



The Old Man and the Next First Generation

John McCullough Foster arrived in Randolph, Kansas, accompanied by his third son Benjamin Butler Foster, in 1879. In his pocket was a letter of introduction. In his past were general contracting and real estate ventures leaving him \$4,200 in debt. But a good name was bankable in those days.

In Randolph, John saw an opportunity to build out the American frontier. He would supply materials -- lumber -- to the treeless plains. The Foster Lumber Company was established near Kansas City. To secure lumber for his yards, John Foster traveled to Texas in 1890 with second son, Thomas. There, father and son encountered mills in dire need of investment capital and distribution outlets. The Fosters banked several and purchased lumber from them all, eventually acquiring mills that were in bankruptcy.

The mills needed a steady supply of raw material. Thomas began acquiring timber land. At its zenith, the Fosters controlled 160,000 forested acres in the counties surrounding Houston. The business grew and prospered by hard work diligently done and smiling good fortune. John Foster, along with his management team of family members, seized opportunities in new wood products, mills, and banking. They flexibly readjusted to market conditions to achieve longevity.

Prior to his death in 1899, John Foster developed a thoughtful succession and estate plan. Ben would succeed him, both as president of the operating company he created and as family patriarch. Each participating family member assumed their respective role based on personal capabilities their father had nurtured. But once John Foster was no longer present the family lost the context of his plan, which was to:

- develop children of character,
- train them through participation,
- enable them to share in the profit of their work.

By all outward appearances, the company continued successfully until 1964 as we will see. But insufficient attention to those important points sowed seeds of destruction.

World War II ended in 1945. Discharged servicemen, returning home, started their careers. Ben's great-nephew, Neil Foster Campbell, had captained a US Navy Rescue Boat in the South Pacific Theater. Neil was educated well at Princeton and by the United States Navy. In a letter, he asked Ben to buy the family business. Ben's response, at age 85, was, "Then what will I do?"

The proposal was completely natural for the ambitious fourth generation returning from the war. That group wanted to invest in the assets created by the enterprising first and second generation in order to pursue their own dreams. Ownership would empower them to participate in the profits of their own efforts. Their youthful energy would advance the business. Regrettably, neither Ben nor this new generation could rectify the competing goals of lifestyle and lifetime. That lost opportunity would prove fatal for Foster Lumber Company's legacy.

Over his life time, Ben Foster oversaw a massive lumber and timberland business. He accumulated Kansas-Nebraska-Colorado farm land, making him one of the nation's largest and most innovative wheat farmers. Quality was his hallmark in business and also in human relationships. In 1936 he built

the nation's largest wooden barn, a 126-foot-long colossal structure with house siding which is now an exhibit called the Cooper Barn at the Prairie Museum in Colby, Kansas. The Barn housed Ben's American Royal Blue Ribbon white-faced Herefords and Clydesdale teams. One of which was sold to Anheuser Busch in 1935.

The family did well by all measures of the era. One key measure -- the development of family human capital -- was overlooked and eventually lost. The corporate family did not sell assets to succeeding generations as his father, John, had done.

Ben died in 1961 at age 99, and the fruits of his hard work survived him only a few years. His estate was settled, taxes paid, and assets disbursed. Only a knowledgeable raider, an outsider who recognized potential value, realized the full value of Foster family assets accumulated since 1879. Foster Lumber Company and John Foster's legacy was effectively liquidated.

How do you reconcile John Foster's concern for longevity with Ben Foster's reluctance to sell the firm to members of the family's fourth generation? The Fosters were a family of high integrity, but the source of their success waned over time. The family's grand vision was not cultivated and communicated. Consequently, no champion stepped forward to steer the family's enterprises and its accumulated wealth.

Without a common vision, mission, values, and goals, one of the original multi-family offices in the United States dissipated its wealth due to the family's inability to identify and develop its members' capabilities. The grand achievement of one generation can quickly diminish as a consequence of not treasuring the enterprising qualities that create family wealth.

If you would like to learn more about the Foster family's experience, please register by completing the information request form.