



Lance Beaudry



Robin Burns



Andrew DeWys



Ana Gonzalez



Scott Hill

— ROUNDTABLE —

## FAMILY-OWNED BUSINESSES FEEL BETTER POSITIONED TO ADAPT IN PANDEMIC

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**A**fter nearly two years of the COVID-19 pandemic, smaller family-owned businesses are generally better positioned to overcome labor and supply chain challenges than non-family-owned companies.

That's according to a group of business owners, researchers and advocates who participated in a recent *MiBiz* family-owned business roundtable.

Particularly, panelists noted family-owned businesses' nimbleness in the face of labor shortages and pandemic-related hurdles around child care and school closures. Experts also report an increase in succession planning likely brought on by the COVID-19 pandemic, which is helping to reverse recent trends in West Michigan involving a relative lack of long-term plans.

Ultimately, family-owned business executives report a generally optimistic business outlook heading into 2022 while stressing the importance of an "ownership mentality" among family members and employees.

The panel featured:

- Lance Beaudry, co-owner of Grand Rapids-based digital marketing firm **Avalanche Creative LLC**
- Robin Burns, director of the **Family Business Alliance** in Grand Rapids
- Andrew DeWys, president of Grand Haven-based **ReFab LLC**, which is part of the **DeWys Manufacturing Inc.** family of companies
- Ana Gonzalez, director of the **Family Owned Business Institute** at **Grand Valley State University**
- Scott Hill, executive partner at **Varnum LLP**, the Grand Rapids-based law firm that sponsored the roundtable.

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## Better positioned

Panelists noted the ability of family-owned companies to be flexible is an asset, especially in the face of supply chain disruptions or worker shortages, both long-brewing and more recently from pandemic-related school closures or a lack of child care.

Gonzalez said these factors are beginning to surface in data about family-owned companies.

“So far what we’ve found in research and what the literature has found is that in fact family businesses ... have been very resilient. And they are because they have this long-term vision, they are very flexible and their decision making is fast,” said Gonzalez, referring to “reconfiguring resources” in the face of labor shortages or supply chain disruptions.

“They have leveraged the family factor to put things in the market,” she added. “It’s been challenging for everyone in general, but they have succeeded. They have been doing better than non-family businesses.”

Burns backed this up, noting personal experience with her family members stepping in to help cover duties at Kentwood-based **GLT Packaging Corp.**, which is owned by her husband, Brian Burns.

“Family business leadership has stepped back into new roles within the family business. We’ve heard from more than one (Family Business Alliance) member: ‘I’m out in the field now, and I haven’t been in the field for

years.’ But it’s just because of the changes that are happening in the talent pool and how close they need to be to connecting with their customers, suppliers and employees. They’re making those changes, and they’ve made them quickly,” Burns said.

Gonzalez agreed: “That’s one of the reasons why we believe family businesses have thrived more than non-family businesses during the pandemic.”

That flexibility includes working directly with employees dealing with COVID-related complications, DeWys noted.

“How we’ve been interacting with employees during the pandemic is to just be more flexible,” DeWys said, referring to “day-care issues,” school closures or sicknesses. “We’re letting them make up hours later at night or on Saturdays. That’s been a lot of what we’re doing to combat it — just being more flexible and understanding.”

## Succession planning spikes

Another family business trend emerging during the pandemic is the spike in succession planning. Gonzalez said this could be based, in part, on long-tenured owners reflecting on their own legacy.

“Many have realized their own mortality, and maybe they are more prone to start a succession plan or build a succession process,” she said.

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**SCOTT HILL**

*Executive Partner, Varnum LLP*

Hill has worked closely with people starting the succession or estate planning process. He estimated that succession planning activity is up roughly 50 percent based on the workload at Varnum.

“Clients are calling on a weekly if not daily basis with those requests, which is something that’s just so refreshing. If we go back five to 10 years, we’ve tried to pull that string and say, ‘You as an owner or group of owners or family really need to work on these issues,’ because it’s not front of mind,” Hill said. “Having this opportunity for reflection, the increased involvement in

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*Co-owner, Avalanche Creative LLC*

succession planning in 2022 is going to be really extreme.”

Hill did caution family-owned companies that may be exploring a transition to be mindful of the growing “tension” between selling to a third party or to keep ownership within the family, particularly given the escalating multiples of sale prices that have

emerged during the pandemic.

“The third-generation of family-owned businesses haven’t necessarily seen multiple offers for their business over the course of their time as owners,” he said. “It could be new for those individuals, and certainly the multiples being up is new.”

Avalanche Creative, which has been in business for about seven years, roughly tripled in size over the past two years to include about 10 employees, including Beaudry’s wife, Rayanne, who joined the team as co-owner about three years ago.

Succession planning is “absolutely front of mind for my wife and I,” Beaudry said, adding that the couple are expecting their first child this spring.

“It’s a lot of preparing for the two owners to leave the business in good hands,” he said.

### **‘Ownership mentality’**

That succession planning also extends to owners’ relationships with employees, Beaudry said.

“We want to keep really good employees, and we want to give them a reason to stay,” he said. “Part of our succession planning is ... finding employees who have an ownership mentality and really showing them how they connect to the bottom line, the profit, and how they influence revenue and giving them a share of that. That’s something we take very seriously.”

Hill said this “workforce stability component” will be a key

initiative to watch in 2022, along with succession planning.

“Certainly (employees) are not going to reject a raise, but in terms of connecting with them and understanding what their goals are and meeting them has never been more important as we move forward into 2022,” Hill said.

As well, Gonzalez will be tracking this in her research.

“We need to know what family businesses have been doing better than non-family businesses in order to identify that so it becomes best practice,” she said.

Panelists also confronted the “Great Resignation” and offered tips for workers who may have left the workforce in pursuit of entrepreneurial opportunities.

“There are two critical factors. One is developing an owner’s mindset: Those are work traits that are going to benefit them well throughout their careers,” Burns said. “Secondly, what I think we’ve seen some families do really well is to hold family meetings. ... The environment you create can help you build those family leaders.”

Hill said the current “energy” around people leaving companies for new opportunities is “really refreshing in the COVID environment over the last couple of years.”

“If someone comes with this energy and a new fresh idea, the environment for that taking off, I think, is really good right now,” he said. **MBFZ**

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