

W.S Darley & Co.



*Established in 1908, W.S Darley & Co. is a leading provider to Fire and Emergency Services worldwide. The company manufactures fire pumps and fire trucks and sells a range of specialised equipment. The company is entirely family owned with three generations of the Darley clan currently working in the business. The President and CEO of W.S Darley & Co., **Paul Darley**, and his daughter and Director of Vendor Relations, **Audrey Darley**, will speak at the upcoming annual CFB Conference on **1st March**.*

Speaking with both, we gathered insights about the importance of strong family governance and how to maintain a mutually supportive, professional relationship between generations.

Interview with Paul Darley, President and CEO of W.S Darley & Co. (3rd generation)



Q. Why is it significant that W.S Darley & Co. is recognised as a family-owned company?

A. From a practical standpoint, it is the essence of who we are. Whenever I speak about our company, “family-owned” is always the first thing out of my mouth. From a marketing and branding standpoint, most of our competitors are owned by publically traded companies, so this is an easy point of difference that they obviously cannot replicate. To our customers, it means that we care more – we are passionate about our business, our people and especially the level of service that we provide to them.

Q. Your father and second generation, Bill Darley took the progressive step of learning about family business best practices. Does family business education still remain a function of today’s organisation?

A. It sure does. When it comes to family business, we run our company by the book. We have family meetings, a family constitution, a family council, and a family participation plan. We are involved with the Loyola University Family Business, but also actively

participate in seminars put on by the Young Presidents Organization (YPO), Family Business Magazine, Northern Trust Bank & Northwestern University, just to name a few.

Q. As laid out in the family participation plan, what are the requirements a family member must meet before joining the business?

A. Under the Darley Family Participation Plan we observe that:

- Family members are encouraged to consider making The Darley Company a place to invest their talents, and express their career aspirations, but only when it is a fit for both them and the company. Family members must work outside the company in a role that matches their proposed position at Darley. They must work elsewhere for no less than two years to gain experience outside the company. Family members are expected to have and continue to develop the education, training, and skills needed to fulfil the job requirements. Under no circumstances is there an obligation on either side to the other.
- No family member is allowed to enter the company in a capacity that is beyond their current role or responsibilities. Prior to joining the business family members will be required to submit a formal application and a letter addressed to the Executive Team which outlines the value he or she intends to bring to the company. Once active in the business, family members are encouraged to pursue opportunities for advancement.
- W.S. Darley & Co. will be operated with the best professional management available, whether family or non-family, and will adhere to common business practices of planning at every level and review of performance against those plans.
- Family members will be paid at market rate for their position and receive approved company benefits appropriate to their position. Income that comes to family members active in the business from their ownership is not part of compensation for employment.
- Family employees will be expected to hold to a higher standard of conduct and contribution to the business. They will be subject to the same rules as all other employees.

Q. Your father took a unique approach to deciding his successor (i.e. leaving the ultimate decision to the three potential successors). Is that an approach you would be willing to adopt with the fourth generation?

A. I'm not quite sure yet, but I like the concept. Each generation is different and we'll need to see how this shakes out. We would like to get at least a few more family members on board before making this decision. I will say that it seems to work well when top management mirrors or is similar to ownership structure.

Q. How would you describe the impact of strong governance on family harmony?

A. We have an incredibly strong outside board that helps us to address this, but equally important, we don't do things behind closed doors. All of our board meetings are open to all stockholders as observers and they can have the opportunity to be heard if they should choose to say something at the end of the meeting. We also have a family board member who does not work at the company. She represents the interests of our stockholders who do not work at Darley. Transparency is critical.



Paul and Audrey Darley

Q. Few family businesses survive beyond the third generation. As a fourth generation company, what factors do you believe sustain family involvement and, most importantly, passion?

A. It starts at an early age with family meetings and just being around the business. When the fourth generation sees the third generation getting along well and enjoying what they're doing, they naturally want to be a part of it. Passion begets passion.

Interview with Audrey Darley, Director of Vendor Relations - Defence Division at W.S. Darley & Co. (4th generation)



Q. Can you explain your decision to join the family business?

A. I have always been proud of the fact that my family had a business, but I originally planned on taking a different path to become a high school math teacher and volleyball coach. This path changed in college when I discovered that I could apply math to business, and ultimately pursued a degree in Finance. After graduation, I accepted a job in Commercial Banking in Chicago. I began as a Credit Analyst and later became a Relationship Manager.

As a Relationship Manager, I was given the opportunity to provide financing solutions to middle market manufacturers and distributors, many of which were family businesses. Family business owners and their leadership teams would share with me the good, the bad, and the ugly, and I wanted to help make a difference. Those experiences made me realise that while banking was a rewarding career, I wanted to be a part of something that allowed me to invest my whole heart. As a result of that realisation, I started attending Board of Directors meetings and Family Council meetings to learn more about my family's business. I was amazed by all of the successes that were achieved by current and previous generations while being guided by the mission of serving the first responder industry. After a year of closely following Darley, I applied for a position within the company and the rest is history!

Q. What are your thoughts regarding the family constitution and participation plan and family council? How have these structures shaped the family dynamic inside and outside the business?

A. The family constitution, family council, and participation plan are the pillars of our success as a family business. The constitution outlines what it means to be a steward to the business, the council enforces those principles, and the participation plan allows family members to discover their passion in an objective environment and confirm that the family business is the right fit. All these structures promote a healthy family with relationships based on respect.

Q. Do you consider the 3rd generation (your father, uncles, etc.) to be mentors to you and fellow fourth generation members? If so, in what ways do you experience mentoring?

A. Absolutely. We are referred to as the G4 Advisory Group and the 3rd generation includes us in all important decisions and values our opinion. More importantly, the 3rd generation trusts and empowers us to be authentic leaders. We do not have a formal mentorship programme but we have an open-door policy and conduct a lot of team projects/meetings to support development.

Q. Given the current organisation, how confident are you in the 4th generation's ability to succeed and carry forward the business?

A. I am extremely confident in my generation's ability to successfully carry on the business. While each one of us offers different talent ranging from engineering, to sales, to technology, we are all immensely grateful for the business and 100% committed to passing it onto future generations.