SPRING 2026

FAMILY BUSINESS NEWSLETTER

Walter Andersen Nursery: A Legacy of Family, Community and Growth

Since its founding in the late 1920s, Walter Andersen Nursery has served as a cornerstone of the San Diego community. Walter Andersen and his wife, Bertie, established the nursery in response to the city's rapid growth and an increasing demand for landscaping and horticultural expertise. Originally from Nebraska, Walter brought a farming background to California, drawing inspiration from his cousin's flower business. This led to the creation of a family-run nursery that would become an important part of the region's development and aesthetic.

In its early years, Walter Andersen Nursery contributed to landmark projects, including collaborations with the San Diego Zoo, the Del Mar Fair Flower Show and various downtown landscaping initiatives. Today, the nursery is managed by the third generation — Walter and Bertie's grandchildren Karen and Kenneth — who continue to uphold values of customer service, quality and community engagement. "We really focus on putting customer service first," said Karen Andersen, the current vice president. The nursery aims to make customers feel at home, offering education on plant care and ensuring that everyone leaves with the tools and knowledge needed to succeed in their gardening pursuits.

Walter Andersen Nursery features an extensive selection of high-quality, locally sourced plants, with more than 90% of its stock coming from Southern California growers. This supports local agriculture and ensures plants are well-suited to the region's climate, reducing the need for long-distance shipping and resulting in healthier, more vibrant plants.

One unique advantage of a family business, according to Andersen, is open communication and a shared vision. Decisions are made efficiently, with everyone working toward common goals. Nearly every family member has contributed to the business over the years, whether through seasonal work during school or by taking on operational roles.

Karen Andersen, third generation Vice President, Walter Andersen Nursery

While the current generation leads the business, the next is encouraged to gain outside experience before potentially returning, bringing new perspectives and skills to the family legacy. "Ken and I went out and worked in different industries before coming back to the family business," Andersen said, highlighting the value of learning and growth beyond the nursery.

Looking ahead, the family remains dedicated to serving loyal customers — some of whom have been shopping there for more than 50 years — while embracing modernization and expanding their reach. Each year, families gather at the nursery to choose their holiday tree, creating lasting memories and reinforcing the nursery's role as a beloved community gathering place.

"We want our customers to have the best customer service experience while they're here," Andersen said. As the nursery adapts to new challenges and opportunities, the Andersen family's passion, teamwork and commitment to their community remain at the heart of everything they do.

Preparing the Next Generation for Family Business Ownership and Leadership

By Rob Sligh

Family-owned businesses, from global enterprises to local mom-and-pops, employ most of the world's workforce and form the backbone of communities and economies. When they thrive across generations, they do more than sustain jobs; they create enduring legacies of leadership, stewardship, and shared purpose.

Preparing the next generation for ownership and leadership is central to that legacy. Drawing on stories inspired by our work with enterprising families, this article explores practical ways families can cultivate interest early, build confidence through meaningful experience, and develop capable future owners and leaders.

Cultivating Early Interest in the Family Business

The fourth generation (G4) president of a family-owned automotive component manufacturer rarely talked about work at home. On occasions when he did, it was about problems like the relentless pressure for cost reductions or union rules that slowed progress toward more efficient manufacturing processes. The kids were attracted to other opportunities during and after college. When it came time to plan for transition, none of the G5s were interested and the company was sold.

Preparing the NextGen is more than telling stories about challenges — it means also sharing the joys and accomplishments that benefit employees, customers, owners, suppliers, and communities. From a young age, parents and current leaders should involve children in family discussions about the business, and emphasize the importance of integrity, hard work, and commitment.

Building NextGen Skills Through Real-World Experiences

A family business CEO's daughter joined Junior Achievement in high school, where she and her team developed a business plan to design, produce, and sell 3D Tic-Tac-Toe games. They raised startup capital by chipping in their summer earnings and offering suppliers a fraction of the action in exchange for supplies on credit. Marbles were donated by classmates outside the team who received stock certificates in return. The team drilled nine holes in each plexiglass panel in the high school shop, then packaged and sold the games door-to-door and through a couple of downtown retailers. At the end of the year, all investors earned back their money, plus an attractive return.

Parents can encourage children to pursue relevant experiences through sports teams, organizations like Junior Achievement, scouting and clubs to help develop leadership, problem-solving, and communication skills while building confidence and a sense of teamwork. Experiences that involve purpose and teamwork are especially valuable in building NextGen interest, confidence, and leadership skills.

Creating Early Exposure and Responsibility for Future Owners

When the NextGen turned 18, he secured a summer job in one of the family business's distribution centers, applying and interviewing formally with HR and the center manager. His grandfather, whom he revered, gave him good advice: "Be the first to arrive at work and the last to leave. Keep a smile on your face. Listen. Be a good team member and do your best." Years later, after college and several successful years elsewhere, the NextGen joined the family business full time. Employees forgot that he wasn't very good at warehouse work, but they remembered his positive attitude and that he was always there when needed.

Summer jobs, internships, or part-time roles introduce NextGens to the family business at an early age. That helps them understand the commitment required, identify areas of interest and aptitude, and develop a sense of responsibility.

Annual family meetings that mix business updates with philanthropy, governance, and fun help build bonds that keep generations coming back.

Encouraging Career Experience Outside the Family Business

A large, family-owned construction company had prospered for three generations. In planning for ownership and leadership succession, the family agreed to require G4s to earn a relevant college degree and work elsewhere for five years, earning one or more promotions and demonstrating success. Then if there was an opening in the family business that matched the skills and experience of a NextGen, they could apply for the position. All else being equal among the finalists, at that point the family member would be hired. One branch objected, noting the founder never went to college and valued learning from the front lines up. But they ultimately went along with the majority.

There are many examples of successful leaders who didn't earn a college degree. No doubt those who spend years, instead of just summers, working alongside front-line employees develop valuable knowledge and insights. Still, there are significant advantages associated with NextGens building full-time careers elsewhere before joining their family's business. They bring new ideas proven in other settings that can be adapted for the benefit of the family enterprise. Their external success also builds organizational confidence in their abilities, showing leaders and employees alike that they earned their place.

Perhaps the greatest benefit, however, is for the NextGen themselves: the confidence of knowing they made it on their own and the assurance that they can succeed, whether in the family business or anywhere else.

Developing NextGen Leadership and Succession Plans

A NextGen in a G3-owned manufacturing company entered the business as a marketing manager. An outside coach was hired to listen to people in the organization and help the NextGen and her supervisor create development plans. Strategies included regular touch points with stakeholders as well as top leaders inside and outside the organization. A quarterly accountability process involving her supervisor and others was established. Annually an anonymous 360-degree survey helped the NextGen and other family and non-family leaders in the organization give candid feedback to help her continually improve. After ten years of developmental progress and promotions, she was elected CEO.

It can be difficult for family leaders to develop within their family businesses. Ideally NextGens report to non-family leaders who are good mentors. No matter the circumstances internally, a talented outside coach can facilitate effective development. An anonymous 360-degree evaluation process can help uncover candid feedback that is a good foundation for continuous improvement.

It's important that developing NextGen leaders have roles with profit responsibility where they and the organization can celebrate success or learn from a manageable failure. (In other words, a hit above the waterline that does not sink the ship.)

Compensation can be a sensitive and important part of developing NextGen leaders. Linking compensation to clear performance goals and market rates helps NextGen leaders earn credibility and motivates continued growth. It also signals to the organization that family members are held to the same standards as non-family employees.

> Preparing future owners and leaders secures an enduring family legacy.

A well-thought-out succession plan can outline the process for identifying and developing future leaders, the timeline for transition, and the roles and responsibilities of current and future leaders. All stakeholders, including family members, employees, and advisors, should be involved in the planning process to ensure transparency and buy-in.

Defining Ownership Roles and Governance Pathways

NextGen owners of a technology integration business were pursuing other careers. Their parents retired, and a non-family CEO led the business. Through a series of facilitated meetings, the NextGen owners discussed the firm's cultural values and crafted a vision for an even better future. They agreed upon goals for business growth and expected returns along with parameters for risk, reinvestment in the business, and owner distributions. To best represent their interests, they elected independent directors to serve on their fiduciary board.

NextGen owners or beneficial owners have an important role. Through communication and an owner's council, they can speak with one voice to the board of directors about vision, values and expectations for business performance. The owners elect the board.

Family businesses with boards that include three or more independent directors perform better in the long run. High-performing family business boards typically also include qualified family members. Ideally, family board members will have c-suite experience in their own and/or other family-owned enterprises and will add strength in areas important to the company's future. Even without c-suite experience, a family member with strong cultural insight and strategic perspective can make a valuable contribution.

A NextGen can choose to be only an owner. Those who decide to be an owner enjoy the regular interaction with extended family and the pride in seeing the business prosper for generations.

A qualified NextGen owner not interested in family business leadership might want to be involved in governance, a family council, an owner's council, or the board of directors. Typically, there are multiple paths for productive engagement in the family enterprise short of actually working in family business leadership.

Strengthening Legacy Through Purpose and Community Impact

A medium-sized family enterprise regularly contributed to projects like Boys & Girls Clubs, Junior Achievement, United Way, and schools in the communities in which they operated. They realized that the profits they generated could be used not only to reinvest in the business, but also to serve their communities and beyond.

NextGens value the history and contributions of prior generations. Celebrating milestones while adapting to new markets and technologies builds continuity, pride, and resilience.

What will people remember about a successful family enterprise? As employees, that they were treated fairly, had the opportunity and responsibility to participate, shared in successes and failures and grew personally and professionally. As customers and suppliers, that they were treated fairly, with mutual respect and a sense that when the company wins, everyone wins. Communities remember not only the company's financial generosity, but also the investment of time by owners and leaders.

Preparing Today to Secure Tomorrow's Family Enterprise

Preparing NextGens is a lifelong process of instilling values early, then encouraging outside experience that builds independence and confidence.

Becoming a leader in a family enterprise is an opportunity, not an obligation. There are also opportunities for qualified owners to be involved in family or business governance through a family council, owner's council, or board of directors.

When family enterprises thrive across generations, they make a lasting difference for employees, communities, and the world.

Rob Sligh is a senior consultant with The Family Business Consulting Group Inc., helping enterprising families with business ownership and leadership succession.

Letting Go, Stepping Up: Leadership in Transition

By Christopher J. Eckrich

Leadership transitions in a family business are influenced by and affect a lot of stakeholders. How each stakeholder perceives the process – and their role within it – will have an impact on outcomes. Perhaps the two stakeholders who often play the most central roles in this process are the incumbent, or controlling, CEO and his or her successor.

We have long written about the different perspectives that controlling owner CEOs and successor CEOs commonly hold that will have a bearing on their leadership transition. A quick summary of these differing views:

Controlling Owner CEOs	**Successor CEOs**
Seek stability through strategies proven effective by history.	Seek to strengthen the company through new strategies, even if unproven.
Build executive team strength through long-lasting relationships with loyal team members. Often a very patient approach in pursuing accountability.	Build executive team strength through relationships with team members who consistently produce results, demanding accountability.
Want to maintain authority to limit company risk and protect assets. Eventually, they may wish to delegate responsibilities and spend more time away from the office, while maintaining control.	Willing to accept more responsibility but are frustrated that authority is not granted. Become anxious for the company and their own future prospects when the controlling CEO comes back from time away and exercises authority, seeming to undermine the successor's role. May feel distrusted.
Worry that the successor generation is too impatient to ascend to greater authority. May question the judgment of those who push too hard and can't wait to get to the top spot.	Worry that the controlling generation is not serious about transitioning and do not want to spend prime years of career waiting for someone who may never let go. Believe that the organization is best served if they push towards greater authority.
See reducing risk as a way to protect the health of the business.	See increasing risk as a way to protect the long-term health of the business.

Given this set of common generational perspectives, it is natural for there to be some tension around transition between controlling CEOs and successor CEOs. How they invest efforts to manage this process will impact the true health of the business.

How Controlling CEOs Support Successful Transition

Controlling owner CEOs contribute positively to the long-term health of the company when they prepare for their succession by building a strong executive team that makes and implements decisions quickly. What this means is the effective controlling CEO addresses leadership challenges during their tenure rather than burdening the next CEO with a dysfunctional or non-productive team. They trust and empower their executives to fulfill roles and responsibilities they are assigned and give them the authority to make appropriate decisions. Controlling CEOs who truly plan for continuity work to address performance matters directly rather than letting issues go unaddressed for long periods of time. Finally, they work in close collaboration with their successor, integrating the relevant ideas this future leader may have for improving the business.

> CEOs who spend time planning for their transition out of the role position their successor — and therefore the family enterprise — for greater health in the future.

As they approach the time when they will retire from their leadership role, effective controlling CEOs may spend more time away from the office, to give the next generation of leaders a chance to make key decisions on their own. The important caveat is that they do not come back from a trip only to second-guess all of the decisions made by those who lead in their absence. They realize that allowing successors to learn from mistakes is a valuable education and positions the organization for stronger health down the road when the successor CEO will need to rely on his or her own decision making based on experienced successes and failures.

Finally, controlling owner CEOs who spend time planning for their transition out of the CEO role position their successor CEO – and therefore the family enterprise – for greater health in the future. It is important that they, along with their spouses, explore what life will look like in this next stage and plan accordingly. If they are going to transition from CEO to board chair, they should spend their time building a very strong board, and research and develop the skills necessary to be an effective chair. In this way, even though the controlling CEO is stepping away from hours in the office, he or she is fully engaged in the transition process.

Key lessons for the successful retiring controlling CEO:

1. Establish or reinforce standards of accountability across the leadership team to ensure the best systems and people are in place for the transition.
2. Integrate new ideas or ways of working from the successor CEO while you are still at the reins to lend your support to the important changes that your successor will need to bring to their role as leader.
3. Take time away from leadership to enable the next generation of leaders to make some decisions on their own and to learn from mistakes.
4. Actively and intentionally plan for your post-retirement life and roles with your family and the business.

How CEO Successors Contribute to the Transition Process

Family firm CEO successors contribute positively to the future health of the enterprise when they spend their time achieving success in their current assigned roles, developing mastery in the role and creating consistent results. Rather than spending time trying to convince the controlling owner to trust them, they make it obvious that they have the skills needed to take on more responsibility and authority through their performance. Once they have mastered an area of responsibility, they begin to develop a knowledge base or experiences that may be particularly useful when they eventually assume more responsibility. This might include exposure to new areas in the business, education outside of the business, or even participation in executive groups that will challenge them to improve.

Effective successor CEOs also manage their reactions to the situation of having to wait on assuming more authority. They practice productive responses to their frustrations. For example, if the controlling CEO becomes defensive when a new strategy is proposed, rather than react with an angry outburst about how obstinate the CEO is being, the successor might simply begin engaging in research and create a presentation using hard data to demonstrate how the new strategy would impact the business. They might approach the CEO saying something like, "I have been thinking a lot about a concept and how it might impact our business. Would you like to review it?" Assuming openness, the successor has now positioned the new concept for consideration rather than outright rejection. It gives a chance for facts to speak rather than engaging in an emotional conflict that prevents a potential useful strategy from being considered.

Above all, successor CEOs spend their time developing productive relationships with all key stakeholders – from employees to suppliers to clients to other family members. These efforts position them to be viewed as respected and effective leaders when they have earned the leadership mantle and will be in the position of making the hard choices that come with that role.

Key Lessons for the Successful Successor CEO:

1. Apply yourself to your current role to achieve full mastery and excellence.
2. Demonstrate openness to the wisdom of experience. Seek as many opportunities to learn as you can handle and be visibly open to constructive feedback.
3. Manage your emotions to develop effective ways of advocating for important change even before you are in a position of leadership.
4. Invest in your relationship with stakeholders in order to strengthen and facilitate your future leadership.

When both the controlling CEO and successor CEO spend their time working productively towards succession, the future health of the organization remains at the forefront of the continuity planning, as it should be. So, for all of you in the midst of transition – or who see it in your near-term future – how are you spending your time?

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