

Taking the reins of a family business

Geni Whitehouse
Craig Underhill



Introductions

- ◉ Name
- ◉ Winery
- ◉ What brought you here today?

Two main challenges

- ⦿ Communication
- ⦿ Financial results
- ⦿ Communicating financial results

©2012 Brotemarkle, Davis & Co. www.bdcocpa.com

“The single biggest problem in communication is the illusion that it has taken place.”

-George Bernard Shaw

©2012 Brotemarkle, Davis & Co. www.bdcocpa.com

Understand different styles

People communicate differently.

©2012 Brotemarkle, Davis & Co. www.bdcocpa.com

Science of Communication

DISC

“Universal observable language of behavior”

The Universal Language DISC, Target Training International, LTD, 2004

©2012 Brotemarkle, Davis & Co. www.bdcocpa.com

DISC

- ◉Categorizes how we act
- ◉Language that is:
 - Observable
 - Neutral
 - Silent
 - Universal

©2012 Brotemarkle, Davis & Co. www.bdcocpa.com

DISC

- Dominance
- Influencing
- Steadiness
- Compliance

©2012 Brotemarkle, Davis & Co. www.bdcocpa.com

DISC Observable behaviors

©2012 Brotemarkle, Davis & Co. www.bdcocpa.com

High “D” Buy-in Characteristics

- ◎ 18% of U.S. population
- ◎ Buys New, products
- ◎ Typically, entrepreneur with many interests, doesn't like to waste time, has a fairly high ego, interested in new products and innovation.

©2012 Brotemarkle, Davis & Co. www.bdcocpa.com

How to spot

- ◉ Office – status conscious, large desk, efficiency
- ◉ Pictures – them with a famous person
- ◉ Reads – Executive summaries
- ◉ Magazines – Fortune, Forbes, Money

©2012 Brotemarkle, Davis & Co. www.bdcocpa.com

High “D” Buy-in Characteristics (continued)

- ◉ **Typical Presentation required:**
 - Quickly get to the bottom line
 - You must appear credible
 - Be concise and business like
 - Difficult to switch, but once switched is loyal
 - Solve problems fast and make the sale

Looking for RESULTS

©2012 Brotemarkle, Davis & Co. www.bdcocpa.com

High “I” Buy-in Characteristics

- ◎ 28% of U.S. population
- ◎ Buys Showy products
- ◎ Typically, friendly people-oriented, glad to see you, and likes to try new innovative products.

©2012 Brotemarkle, Davis & Co. www.bdcocpa.com

How to spot

- ◎ Office – contemporary, memorabilia of experiences
- ◎ Pictures – travel, trips
- ◎ Reads- Fiction, self improvement books
- ◎ Magazines – People, psychology today

©2012 Brotemarkle, Davis & Co. www.bdcocpa.com

High “I” Buy-in Characteristics (continued)

- ◎ **Typical Presentation required:**
 - Spare the details, give plenty of follow-up
 - Present new, innovative products
 - Allow time for socializing
 - Have fun, tell stories
 - Eliminate detail, just hit the high points.

Looking for EXPERIENCE

©2012 Brotemarkle, Davis & Co. www.bdcocpa.com

High “S” Buy-in Characteristics

- ◎ 40% of U.S. population
- ◎ Buys Traditional products

- ◎ May be shy but wants to be your friend, is slow to make changes, needs to trust salesperson, family oriented.

©2012 Brotemarkle, Davis & Co. www.bdcocpa.com

How to spot

- ◉ Office – family snapshots, homey
- ◉ Pictures - family
- ◉ Reads- People stories, fiction and non-fiction
- ◉ Magazines – Readers digest, national geographic

©2012 Brotemarkle, Davis & Co. www.bdcocpa.com

High “S” Buy-in Characteristics (continued)

- ◉ **Typical Presentation required:**
 - Need lots of proof and statistics
 - Take it slow and easy
 - Earn their trust and friendship
 - Use Facts & Figures, repeat visits, answer all their questions.

Looking for SECURITY

©2012 Brotemarkle, Davis & Co. www.bdcocpa.com

High “C” Buy-in Characteristics

- ◎ 14% of U.S. population
- ◎ Buys proven products
- ◎ Typically, may be suspicious, does not make changes readily, not too talkative, and is not an innovator.

©2012 Brotemarkle, Davis & Co. www.bdcocpa.com

How to spot

- ◎ Office – graphs, charts, functional
- ◎ Pictures
- ◎ Reads- Nonfiction, technical journals
- ◎ Magazines – Consumer reports

©2012 Brotemarkle, Davis & Co. www.bdcocpa.com

High “C” Buy-in Characteristics (continued)

- **Typical Presentation required:**
 - Need lots of “Proof”, background & proven results
 - Needs time to absorb and digest facts
 - Use plenty of testimonials (from “C” style)
 - Don’t rush, be on point, and answer all their questions.

Looking for INFORMATION

©2012 Brotemarkle, Davis & Co. www.bdcoopa.com

How to communicate

<p>When communicating with a person who is dependent, neat, conservative, perfectionist, careful and compliant:</p> <ul style="list-style-type: none"> ■ Prepare your “case” in advance. ■ Stick to business. ■ Be accurate and realistic. <p>Factors that will create tension or dissatisfaction:</p> <ul style="list-style-type: none"> ■ Being giddy, casual, informal, loud. ■ Pushing too hard or being unrealistic with deadlines. ■ Being disorganized or messy. <p style="text-align: right;">C</p>	<p>When communicating with a person who is ambitious, forceful, decisive, strong-willed, independent and goal-oriented:</p> <ul style="list-style-type: none"> ■ Be clear, specific, brief and to the point. ■ Stick to business. ■ Be prepared with support material in a well-organized “package.” <p>Factors that will create tension or dissatisfaction: D</p> <ul style="list-style-type: none"> ■ Talking about things that are not relevant to the issue. ■ Leaving loopholes or cloudy issues. ■ Appearing disorganized.
<p>When communicating with a person who is patient, predictable, reliable, steady, relaxed and modest:</p> <ul style="list-style-type: none"> ■ Begin with a personal comment—break the ice. ■ Present your case softly, nonthreateningly. ■ Ask “how?” questions to draw their opinions. <p>Factors that will create tension or dissatisfaction:</p> <ul style="list-style-type: none"> ■ Rushing headlong into business. ■ Being domineering or demanding. ■ Forcing them to respond quickly to your objectives. <p style="text-align: right;">S</p>	<p>When communicating with a person who is magnetic, enthusiastic, friendly, demonstrative and political:</p> <ul style="list-style-type: none"> ■ Provide a warm and friendly environment. ■ Don’t deal with a lot of details (put them in writing). ■ Ask “feeling” questions to draw their opinions or comments. <p>Factors that will create tension or dissatisfaction: I</p> <ul style="list-style-type: none"> ■ Being curt, cold or tight-lipped. ■ Controlling the conversation. ■ Driving on facts and figures, alternatives, abstractions.

From Target Training International, Inc.

Tools for each style

- ◉ High D – one page dashboard, lots of visuals.
- ◉ High I – personal meeting to go over the highlights of results. Follow up with email.
- ◉ High S – Logical steps, in a spreadsheet with summary information and details available.
- ◉ High C – Detailed tables with drill-downs and citations.

©2012 Brotemarkle, Davis & Co. www.bdcocpa.com

Get it in writing

- ◉ Goals
- ◉ Budgets
- ◉ Cash Flow forecast
- ◉ Grape contracts

©2012 Brotemarkle, Davis & Co. www.bdcocpa.com

Understanding the business

©2012 Brotemarkle, Davis & Co. www.bdcocpa.com

Why can't everyone
just do their job?

Is it a people or a process issue?

©2012 Brotemarkle, Davis & Co. www.bdcocpa.com

Basics of Winery Accounting

- ◉ Capital intensive
- ◉ Cash flow limited
- ◉ Variety of businesses within one business
- ◉ Long investment cycle
- ◉ Complicated

©2012 Brotemarkle, Davis & Co. www.bdcocpa.com

Different business models

Business Model	Income Statement	Balance Sheet	Cash Flow
Vineyard, Production, Sales	Highest Margins	Heavy Asset investment (land, equipment)	Negative in early years
Production, Sales	High Margin	Medium Asset investment (equipment)	More steady
Sales	Lower Margins	Light Asset investment (bottled inventory)	Positive cash flow early

©2012 Brotemarkle, Davis & Co. www.bdcocpa.com

28

Financial information

- ⦿ Three main financial statements
- ⦿ Where the trouble happens
- ⦿ How to spot it
- ⦿ What to manage

©2012 Brotemarkle, Davis & Co. www.bdcocpa.com

Exercise

How should Junior communicate with:

- ⦿ Daddy
- ⦿ Bobby Jean

How should Daddy communicate with:

- ⦿ Junior
- ⦿ Bobby Jean
- ⦿ Momma

©2012 Brotemarkle, Davis & Co. www.bdcocpa.com

What stood out for you?

craig@bdcocpa.com

geni@bdcocpa.com

©2012 Brotemarkle, Davis & Co. www.bdcocpa.com