Family Business
To a Business Family
Sharing our story
“Direction not intention determines destination”

Andy Stanley
EVERY PATH HAS A DESTINATION
Do You Know What DIRECTION Your Business is going?
HEIRLOOM

- Admire it and do nothing
- Sell it
- Have it grow in value to pass to future generation(s)
“Direction, NOT intention determines destination”

Andy Stanley
THE CLEMENS FAMILY CONTINUES ITS GROWTH PATH WHICH Began LONG AGO...
Born 1879
1895 – at the age of 16 his father gave him one hog to process per week.
1900 married Susie Stauffer
1904 – John and Susie bought their first farm and started raising produce to sell at market.
14 children
THE BEGINNING OF AN ERA...

was not an easy road...

- Between 1905 – 1911 – 4 children die
- 1921 – Family home burns and their children are placed in various homes in the community while rebuilding
- 1933 - Susie passed away suddenly and John C. sold his retail market business
- 1940 – John C. retired and sold his meat business. The 2nd Generation transition is complete
1946 - FIRE

TONS OF PORK DESTROYED IN BIG BLAZE

$100,000 Fire Razes Big Mainland Plant

Clemens Brothers’ Pleasant Valley Packing Co. Slaughterhouse Consumed With 50 Dressed Hogs and Valuable Machinery

An estimated $100,000 was suffered when the main slaughter house of the Pleasant Valley Packing Co., Mainland, was burned by fire early Sunday morning, destroying 50 dressed hogs and many valuable pieces of machinery.

About 25 employees will be idle as a result of the fire, according to J. and Albert Clemens, who reside in an adjacent farmhouse. All orders for pork ending have been canceled until temporary quarters can be rented.

County Pension to Hold Opening of Green Lane Park

NEW CONCEPT OF COLONIES TOLD TO ROTARY

THREE STRIKES POSTPONED BY UNION WORKERS

Byrnes Will Offer Parley Compromise

VETS TO TELL PROBERS ABOUT FAULTY SHELLS

U. S. Delegate Would Have Any Proposal Studied by Big Four Council

TRUMAN ASKS SLASH IN FEDERAL EXPENSES

U. S. Secretary Warns Big Fire Must Agree

Investigation Goe High Priority to Detective Investigation Agent

Norristown Times Herald
Montgomery County’s Great Home Newspaper
F.OUNDED 1799. 12th Year. No. 35. NORRISTOWN, PENNSYLVANIA, THURSDAY, AUGUST 1, 1946.
PRICE FOUR CENTS
CHALLENGES

- Lost everything in the fire
- Wanted to rebuild – no steel (WW II)
- Retained employees to clean up
- Approached competitor to buy them out
- Four brothers join together for a new beginning at another location - HATFIELD
Today...
UNIQUE FAMILY OWNERSHIP

- 300 Family Owners
- Shareholder Base <1 – 95
- Ownership 2\textsuperscript{nd} – 6\textsuperscript{th} Generations
- 23 Family members employees
Today...

Annual Sales exceed $800 MM
Own nearly 1,500 acres of land
Facilities with over 1.4 million sq. ft.
Process approx. 2.5mm hogs per year
Over 1mm SQ. FT. managed Real Estate
The Clemens Family’s first path in the early days was at times planned and at other times was totally unplanned.

It was a typical Family Business Path
WE ARE NOT A

Family Business

However

We are a

Business Family

CLEMENS

Family Corporation
UNDERSTANDING THE MIRROR PRINCIPLE
FAMILY BUSINESS
(FAMILY HAT)

- Guaranteed jobs
- Treatment of family in business
- Key leaders - family
- Family HARMONY – main goal
Qualified employees/leaders

All employees treated equally

Business helps family owners

Profits – expected/respected
WHAT VS. HOW

Must know your what – What do you want to be?

Family Business

Or

Business Family?
are you aiming for?
does it look like?
would I like the destination to be?
These are questions that are asked because they don’t like the WHAT. They need to know how to derail the WHAT!
“Direction, NOT intention determines destination”
Why we made the transition to a Business Family
WE WERE A FAMILY THAT HAD BEEN IN BUSINESS FOR OVER 100 YEARS...
FACING TRANSITIONAL TIMES IN BOTH THE BUSINESS AND THE FAMILY
The number of family owners continued to grow

Eventually, the number of family members in the business (over 40) grew to the point that there were more “decision makers” than there were decisions to be made.
Succession Planning Committee

90 Days for a Plan
Confidential Work
No Jobs Protected
Committee – Unanimous
75% Vote
Clemens Family Story

- Traveling down the Family Business Path
- Changing paths is hard
- We had great intentions
- We had great intentions
- We had great intentions
SWITCHING PATHS

- This is **NOT FUN** work
- Intentional decision to be a **Business First** Family
UNDERSTANDING THE CIRCLES

Family

Business

Ownership

Clemens Family Corporation
REVOLUTIONARY CHANGE
A DIFFERENT PATH

- Defined our hats
- Entitlement out – Accountability in
- Values and Vision Driven
- Changed our Board of Directors
- Owners’ spoke with one voice
BEGAN TO CREATE A NEW CULTURE OF PERFORMANCE AND ACCOUNTABILITY WHILE **NOT** LOSING OUR ROOTS AND VALUES.
Our family aspires to do business the right way.

Core Values

Ethics

Integrity

Stewardship
OUR FAMILY ASPIRES TO DO BUSINESS THE RIGHT WAY.

Core Values

Ethics – I’ll Do The Right Thing

Integrity – I’ll Do What I Say

Stewardship – I’ll Build a Foundation for the Future
We aspire to operate in a way that honors the Lord Jesus Christ as demonstrated through ethics, integrity and stewardship.
WHAT HAPPENS IF YOU DON’T CHANGE?

- You choose to end the business by either selling the business or you just go out of business
- Family disagreements escalate
HOW DO YOU CHANGE PATHS?

- Begins by admitting your on the wrong path – by your choosing
- Define your new WHAT
- Don’t allow HOW’s to distract you
UNDERSTANDING THE CIRCLES

Family

Business

Ownership

CLEMENS
Family Corporation
INDEPENDENT BOARD OF DIRECTORS

- Senior Management Experience
  (President or CEO - Preferred)
- Strong financial background
- Unquestionable ethics and integrity
- Embraces our vision, value & culture
- No conflict of interest
FAMILY GOVERNANCE

Family Council

- Build and maintain harmony with entire family (not just owners)

Owners’ Advisory Council

- Interview and recommend candidates for the Board
- Set owners’ expectations
OWNERS’ EXPECTATIONS

- Financial (RONA, Cash Flow, NIBT, etc)
- Shareholder Satisfaction (value of the business)
- Risk (% of borrowed capital)
- Stewardship (contributions, environmental, employee turnover, etc)
Diversification

- Moved from just a pork company
- Different goals
- Spread the risk
- Think DIFFERENTLY
The CFG & CD Vision must work together to drive Shareholder Value!!!

**CFG Vision**
- Build a high performance Team comprised of high performance people
- Optimize our Supply Chain
- Improve product value to the marketplace

**CFC Shareholder Value**
- Profitability
- Liquidity
- Dividends
- Philanthropy
- Connectivity

**Clemens Development Vision**
- Complete Existing Projects
- Grow New Project Pipeline
- Grow Financing Capacity
- Grow Property Mgmt Skills
- Generate Cash for Shareholder Needs

CFG drives profitability - CD adds stability to liquidity & dividends
CFG & CD both provide $ for philanthropy - CFC quarterback connectivity
Do You have A Clear Destination In mind for your business?
We NEVER Did it THAT WAY Before!
RESULTS

Did it make a difference?

Theory
Or
Practical?
CFC Non-Voting Common Stock

- Value of $735.80 as of April 2016
- Annual growth of 20.6% since 2000

CLEMENS
Family Corporation
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<th>15 Year Average as a Family Business</th>
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<tbody>
<tr>
<td></td>
<td>CAGR</td>
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<tr>
<td>Revenue Growth</td>
<td>6.1%</td>
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<tr>
<td>Operating Income</td>
<td>3.0%</td>
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<tr>
<td>EBITDA</td>
<td>5.2%</td>
<td>EBITDA</td>
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CHOOSING YOUR PATH

FAMILY BUSINESS

OR

BUSINESS FAMILY

Clemens
Family Corporation
Do You have

A

Clear

Destination

In mind for your business?
“Direction, NOT intention determines destination”
All of this is done to bring pride to the family in how we do business.
THANK YOU