

MANAGING A BUSINESS FOR FAMILY HARMONY:

FBCG Guides Wesco Through Governance Updates and Succession



Nancy Westgate-Sytsema got an early start building the skills she would need for her career as a CPA and, later, as co-president of her family's business.

"When Nancy was a little girl, she would go trick or treating and come home and make a spreadsheet of how much candy she got, sorted by size and type," recalls Jerry Westgate, her father.

Today Nancy and her brother, JJ Westgate, are co-presidents of Wesco, a Michigan-based chain of more than 50 gas stations and convenience stores known for their fresh donuts.

"The Wesco fuel and convenience stores are just a delight to go into: They're clean, they're orderly, and they have good food," says Joe Schmieder of The Family Business Consulting Group.

The business is complex, involving transporting fuel, managing real estate and getting fresh food to each store every day. And Jerry is proud of how his son and daughter are managing it.

"They're selling more product and fuel than I ever was able to," Jerry observes. "The company is growing. It's a beautiful thing."

But the smooth leadership transition from Jerry to Nancy and JJ was not automatic. The family knew from experience that succession could lead to family tensions — and they worked to make sure that didn't happen.



Nancy, Jerry, and JJ Westgate made a pact: they would sell the business before they'd let it damage the family. That commitment shaped every decision that followed.

At a Glance:

COMPANY PROFILE

Wesco is a third-generation family-owned and operated chain of more than 50 convenience stores in Western Michigan. The stores sell fuel and prepared food and are known for their baked goods.

FBCG SERVICES

- Governance
- Board director search
- Succession planning
- Strategic planning and leadership

BENEFITS TO FAMILY & BUSINESS

Because previous leadership transitions had not gone smoothly, the family turned to FBCG for help with governance and succession planning. With the guidance of FBCG consultants, the family created an independent advisory board, which helped steer the family through the transition to G3 leadership. FBCG now works with the G3 co-presidents on strategic planning.



“Nancy and JJ agreed when they were going to become co-presidents that they would sell the business before it ruined the family,” Joe shares.

A History of Growth Complicated By Family Dynamics

Jerry's father started Wesco in 1952. Jerry got involved during college, making deliveries on weekends to the four gas stations his father owned.

For a school project, Jerry researched the demographics of the petroleum business. He used what he learned to persuade his father to buy a gas station he saw for sale in Kalamazoo. His father bought the station, and another, and told him to run them.

“I was a senior in college and had never hired a person in my life. I bought a gas pump, hired a plumber to put the gas pumps in, hired a manager and started the business,” Jerry recounts.

He and his brother worked with their father to further expand the business.

“The gasoline business was going from full service to self-service, so we had time on our hands,” Jerry recalls. “I called up a local grocery design company and got them to sell me shelving and a walk-in cooler, and I built what would be our first convenience store. The weekend after we set it up there was a huge blizzard, and we sold everything except the raspberry gelatin. Since then, I have been trying to build the perfect convenience store layout.”

When their father retired, Jerry and his brother redeemed their father's shares — and the way the transition was handled “did not create family harmony,” Nancy notes.

Jerry and his brother successfully ran the business as co-presidents, but eventually their paths diverged, and Jerry's brother asked him to buy out his shares.

Along the way, JJ and Nancy joined the business — Nancy in 2006 after working as a CPA, and JJ in 2010 after practicing law. Watching the dynamics between their father and uncle made them determined to avoid similar tensions.

“Ever since we have been working together, we have said, ‘We're going to be a family and not a business,’” JJ says.

This is a common reaction, Joe observes: “Often, when one generation goes through difficult dynamics, the next ones learn from it — they do not want to go through that. Nancy and JJ agreed when they were going to become co-presidents that they would sell the business before it ruined the family.”

Choosing to Work with FBCG

The family asked their estate planning attorney for guidance.

“We said, ‘Our company has seen two transitions of leadership that have gone badly. How do we do it well?’” JJ recalls. The attorney suggested FBCG. “We brought in Joe, and we said, ‘Help us make sure that we stay a family.’”

Joe presented the family with best practices for managing a business without damaging relationships.

"Joe said, "We can't guarantee anything, but we can tell you that the people that do the things I tell you have a higher chance of being successful,"" Jerry explains.

As a first step, Joe conducted interviews with JJ and Nancy, their spouses, and company executives. He helped them prioritize areas to work on as a company and as a family.

One of their first priorities was to shore up the governance of the business by creating an advisory board. This work made it possible for Jerry to retire. Once the leadership transition was complete, they moved into strategic planning.

Each step of the work helped build the foundation for later stages — and helped the family and the company through situations that could have been a crisis, but due to careful preparation and planning, were not.

Co-Creating Solutions: Governance

Establishing effective governance emerged as a top priority — starting with forming an independent advisory board.

Joe helped them recruit board members, including the CFO of a large company, an executive with B2C marketing experience in the food industry, and the former president of a large supermarket chain.

"We didn't want our dad's golfing buddies — we wanted individuals who had other life experiences, other work experiences, other family business experiences," Nancy explains. "Joe helped us tailor the experiences we were looking for."

When it came time for the transition from G2 to G3 leadership, the family found it helpful to have non-family members asking questions and offering perspectives.

"When you run your own company, nobody tells you what to do," JJ notes. "All of a sudden, we had this external board that we kind of quasi-reported to. It was somebody to hold us accountable to what we said we were going to do."

Co-Creating Solutions: Succession

The leadership transition happened quickly. About a year after Joe started working with Wesco, Jerry announced that he wanted to retire.

"At the first advisory board meeting, I said, 'I'm going to retire in six months.' You could have heard a pin drop," Jerry recalls.

Because of the work they had already done on governance — and their relationship with Joe — Jerry's announcement created a challenge but not a crisis.

"It's wonderful when a senior leader announces his retirement and sticks to it," Joe says.



Each phase of the work built on the last: governance created the foundation that made a smooth leadership transition possible, even when the timeline accelerated.



Wesco's legendary fresh donuts are made in the company's state-of-the-art facility, expanding to over 60,000 square feet and bringing distribution, bakery, and deli operations under one roof.

The newly appointed board played a significant role in making the transition go smoothly. "They gave us space to brainstorm solutions and talk through what-if scenarios, while also providing accountability," says Nancy.

There was no succession plan in place, so they first had to determine who was interested in taking over. Both JJ and Nancy said they were.

After many meetings — some one on one, some with JJ and Nancy together, some with the board — it became clear that JJ and Nancy had complementary skills and it made sense for them to lead the company together. Jerry moved into the role of chairman.

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Having outside advisors — both on the board and from FBCG — helped the family navigate a process that can be difficult even under the best circumstances.

"Everyone is doing succession for the first time when they do it. Jerry had never transitioned out of a role before. JJ and Nancy had never transitioned into a significant leadership role," notes Tom Emigh, the FBCG consultant who succeeded Joe in working with the family. "You're so invested in something, and the whole purpose is for you to disinvest from it. The parent-child relationship is always a dynamic in there, and there are many, many lovely, healthy families who struggle to navigate all those dynamics."

Throughout the process and continuing to today, one of the family's top concerns was making sure the business did not interfere with family relationships. "With the help of Tom and the board, JJ and I actively work on not letting things get weird between us," Nancy says.

Co-Creating Solutions: Strategic Planning and Leadership

After JJ and Nancy took over as co-presidents, turnover on Wesco's executive team led to significant reorganization.

"That was a hard process for JJ and I to go through — it was emotional," Nancy recalls. "It involved the legacy of our company, and we were really changing things up. Having the outside board of advisors and Tom with FBCG to give us a different perspective really opened our eyes and gave us comfort."

More recent work has focused on helping JJ and Nancy shift from operational to strategic leadership.

"We have a Wesco where I live, and their donuts are always amazing. When you open the baked goods cabinet, you probably pick up calories just from the donut smell," Tom observes. "It would be impossible for them to know if the donuts are as fresh as they always should be while sitting in the president's chair."

To develop as co-presidents, Tom has been helping JJ and Nancy pass more of the operational duties to the executive team. This led to what Tom calls "a leadership coaching moment."

"For people who define work as hands-on, strategic thinking and planning looks less like work — because it has a much longer horizon between thought, action, and outcome," Tom explains. "If I visit the stores and say hi to people and tell them we appreciate you, that's really concrete and specific. Both JJ and Nancy value being around the office and modeling the work ethic that's valued in the organization and, really, in our region."

A strategic focus means asking big-picture questions, Tom adds: "How are they manufacturing food and getting it out to the stores so it's always fresh and profitable? How do they anticipate changes in the competition or in consumer behavior?"

Ongoing Work

When Nancy and JJ first started working with Tom, they met once a month — primarily to discuss how Nancy and JJ were working together, and how they were working with their dad as he moved into the chairman's role.

"Now we have a pretty good rhythm for that," Nancy says, so they meet quarterly to prepare for board meetings.

Tom attends those meetings and is available as a resource as needed.

"We have called him when we're working through some type of thorny issue, or we need an outside person who understands our business to be a sounding board," Nancy explains.

Tom also helps find new board members when there is an opening.

Jerry, JJ and Nancy meet every Monday. "I just listen to them talk to each other for an hour," Jerry notes. He is pleased to see the values he instilled in them — such as treating others well — at work both in their personal lives and in the business.

"You can buy a candy bar, water, or a cup of coffee anywhere. But if you come into one of our locations, you'll be greeted, you'll get a smile, and you'll walk out feeling a little better," Jerry says.

Let's Start a Conversation

To learn more about The Family Business Consulting Group and how we serve families like yours, call (773) 604-5005, email info@thefbcg.com or visit www.thefbcg.com.

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