



NEVADA STATE BANK

# FAMILY BUSINESS

## newsletter

## Music in the Making

By Elizabeth Lee

When Bill Everitt got involved with the family business 45 years ago, the company had only three stores for selling musical instruments. His father had joined the company in the 1950s, and the legacy continued with Bill. After decades of long nights and hard work, Bill now employs approximately 100 people — including his son, Ray — and oversees multiple divisions that make up the business.

The retail side of the company, formally known as Universal Melody Services LLC, operates in Dallas/Fort Worth as Brook Mays Music (est. 1901) and in Houston as H&H Music (est. 1945). The online business, Universal Melody Online, operates under [www.brookmays.com](http://www.brookmays.com). There is also a financial arm of the company, Melody Finance Inc., and supports installment sales. Currently, the company runs four stores in DFW and five stores in Houston.

“We think of it as helping people as opposed to selling,” Bill says. “Over the years, we’ve helped thousands of families participate in music.”

Bill and his associates are advocates for making a well-rounded music education available to all students.

“Most parents don’t want to make the initial investment in an expensive instrument,” he says. “We make instruments available to rent until they know whether their child is going to continue.”

Universal Melody Services LLC has three sources of revenue: rentals, repairs and sales. The repair business is critical to the success of all three. In fact, one-third of the retail staff are repair technicians.

“Customers often need fast, high-quality repairs at a fair price,” Bill says. “Being able to provide such a service reduces the amount of students’ rehearsal downtime.”

The company even works with manufacturers to design customized instruments. However, much of its employees’ joy lies with witnessing the growth of music students — from children with their first instruments to adults with a music career.

“Playing a musical instrument improves students’ development of concentration, listening, memory and motor skills,” Bill says. “Performing in the band or orchestra builds pride and confidence.”

The company finds deep satisfaction in its relationships with the schools’ music programs, as it is a very relationship-driven business.

“Our reputation and our future are built on music teachers recommending stores, like ours, with a strong track record,” Bill says.



*Like father like son. Bill Everitt, president and owner of Universal Melody Services since the 1980s, and son Ray Everitt, president of the online business.*

Bill values his relationships with repeat customers as well as decades-long employees. This includes his son. Both father and son have a background in making music. Bill was an all-state trumpet player in high school and played in the band through college. In the 1990s, he served as chairman of the National Association of Music Merchants. Ray played the trumpet, piano and baritone horn and worked in a music store during college. While Ray is heavily involved in all areas of the company, his focus is the online business.

Bill is very happy and proud to have his son follow in his footsteps.

“My greatest hope for future generations is that they will maintain company growth, increase the number of music makers, and uphold our core values of honesty and dependability,” he says.



# An Uncommon Thread of Success in Family Business

By David P. Ransburg Jr.

## *An Uncommon Thread, Indeed*

*In any family business, there are many moving parts and therefore multiple different levers for its leaders to pull when it comes to guiding the family enterprise. Often, the factors that impact a family business' success are out of the family's control such as broad economic forces, political events, illness and just plain luck. However, there are factors that are within the control of a family business. Careful attention to those that matter most can better position a family business to succeed long term.*

Fortunately, there is an “uncommon thread” that helps connect these varied moving parts together. This thread is uncommon because it is rare. This thread is also unique because unlike other types of thread, it is incredibly strong. Attending to and strengthening this thread can be difficult and not every family can do it. But those that prevail will have the opportunity to reap the tremendous reward of sustained success.

## Be sure that your leadership group is on the same page when it comes to values, vision and purpose.

The following six elements are the fibers woven together to form the uncommon thread of family business success:

- **T**rust
- **H**alted Harmful Conflict
- **R**espectful Leadership
- **E**poxy
- **A**lignment
- **D**ialogue That Is Constructive

Trust among any group is essential because its presence leads to aligned interests and an increased likelihood that all will honor their commitments. Family businesses with a high level of trust are characterized by members who openly admit their weaknesses and mistakes, and they can count on each other to live up to their commitments.

Harmful Conflict exists when members have visible friction or hold grudges. Putting a halt to it (or at least working to minimize it) helps a family business to avoid those dangerous “elephants in the room” that can grow with time and distract the family business from the important issues.

Respectful Leadership is essential because a group without leadership can easily become aimless or, perhaps worse, devolve into separate factions that oppose each other. Leadership provides the necessary direction for any group, and respectful leadership exists when leaders are not oppressive

or dictatorial, but instead balance control and nurturance of the group. These respectful leaders are most effective when they are able to move easily and appropriately between efforts that are focused on the long and short term. They also have the ability to be both strategic and tactical.

Epoxy refers to closeness or cohesion. Cohesive family businesses are characterized by members who know what is going on with each other (both professionally and personally), make sacrifices for each other and for the group as a whole, and don't like to let the others down. Cohesive family businesses

have members who are happy to be part of the family business. This closeness facilitates collaboration that ultimately impacts the family business in positive ways.

Alignment means that all individuals in a family business are on the same page and headed in the same direction. Alignment is exhibited by shared core values, a unified vision for the future, and a common purpose that provides all members with powerful motivation. Without alignment, family businesses run the risk of making limited progress, much like a boat that spins in circles because the rowers are paddling in different directions.



*“Gosh, Grandma, what a big office you have!”*

Statement		For each statement, how frequently does it occur?						Key
		Never (0)	Rarely (1)	Occasionally (2)	Sometimes (3)	Often (4)	Very Often (5)	
1	Group members openly admit their weaknesses and mistakes.							T
2	The members of this group count on each other to live up to their commitments.							T
3	There is personal friction among members of this group.							H
4	There are grudges evident among members of this group.							H
5	The leadership of this group appropriately moves between efforts that are strategic (i.e., long term) and those that are operational (i.e., short term).							R
6	The leadership of this group appropriately moves between efforts that are forceful (i.e., controlling) and those that are enabling (i.e., nurturing).							R
7	Group members know what each other are working on and how they contribute to the collective good of the group.							E
8	Group members willingly make sacrifices for the good of the group.							E
9	Group members are concerned about the prospect of letting down each other.							E
10	Group members know about one another's personal lives and are comfortable discussing them.							E
11	The members of this group share a common set of core values.							A
12	The members of this group share a vision for their future.							A
13	The members of this group share a common purpose that provides powerful motivation for their actions.							A
14	Group members are passionate and unguarded in their discussion of issues.							D
15	Group members call out one another's deficiencies or unproductive behaviors.							D
16	Group members quickly and genuinely apologize to one another when they say or do something inappropriate.							D
17	Group members leave group meetings confident that all are committed to the decisions that were agreed on, even if there was initial disagreement.							D
18	During group meetings, the most important — and sometimes difficult — issues are put on the table to be resolved.							D

Dialogue that is constructive exists when family business members are passionate and unguarded in discussions, call out each other's unproductive behaviors, and quickly and genuinely apologize when appropriate. They are committed to group decisions (even if there was initial disagreement) and put the most important issues on the table. Constructive dialogue — as opposed to dialogue that is destructive — helps to prevent misunderstandings and confusion while moving the family business forward.

### Assessing Your Family Business Thread

To strengthen your family business thread, the first step is to have members of the family business provide their own perspective on the thread and identify its weak areas. To prevent the multitude of feedback from becoming unwieldy, below is a questionnaire to distribute to each family member. Compiling the answers will allow you to quickly discover those areas of the thread that require attention.

A few things to keep in mind when using the following assessment:

1. The far-right column labeled Key is for your use only as the administrator of this instrument. Remove this column before distributing the questions so that its presence does not create confusion for raters.
2. The numbers in parentheses below each frequency descriptor (e.g., Never) are also for your use as assessment administrator. By tallying up the total points for each rater, you can have individual and group summary scores that indicate the strength of your family

business thread. These scores do not mean much in isolation, but they do provide a valuable benchmark against which you can measure progress by re-administering the assessment in the future. Note: For the two items regarding Harmful Conflict, convert all points to negative numbers when scoring.

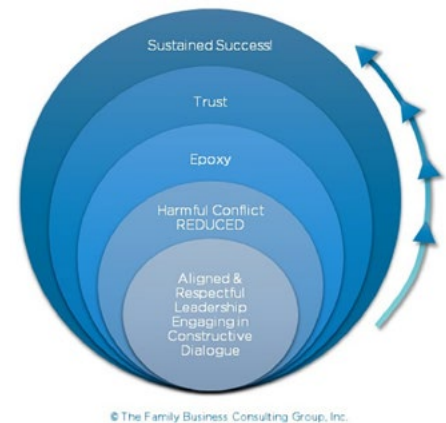
3. This questionnaire also provides insight into the degree to which all participants are on the same page when it comes to assessing the family business. If, for example, some individuals say that a certain behavior occurs only rarely while others say that it happens very often, it will be extremely valuable to have a group discussion to understand the reasons behind those different perceptions.

### How to Strengthen Your Family Business Thread

There are many specific strategies that can be used to address each element independently. For instance, trust is enhanced by similarity, which means that one can increase trust with others by finding common ground based on shared interests. Or one can work specifically on reducing harmful conflict by committing to share concerns openly and nonjudgmentally. A particularly good technique for doing so is the use of the age-old "I Statements."

When working to strengthen your family business thread, it's important to remember that the six elements are not only essential, but they are interrelated: Trust is enhanced by cohesion; cohesion is strengthened through constructive dialogue; and cohesion, trust and constructive dialogue all help to reduce harmful conflict. More specifically, the

relationship between the six elements looks like this:



As a result, improvement in one area will undoubtedly lead to improvements in other areas as well. Where you start is not nearly as important as simply starting. Pick an area and get to work. Doing so will create a ripple effect of improvement throughout your family business.

If you're still unsure of where to begin, then begin at the core: Ensure that your family business leadership is aligned and respectful while engaging in constructive dialogue. As a family business leader, how do you do that? Be sure that your leadership group is on the same page when it comes to values, vision and purpose. You can also ensure your leadership group's collective alignment by having a discussion in an open, authentic and constructive way. If you do that while maintaining a balance between guidance and nurturance, you will encourage an environment within your family business that fosters sustained success.

*Special thanks to Doug Breunlin, Rob Kaiser and Patrick Lencioni, whose work contributed to the ideas in this article.*

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# Next Generation Development: Put Your Family Enterprise to the Test

By Michael Fassler

*Next generation development is a critical component of multigenerational continuity. An effective process for developing the next generation of leaders requires a significant commitment of family resources. A test of whether your next generation development process is being effective involves answering three questions:*

1. Are family members developing the competencies to perform in their current and future family enterprise role(s)?
2. Are family members developing the confidence that they can deliver in their current and future family enterprise role(s)?
3. Are family members building credibility with family members, non-family executives and independent directors?

Development of competency, confidence and credibility go hand-in-hand. Competency is the combination of behaviors, knowledge and skills necessary to be well-qualified to perform in a particular family enterprise role, whether it be management or ownership. The opportunity to demonstrate competency combined with accurate feedback on performance is essential to developing confidence. Experiencing demonstrated competency sets the stage for family members to trust in themselves to further develop and prepare for increasingly complex roles. Experiences where learning is taking place and value is being created for the family enterprise is a powerful combination, which builds family member credibility.

As individual family member competency and confidence build, credibility with other family enterprise stakeholders also increases as they come to believe and trust in the family member. Essential to building credibility includes having, and applying, a well-defined next generation development process, which is understood and accepted throughout the family. This helps ensure that stakeholders believe decisions regarding access to development opportunities, including employment roles, are in line with what has been agreed upon.

## Are family members developing the competencies to perform in their current and future family enterprise roles?

As your family considers the significant commitment you are making to your next generation development process, test its effectiveness through assessment of the impact on developing competency, confidence and credibility in the family's next generation of family leaders. This assessment will provide you with

important feedback to drive needed adjustments and to encourage your family to continue to invest in this critical component of multigenerational continuity.

*Michael L. Fassler is a principal consultant with the Family Business Consulting Group, Inc. specializing in succession planning, governance and strategy.*

**57**  
YEARS  
*in Nevada*



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