

Holleman Business Succession Forum

MICHELE V. HAGANS

President

Fort Lincoln New Town Corporation

Interviewed by Vernon W. Holleman, III

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THE HOLLEMAN COMPANIES

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INTRODUCTION

Mr. Vernon Holleman: This is Vernon Holleman. Welcome to my interview with Michele Hagans, the president of Fort Lincoln New Town Corporation. In 1984, on a weekend, Michele was greeted with some news of great tragedy. Both her father and brother, who had been together in a helicopter, had crashed and both died, and she woke up to a very different world than she had been living, as the, by default as she says, the person in charge of Fort Lincoln New Town. In this interview, many years later, she reflects on her experience and the knowledge that she gained and the grit that it took to power through to continue the company. And I think you will find it deeply valuable if you are in a family business, running a family business, to understand from somebody who lived through such a situation all the contingencies, the positives and negatives, and those things that really helped her succeed, which she goes through in some depth. So, I do hope you will gain from this interview. Thank you.

INTERVIEW

Ms. Michele V. Hagans interviewed by Mr. Vernon W. Holleman, III, September 2011.

Mr. Vernon Holleman: Well, Michele Hagans, thank you for joining the Holleman Business Succession Forum. We are glad to have you here. We are sitting here in 2011, and you are currently wearing a collar. So, you are mixing God with business, and have been in business, I guess -- well, we won't date you. Let's just say more than a couple of years. I wanted to sort of set the stage with that, because obviously I am curious about your experience and what led you to pursue the collar around your neck and how you are balancing those pursuits and how some of the experiences you have had in business and in your life have gotten you where you are today. So, let's go way back. And tell me a

little bit, if you would, please, about your father and the early roots of the business that he started that ultimately you are running.

Ms. Michele Hagans: My father started -- as the story goes, he worked out a deal with the then, I guess, owner or manager of the Dunbar Hotel. He was a maintenance engineer, and he made him a deal. He said I'll work for two weeks, or whatever the length of time was, and if my performance is good then you will hire me and if I am not then you've gotten two weeks free. And so he, of course, got hired. And he managed to work his way from being a building engineer to eventually being the manager and to eventually into some kind of ownership or partnership with the gentleman that owned it. And I think it's from that relationship that he moved from there out into multi-family ownership and property management of multi-family facilities. I think it's from that platform he bid for or competed for the project which is today called Fort Lincoln New Town, which is an urban renewal project that comes out of the model cities New Town In Town from the Johnson Administration.

Holleman: Okay.

Hagans: I think the original --

Holleman: Part of the vision of the Great Society, if I'm not mistaken.

Hagans: Yes, probably.

Holleman: Okay.

Hagans: So much for vision. And I think the original developers were BSI, and once, I think, they became aware that the plan had about a million square feet of office that the government was going to occupy, and I think once they became aware that they

didn't think that was going to happen I think they were uninterested in being the developer anymore.

Holleman: Oh, I see.

Hagans: And it went -- so, I think the project sort of got rebid by the -- because it was located, maybe, by the city, a combination of the city and, I think, HUD was overseeing it at the time. And my father was successful in getting that award. And I think that was his entrée into real estate development. And it is really more, as I view it, more community development and not just real estate development. And I think from that platform he branched out into becoming partners with the Oliver car companies, for Metro Center, and later on he took what he was involved in, NBL National Business League, and partnered with Marvin Lang in a parcel in Southwest. And so this is how he started in the real estate game, and he was moving right along until his untimely death in 1984. In 1984, what was then the new Hecht Company was built, was already built in that project, and that was probably the first department store in about forty years in an urban area.

Holleman: Oh, that long a gap. Wow.

Hagans: Yes. And then the site in Southwest had not been done, and so I think my father in his best of his unspoken way -- I had a brother that was about two and a half years younger than me and named after my father, who I think my father always believed he would be part of who would take over and run the business. I worked with my father as a young person, when he was still at the Dunbar Hotel, on the switchboard.

Holleman: Okay. I was going to ask what your first memories were of your father in business. So, that would be --

Hagans: It was at the hotel, and he was in management at the time.

Holleman: Give me a ballpark of how old you were at that point.

Hagans: Maybe 12.

Holleman: Twelve, okay.

Hagans: Right.

Holleman: And did he want you to come to work, because he wanted to give you some life lessons, or --

Hagans: No, he thought I did the work just as well as the women who were sitting on the switchboard and he didn't have to pay me.

Holleman: I got you. So, it was cheap labor.

Hagans: Oh, yes. Oh, yes.

Holleman: Okay.

Hagans: It was good cheap labor, so --

Holleman: Yes.

Hagans: And I think that was probably the -- our initial experience of disagreement, because he really didn't want to pay me, which I thought was a little bit unfair, since I thought I sat there as well as, and worked just as long as, anybody else. The next time I worked for my father was -- yet again, was when I was coming out of high school. He was still involved in the hotel, as well as some multi-family business. So, I probably worked in both places for a bit, until I went to -- that was for the summer, and then I went to college. And I probably did not come back to work with my father until 1980. So, I had been out of school for about four and a half years, maybe five years. I spent five years with General Electric.

Holleman: Okay. And going back, so, did your brother also work in some of the type of positions?

Hagans: Well, he, he was about --

Holleman: You said he was two and a half years younger?

Hagans: Yes.

Holleman: So, you were relatively close in age.

Hagans: But he was about -- right, but he was about three years younger.

Holleman: Okay.

Hagans: So, the summer that I graduated from high school he was graduating for what we called then junior high school. So, it was before he went to high school.

Holleman: Okay.

Hagans: So, he did grass cutting, riding lawnmowers and such, not office work.

Holleman: Okay. And did he treat you all similarly, as it related to jobs?

Hagans: Unfortunately.

Holleman: Okay.

Hagans: And the unfortunate part of that was that whatever he paid my brother, who was yet to have gotten to high school, to ride a lawnmower is what he thought he ought to pay me, who had graduated from high school, to work in an office.

Holleman: Got you.

Hagans: And so by the time I finished and looked at my paycheck, because, of course, my brother got paid in -- it may have been a check, but got paid cash. Mine, of course, ended up being a check that got taxes taken out and the like. So, I certainly was not happy.

Holleman: It did not go unnoticed.

Hagans: No, because I think -- I don't know what the minimum wage was, but by the time I got -- I think I got about \$30 a week for 40 hours worth of work. So, I don't think we were close there.

Holleman: Got you.

Hagans: And by the time he took taxes and stuff out, I got actually \$25 a week.

Holleman: Yes. Well, that would have been worse in today's market, I suspect.

Hagans: Yes.

Holleman: Now, when you were studying engineering at Howard, which is what I think you were studying as an undergrad.

Hagans: No, as an undergrad I was a pre-med major.

Holleman: Okay. Now, did -- okay, so clearly you were heading in a different direction from business altogether, then.

Hagans: Correct. Correct.

Holleman: Okay. So, no real thoughts as an undergraduate -- one of the reasons I ask is, you know, some of the listeners will be people who have a family business and I want to help them think about what other people that joined a family business did when they were in school. So, I am sort of looking at the spectrum pretty widely here --

Hagans: Right.

Holleman: -- for who our listeners are. And a number of people go in thinking well, I have no interest in the family business and some go in thinking that's exactly what I'm going to do and I'm going to take these specific courses. So, you were more no interest

in the family business, Dad -- that relationship, on the pay scale, didn't look too good, so you said, okay, I'm going to study medicine.

Hagans: Right.

Holleman: And so take me, sort of, at the end of college. Did you shift gears some?

Hagans: Well, before I went to undergrad I did a two year training in x-ray technology, and having spent two years in the hospital and then worked there part-time when I went to undergrad I certainly got the sense that I really didn't want to be like anybody I worked with. And then when I graduated, I had a Bachelor's of Science with a major in Zoology and a minor in Chemistry, and I said oh, this doesn't have a vocational ring to it. I don't think I wanted to be a lab tech. I certainly didn't want to be a phlebotomist and draw blood. So, it really did not have a vocation that sort of popped right out at me. And so then I decided well, I'll get a graduate degree but I definitely want to get one that has a vocation attached to it. So, I actually went back into engineering, which I thought was vocationally centered, and I got a Master's in Environmental Engineering from Howard.

Holleman: Okay. So, were you at all resistant to that, even though you saw it as vocational prospect, because your dad had studied that, or was it not that big of a deal?

Hagans: No. I think I didn't make the connection, because I did not spend any time really focusing on what he was doing --

Holleman: Got you.

Hagans: -- business-wise.

Holleman: Yes. So, throughout college he's growing the enterprise and adding to the diversity of the business, if you will. That's really background noise at best for you, as a young person.

Hagans: Correct.

Holleman: You're focused on --

Hagans: What I'm going to do.

Holleman: -- the nerds in the x-ray room, and not wanting to be around animals all day. Okay. And so what is the first job you get after you get the engineering degree?

Hagans: General Electric.

Holleman: Okay.

Hagans: And I actually thought that was quite interesting, because, like I said, I had a Master's in Environmental Engineering and I got a job in manufacturing engineering with General Electric in California, in San Jose. It was in their -- they made control room panels for nuclear power plants, actually, and then I was really involved in managing the lines of manufacturing and trying to tweak the efficiencies and all of those same things, none of which did I learn in school. But, it was okay.

Holleman: But, it must have been a reasonably exciting time to be at GE.

Hagans: Oh, yes. I enjoyed the work. I enjoyed -- that was my first little foray out of D.C., and I couldn't have gotten much further away, because I went all the way to the West Coast.

Holleman: Yes.

Hagans: And from that I was picked up by what they called the Manufacturing Management Program. So I left California, spent about six months in the Midwest, and

from there I went to upstate New York and I spent a little time on the corporate consulting, with the corporate consulting group, and I finished out on the corporate audit staff. And towards the end of the -- well, towards the start of the corporate audit staff I think that is when my father thought that might be a time for me to come back and work with him. I found the corporate audit staff -- though fairly interesting, I think I ended up having -- I think the first audit I did -- you know, new people always get the grunt work, but I ended up having a audit memo from -- that was in payroll or something that almost got almost all the way up to the report, which is pretty good. And then the next time, I did -- I was in Detroit for the next three months. So, though interesting, living out of a suitcase in Red Roof Inns was probably not a thrilling part of my life, and eating pizza and eating out of vending machines.

Holleman: Yes.

Hagans: So, I would say for me I was at a vulnerable state of being and willing to listen to my father's enticements of coming back home and working for him.

Holleman: Okay. Now, take me through what was happening here. Is your brother in the business at that point?

Hagans: No, my brother actually went to be a fireman, and he was on the -- he was a D.C. fireman.

Holleman: Okay.

Hagans: So, neither one of us were in the business.

Holleman: Okay. And what year is this?

Hagans: 1980 -- '79, '80.

Holleman: Okay.

Hagans: I came -- yes, I started in January of '80. And not too long after I was in there I think my brother retired, I think, from the fire department, and we were both working for my father for a moment.

Holleman: And what was the enticement?

Hagans: Well, I think the enticement was just, I think, just coming back home, coming back to more familiar environs, friends.

Holleman: Yes.

Hagans: I think -- so, I don't think he had to spend too much time.

Holleman: What was the sales pitch, do you remember? Or was it just why don't you come home?

Hagans: Oh, yes, don't you want to, yes, don't you want to come home and help me and work with your dear old dad. So, that lasted about --

Holleman: Was there a specific role to play, because of what you experienced relative to your education and the work you had done at GE?

Hagans: No.

Holleman: Okay.

Hagans: No. I think I came --

Holleman: It couldn't have hurt, though?

Hagans: No, no, it didn't hurt. But, I mean, it wasn't a specific skill that I had either gotten through the education or gotten from work. And when I came back, I had a couple of -- probably a couple of titles, and I came back into he was well into developing Fort Lincoln New Town and so I think I was a -- was in customer service. And so I interfaced between the buyer and the company, in making sure that -- in overseeing some

of the -- not, not as a project manager, but overseeing some of the construction and interfacing between the contracts that were written and the people and when they needed to settle, making sure the punch-out list, those things were done, and that all of that was taken care of. Then I ended up -- I actually went to closings for a while. That worked, I think, for about six months, and then we had, as we have on our journey, a blow-up. And I'm not sure I remember exactly what we blew up about, but they were typical of his view or expectations of one who bore his last name, and his approach to that was he had relatively high expectations and he paid everybody -- those who bore his name got the gift of working for less than everybody else.

Holleman: That was not unique to you? It was unique to you and your brother?

Hagans: Well, and he probably had other people who worked -- other of his relatives that may have worked in there. But, yes.

Holleman: Got you.

Hagans: That was not, that was -- that particular thing was not unique. How it was enforced sometimes could be a little bit different. And I think eventually he came to the conclusion that being around him every day was the reason why our relationship was not one of the best. And at that time he had joint ventured with Bud Doggett of Doggett's Parking, and they were operating the airport parking concession at National Airport. So, I was then assigned to that business entity as a general manager. And, so, I ran the airport.

Holleman: So, this was -- to some degree, it sounds like you give him some credit for realizing hey, the friction point here is kind of day to day interaction and so perhaps if we

are not together every day, but you're still within the realm of the business unit, if you will, that that might be a positive step. Is that -- do I have that about right?

Hagans: Well, I think that he came to that conclusion after I told him that I was leaving.

Holleman: Got you. It had already gotten that contentious, just within the few years of you being there?

Hagans: Well, yes, but I am not sure I would use the word contentious as much as I would say that it was clear to me that this was not a relationship that worked for me.

Holleman: Okay. Sure.

Hagans: And what I thought would be my years of working going forward.

Holleman: So, what year do you go over to the airport?

Hagans: '83.

Holleman: Okay. So, you've been at the business about three years and there is an opportunity to run the airport parking, which is obviously a pretty big job. Are you there doing that job in 1984 --

Hagans: Yes.

Holleman: -- when he and your brother --

Hagans: Yes.

Holleman: Okay. So, take me through that, sort of the moment you find out and about that awful reality, and what kind of ensues relative to process and key advisors and lessons learned.

Hagans: Well, I found out on a Saturday and I made the call to his secretary, and I got the number for his attorney, who had been the one who had been handling his will. I was very aware of the will and what the will said.

Holleman: Okay.

Hagans: So, that was not that big of a surprise.

Holleman: But, let me stop you real quick. So, was there any plan or discussion with either you or your brother about his strategy or succession or --

Hagans: You're kidding, right?

Holleman: Okay. I was --

Hagans: No. No.

Holleman: Okay.

Hagans: Well, I mean, it's a little bit about what I had said to you earlier. At this time, my father is about 59. So, writing a will is probably a big step for him.

Holleman: I think that's fair, yes.

Hagans: But any thoughts of not -- of, you know, of his true mortality is probably not something he's thinking about.

Holleman: Got you. Okay.

Hagans: So, on a Monday, I guess by default, I become the person in charge. By the time I got to the office on Monday, there were at least three people whose job titles had changed. And I would suggest to you that they didn't get demoted.

Holleman: Got you.

Hagans: So, and then I think for the next month or so it was really about a sorting out of things, of what -- where everything was. Because there was no one person that knew everything.

Holleman: Got you. Yes, I always like to ask sort of what some of the -- who were some of the key people and advisors that sort of helped through this kind of traumatic situation.

Hagans: Well, I think that his attorney was really the one -- the point person on understanding the state of everything, because I think he was pretty well-informed vis-à-vis the businesses or whatever. I think the -- he had a senior person in the development company who knew where everything was going relative to that, and, I'm trying to -- I'm not sure about -- I think the property management side of it didn't have a particular head person. I think it sort of gathered in the office, maybe under one person.

Holleman: Take us through some of the emotional feelings you had relative to what you had sort of been -- what you learned that Monday morning, which is, okay, I guess I'm in charge now. Did that excite you, scare you, overwhelm you?

Hagans: I think I was pretty much just pissed off. I think -- you know, if I put aside just the grief from --

Holleman: Which is not easy to do.

Hagans: No, no, but if -- that's --

Holleman: Putting that aside.

Hagans: -- a given. If I put that aside and I -- and we want to talk about the -- I was probably pretty much pissed off.

Holleman: That you had been given that burden?

Hagans: That I was -- and I'm not sure given is the right thing.

Holleman: Okay. Right. Okay, I hear you.

Hagans: That I was in that --

Holleman: In that position. That's what I mean, yes.

Hagans: -- that I was in that position.

Holleman: Okay. And was it because you hadn't talked about it or you weren't sure you wanted it or now you felt obligated?

Hagans: I think I felt obligated. We never talked about it. And I clearly didn't want it. But obligation trumped want and desire. I had a mother who had lost her son, and my father had a girlfriend who had lost her boyfriend, both of whom were not much help at all.

Holleman: Yes.

Hagans: So, not only did I have the job of trying to sort out the business side of it, I also had the job of trying to sort out the personal side of it. And he had at the time -- he was the oldest of five and he still had four siblings, and so it was not -- you know, I don't know how well one structures things but this was pretty much unstructured.

Holleman: So, you're in your early thirties?

Hagans: My middle. I was 35.

Holleman: Okay. And so did you just sort of plow ahead or did you give some consideration to not doing anything with the business or does your other statement stand, about --

Hagans: I think obligation trumped that.

Holleman: Okay.

Hagans: And I think --

Holleman: Was there a next --

Hagans: -- plow ahead was a -- I think plow ahead is a good terminology.

Holleman: Okay.

Hagans: Because things were moving so fast, there were projects that were in process on the community development side. There was still an airport thing that had to be dealt with. And then there was -- so, there was a business that was ongoing, very much ongoing, in about three different buckets, and there was enough estate kind of things going on.

Holleman: Sure.

Hagans: I don't know if anybody has beat me out yet, but I -- it took me 11 years to close the estate.

Holleman: Eleven years is a pretty long time for that to be open.

Hagans: Yes. Yes.

Holleman: There's no question about it.

Hagans: Yes.

Holleman: So, were there people who were comforting or helpful?

Hagans: Yes.

Holleman: Other business leaders or other people that, you know, could lend a hand or at least advice-wise, or was there a lot of that for a very short period of time and then it got real quiet?

Hagans: I think that I was not well-known in the business. I think the one business that -- or, the one relationship I had was in the parking side of it.

Holleman: Okay.

Hagans: And so Bud Doggett was very good. And he and my father were very good friends, and so he was very good at support and helping any way he could. So, the other partners weren't bad but I don't see them seeing it as -- I don't think I got the sense they saw it as a way to -- that they were really there to help me.

Holleman: Sure.

Hagans: I think they were there to make sure that they covered their own and if they could get some of mine they would do that too.

Holleman: And I hear that a fair amount, that usually it boils down to one or two people that make all the difference or make a big difference.

Hagans: Right.

Holleman: And so it sounds like Bud, fortunately, played that key role there for you. Was there any doubt in your mind you could run the business?

Hagans: Well, I think if I could get those who were there, who supposedly knew what they were doing, to do what it is that they thought they were -- they could do, I thought I could definitely plow ahead in it until I could get the point where I could just make another decision, if that's what I wanted to do.

Holleman: Yes.

Hagans: So -- and like I said, because I wasn't an active visible participant then that meant that I spent a lot of time in the front end demonstrating to people that, you know, I just wasn't somebody who had been sitting at home watching -- looking out the window.

Holleman: Sure. Did that actually play a positive role, the fact that you weren't that well-known? In other words, there wasn't a level of expectation maybe?

Hagans: I don't know that it played a positive. I think for the most part I was underestimated.

Holleman: Sure, and that's maybe my point.

Hagans: Yes.

Holleman: Sometimes that gives you an advantage.

Hagans: Yes. Well, I think by the time they figured out it was a little late.

Holleman: And were there things that you had done with your father that aided in the takeover or advice you had gotten from him, or a sense of the business that helped at all, or were you kind of working on gut instinct at that point?

Hagans: Well, but I wouldn't discount gut instinct because some of --

Holleman: I never do.

Hagans: Right.

Holleman: Yes.

Hagans: Because sometimes you get it just from the DNA and sometimes you get it from in the presence -- all of it isn't given to you verbally. Sometimes you just see it. You know, you've got to be around it. My father was one who relied on himself, you know, worked very, very hard. And so there were some attributes that I think were either passed along through just being around him, and some of it I think gets passed -- you know, some of it is a little DNA, probably.

Holleman: Sure. So, what can people -- obviously, your situation is unique, as is all business succession to some degree or another. There are parts that are just -- you can't duplicate --

Hagens: Right.

Holleman: -- or other circumstances don't look like that. But, as separating some of the situational stuff, are there things that you would say to people here is what I would do differently or here is what I learned, that you absolutely can take away from this? And what would those be?

Hagens: For me, I think the conversation needs to be had. I think all too often, you know, we are busy thinking that we will have the conversation one day. We will think about it one day. And it doesn't mean you have to make a very detailed succession plan, but I think it is important for people to -- in these kind of situations, to really sit down and be in conversation, in dialogue.

Holleman: Yes.

Hagens: So you have an understanding of, you know, what the heck the business is. You don't have to be in it. You don't have to work in it. But you should know what it does, how it does, and have a basic understanding. Even if it's not something you want to be a part of, and the succession plan is well, darn, we're going to sell it, you still ought to understand it, because if your parent sells it that's one thing. But if you have to be the one, through whatever means, to do that, it certainly would help you to understand what it is you are trying to do. And just the network out there, because I think a lot of times, as you said, there are one or two people who you can trust. The rest of them are evaluating an asset. And so you have to be -- you know, you should know at least as much as they

do, or what they think they know, so that your job is really to preserve that asset, to whatever end that is how you have decided to deal with it.

Holleman: Did you give some consideration to selling?

Hagans: For a moment, but it was not an asset that was easily sold.

Holleman: Sure.

Hagans: You know, that is what happens when you have these, as you well know, these entrepreneurial kind of things that they really center around the founder or the person who is running it at the time. I mean, you could -- could you turn it around? Yes. How do you value that? How do you know that that is the best thing to do? And by the time things calmed down enough so that I could think about that, I think obligation, then again, trumped that.

Holleman: Sure. You were kind of knee deep.

Hagans: I was knee deep in obligation of finishing something that my father started, trumped --

Holleman: Sure.

Hagans: -- negotiating or thinking about a sale. It isn't that enough people didn't approach me, but I never got into a point where I was comfortable that enough had been accomplished, enough had been completed, that I could just take the money and run.

Holleman: Sure. And what about other -- obviously, part of that would have also been I've got another plan, right? In other words, if you fall under the I'm out of here, I'm going to do something else, you need the something else. And it doesn't sound like you even had enough time to think about that.

Hagans: No, I didn't have the something else.

Holleman: Yes.

Hagans: It would have been nice, but I didn't get a chance for the -- and then by the time, you know, I rethought about it, I wasn't sure there was anything else that I had a passion for. And by the time -- because you asked me about the collar.

Holleman: Yes. I was going to shift. Let me do this, because I was -- let me shift, and I don't want to go from first to fifth on that subject. So, anybody that either reads your bio or knows you knows you've been deeply involved in D.C. community activities.

Hagans: Right.

Holleman: And so, take me from when that started, if that is what you used as the other thing, if you will.

Hagans: I think my father's image was one of somebody deeply involved in the community.

Holleman: Okay.

Hagans: And so that's probably something I learned and embraced from him, and I think I saw it as giving back. Part of it is how you are a good business partner with the city and community, and part of it is personal. I think of things, and if I can ask you to do something then I ought to be willing to do something myself. And, you know, when somebody says well, who is going to do that, if not you then who. So, that's really why. And so I used to spend at least a third of my time in civic organizations and/or community types of things. And I've thoroughly enjoyed that, and I think that that is very much a part of how you are a good citizen of anyplace you work.

Holleman: Sure. And when you think about -- because I've followed a father who also was relatively community minded, shall we say, and I have found I very much enjoy

it. And I don't think about it as sort of being competitive with him, but I also am driven to do community stuff because he did. So, I am always curious whether -- and a lot of the people you see working in the community are -- they've gotten that genetic bug. Do you think some of that is competitive, or how do you think about that?

Hagans: No, I don't think I feel a sense of competition. I think it's more of it's part of your obligation.

Holleman: And what about the collar? So, how much of the work you did in the community led to that? Or maybe just take us from the roots about where that idea planted? Had that been something you had thought about a long time, or overnight?

Hagans: I think it's not something I spent much time to think about. I think as my children were growing up and my belief that they needed to be in church, I think that that is a part of a child's development. And I don't think that there is only one way or the other way. But, I think they need to be in something that is faith based, because it allows them to get a sense of there is something greater than us; that you can't do it all by yourself, and that you didn't get here by the parents you see standing there. There is some power greater than we as humans. And so as I was doing that I became more involved in the church, and that was fine. As they got closer to coming out of it, by that I mean in high school and the like, I began to get a sense that there was something else.

Holleman: For you?

Hagans: Right. But, I spent more time telling myself what it wasn't than what it was. So, I think -- in the Episcopal Church we have a discernment process, and I think for me I knew what it wasn't or I had decided what it wasn't. But I had enough people

sort of nudging me of what it could be. And so I thought I would use the process to decide that it wasn't, to support my position.

Holleman: Yes.

Hagans: Well, every time I used the process it didn't support my position. It got me moved right along. And it got me moved all the way to the -- what we have in the end of it, where the way ours work is the Bishop discerns you either for ordination or to remain in the laity. And when I was discerned for ordination and the Bishop said you can't go home and think about it, you have to let me know now, I said oh, well, I said, I guess I'm going to embrace it. And I think it is --

Holleman: Because you knew all along?

Hagans: Well, I'm not sure I knew all along or I accepted all along. That probably was it. But once I did embrace it, for whatever the reasons that I thought I needed to at the moment, I felt as though that was the right thing. And so most people look at it as how you separate the two, what I do in the church and what I do in the secular world. And what I do is I'm not I separate it at all, because I work very hard to figure out how I integrate it.

Holleman: Sure.

Hagans: And I bring a skill set to the church that they normally do not have, but, you know, the church is landowners. They do a lot of things that I do in the secular world. So, I bring it -- so, I integrate those with bringing my skills into the church. But I bring the skills into the church from the position of an ordained clergy person, not from the secular thing.

Holleman: Sure.

Hagans: And so, I help the church to see what they're doing or how they're doing to make sure that their assets are being used in the proclamation of the Gospel. So, that's how I -- and I call it very much an integration, rather than, you know, how I do one one time and one the other.

Holleman: So, less of a balance and more of an integration?

Hagans: Right.

Holleman: Yes. Give me a little bit of the time history of how long you've been ordained.

Hagans: I've been ordained since 2007.

Holleman: Okay. So, relatively recently? And so how long before that were you starting to hear those whispers or whatever was calling you?

Hagans: Well, I -- we have -- we're required to have a Master's of Divinity. So, you have to back it up three years. And then it takes you about two years before that. So, this has been a journey.

Holleman: Got you. Now, do you point to anything or anybody you saw in your church or any other that maybe planted that initial seed?

Hagans: No, not particularly.

Holleman: Yes.

Hagans: No. I can't blame this on anybody.

Holleman: No. And now talk a little bit about the next chapter. So, you've got children. How old are they?

Hagans: They're not children. They're 26, 24 and 21.

Holleman: Okay.

Hagans: All doing their own thing, sort of. And, you know, my hope for them is that they will be -- they will reach their own potential. I am looking to -- I have now gotten to the point that I think in the next -- it's been a long journey, but I will have completed the obligation probably in the next three to four years. And then what I do after that I haven't the foggiest. And maybe I will take this skill set and continue with this skill set either in the church or in the community.

Holleman: But at this point, none of those three -- and you have some of each or all?

Hagans: Yes, two boys and one girl. The girl is in the middle.

Holleman: Okay. Yes. And any talk or any expectation, any you can or can't? Any rules you have?

Hagans: No, there is no rules. One, my daughter, probably will end up being a teacher in childcare, daycare. That seems to be where her passion is. My youngest thinks his future is in a recording studio, so that's what he is doing. My oldest son I think thought about facilities management for a moment, and he may get back to that.

Holleman: So, if somebody said I want to come to work for you do you have a plan for that or are you just going to --

Hagans: Well, I think that's the dialogue and that's the conversation. Come to work for me to do what, and what's the goal and how -- and then I think we would have to sit down and structure something that you develop some skill set to get to whatever that goal is that you think you're getting to. I said I'm not opposed to that, but somebody has to come up with a -- I'm not interested in -- I think that's what happened with my father. I don't think there ever was a plan, other than you come work for me. Oh, well, you know, you can do this. I mean, I became a general manager in the property side of

the business, management side of business, but I don't think that there was any -- it was really OJT. There wasn't any formal training, and it worked out fine for me. But I think that there are better ways of doing it.

Holleman: Do you think some of that is generational? I mean, have we learned as business owners, and in this country in particular, more about this? Or do you think we've only really gone an inch further?

Hagans: I think it depends on the business, and what part of the business your children sort of gravitate to. If it's really just operating a business that they don't really want to know every little aspect of it, but they're pretty good at running a business, then I think that they need to have a skill set of how to run it, you know, whether that's -- so, they need to understand business and how business goes. But if you have a -- you know, I don't know enough about your business but insurance, you can't pick up somebody who does not understand that part of the business or without a skill set that -- or some kind -- either through education, through whatever vehicles there are out there, to roll into that. Because then you have to create the skill set inside, you hope, or you have to go buy it. I don't think that serves people well. I think work is something -- you should have some sense of passion in it somewhere. Whatever your passion is is what I think you should go and do. If doing the family business is a passion, you really enjoy it and it lights your fire, then I think that's a good thing. If it doesn't, and it's just as a means of developing resources for you, there are other ways to do that which I think the long-term you'll enjoy a lot better.

Holleman: So, what are some of the worst expectations that people have of founder's kids that you have experienced?

Hagans: Well, I get that question all the time are your kids in the business. No. They're not? No. Well, what do you think about -- you know, I think that I want them to do what they want to do.

Holleman: Yes.

Hagans: And I want to support them in what they want to do, not feeling as though they need to be in here. And sometimes I think young people see it only as the end game, the resource that has developed around it and the life or the lifestyle that is supported. And I think they miss all of the hard work that is very much a part of it. I think they only see the results. They don't see all of the torment in between the start and the finish of it. To the extent, and I told you about the dialogue, to the extent that they can be exposed to that, exposed with that, I think you serve yourself and them better. Because, you know, my kids are like that too, and they have no, you know, concept of how much work goes into make it work. They just see the results of the work, and not the work. Now, I think that's not good.

Holleman: One of the things I've heard loud and clear is vital to have adult dialogues, whether they are painful or not?

Hagans: Correct.

Holleman: What other, as we wrap up, what other examples or lessons or rules, if you will, would you share with other business leaders for having a successful leadership transition?

Hagans: From a family business?

Holleman: Yes.

Hagens: I think if you don't see your children coming into the business and you really want to transition it well then you identify somebody. I have had that twice. I have talked to two people recently, where they have really hired a younger person and started letting them be active and engaged in the business. And one guy told me, in fact Saturday night, he said 60 percent of 100 is a lot better than 100 percent of nothing. It was better for him to find somebody to bring into his business who could really take it to the next level, if that's what he wanted to do, but could take over the day to day operation of it and free him up, and he could see his business or his asset grow that way, since, I would assume from him that he didn't have any -- his children doing it, than it was for him to keep on doing it until he was too old to do it anymore. So, I think that if you really come to the place where that's not something your kids really want to do then I think you ought to have somebody else who really steps up and does most of the -- you know, you get to the point that they are comfortable and they are doing that day to day stuff for you. And then I think at that -- and then I think when you get to that point you can figure -- you can have a transition out, whether that is an ESOP or whether that is a sale to somebody else or however you decide to do it. But, it is a managed transition and not one where you get up one morning and you say I don't want to do this anymore.

Holleman: Sure. So, there is always a resource or a plan to get to the end, but you've got to deal with those emotions to get there. So, don't wait is what I'm hearing.

Hagens: Right.

Holleman: And be willing to have an adult dialogue, and if your kids don't want to come in the business don't take it personally. Find somebody else.

Hagens: Absolutely.

Holleman: All right. Good. Well, I can't thank you enough for sharing your wisdom and your story.

Hagens: Thank you for inviting me.

Holleman: You're welcome.

(Whereupon, the interview was concluded.)

CERTIFICATE

I hereby certify that the foregoing is a true and accurate transcription, to the best of my skill and ability, from a digital recording.

ELECTRONIC DOCUMENT_____

Jane W. Gilliam, Transcriber