revenue slipped nearly 4 percent to \$500 million compared with 2008, according to Business Journal records. That's still \$60 million, or 13.6 percent more than 2007.

Sometimes the most difficult part of running a large, family-owned company is balancing community interests with business, Rutter said. The company has donated nearly \$3 million to local charities, schools, associations and foundations over the past four years, according to Rutter's website.

However, it can't make everyone happy all the time, Rutter said.

"The most difficult thing is running a family-owned business in a small town," he said.

Everyone wants to tell you how to run your business, he said. That can be frustrating at times, but listening and addressing people's concerns as best as possible is all part of the tightrope executives walk every day, he said.

WAGMAN: CORE VALUES ARE LITMUS TEST

Mike Glezer is the president and chief operating officer of Construction Management Resources, the parent of Wagman Construction Inc. and G.A. & F.C. Wagman Inc. He and wife, Lisa Wagman Glezer, are the third genera-



From left are Tim Rutter, president of M&G Realty; Todd Rutter, president of Rutter's Dairy; and Scott Hartman, president and CEO of Rutter's Farm Stores. They comprise the third-generation management team at Rutter's Holdings Inc. The York County-based business' history dates back to the 1700s, but the formal business operations began in 1921 when George Rutter and Bud Rutter started Rutter's Dairy in Manchester Township. FILE PHOTO: AMY SPANGLER



Mike Glezer

tion of the Wagman family to operate the 108-year-old construction companies headquartered in York.

Over the years, the scope of projects and the size of the workforce have expanded dramatically. From single-lane concrete bridges that could be completed with a small work crew to massive \$500 million projects that replace miles of four-lane highways and require hundreds of people working on it.

Although construction has been characterized as an industry low in technology and unwilling to change, there can be good reasons

for not changing, Mike Glezer said.

"One of the things we look to, no matter if it's a big decision or a small decision, is our core values," he said.

Integrity, mutual respect, safety, innovation, sense of urgency and community are the company's six core values, he said.

Technology has crept into the industry, from GPS site grading and surveying equipment to bidding software and connectivity technology that allows the company to have full office functions while at a job site, Glezer said.

"Technology is really about driving efficiency," he said.

But much of construction is still labor-intensive

and that's why work and processes have to be checked against a value system, he said. Even those values can conflict with each other, which is why a balance has to be struck between what gets the job done fast and what gets it done correctly. If doing a job fast means compromising safety, it isn't worth it, he said.

"Sometimes it does get tough," Glezer said. "But at the end of the day, if it doesn't pass that litmus test it's probably not worth doing."

SHIPLEY: INNOVATION VS. TRADITION



William S. Shipley III

William S. Shipley III's great-grandfather in 1929 started the company that today is known as the Shipley Group. The energy company survived that era and many recessions since to become one of the largest privately owned firms in Central Pennsylvania.

Shipley Group has transformed itself from a lone gas station servicing factory workers in York, to a company with operations in natural gas, biofuels, home heating and cooling, and petroleum-based fuel sales.

Companies need to know where they came from and its importance to where they're going, Shipley said. But if companies are to survive, they need to adapt to the changing industry and consumers, he said.

"My father's business was a petroleum business and today it's an energy business," said Shipley, the company's CEO. "Our growth

and opportunities are huge in nonpetroleum energy products."

Each generation makes the company their own, Shipley said. Shipley Group has a succession plan to groom the next generation, but that won't be put into play for years to come, he said.

In the meantime, he said, he tries to continually meet the challenge to improve the company's products, services and generally do things better than had been done in the past.

"Be patient and respectful of the past decisions," Shipley said. "Continue to work on change for the better. It's sort of a balancing

act. You can go too far. Respect for the past needs to be there, but if it prevents change for the better of the company, then it's gone too far." **TOP100**



{ Just Right }

The right fit. The right accounting firm.

You know a good fit when you see it. Something that feels just right to you. Not too basic, not too flashy – and just the right size. Reinsel Kuntz Leshner is the right fit for your business. Unlike some of the big boys, we offer **great service and personal attention**, and our **vast experience** gives us the edge over smaller firms. Our **regional offices** cover all of central PA, and our **value priced services** are the right size for almost any budget. The more you look at Reinsel Kuntz Leshner, the more you'll see... we're the perfect fit.

LEGACY COMPANIES

1. Tom Wolf, The Wolf Organization, sixth generation
2. James L. Craft, James Craft & Sons, fourth generation
3. William S. Shipley III, Shipley Group, fourth generation
4. Noble C. Quandt, Quandt Enterprises Inc., fourth generation

In addition, numerous companies have second- and third-generation CEOs

Reinsel Kuntz Leshner
Certified Public Accountants and Consultants

Focused. On You.
 Reading • Lancaster • Harrisburg
 Coming to York in Summer 2010
www.rklcpa.com/JustRight