

# FAMILY BUSINESS ROUNDTABLE

This illustration is based on a Venn diagram that Elisia Flores, CEO of L&L Hawaiian Barbecue, talked about during the roundtable. With three circles, overlapping, labeled “family,” “management” and “ownership,” the illustration is meant to help keep relationships clear and fair when it comes to family business.

SHAUN MARTIN | ACBJ; GETTY IMAGES



By [A. Kam Napier](#) – Editor-in-Chief, Pacific Business News  
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When it comes to working in a family-owned and operated business, Elisia Flores, CEO of L&L Hawaiian Barbecue, said “the highs are higher and the lows are lower.” These aren’t just co-workers. They’re people you’ve known all your life – parents, siblings, spouses. So what happens at work inevitably gets taken personally. Failures are felt more keenly, but so are the successes. All in all, panelists at Pacific Business News’ Family Business Roundtable discussed the ups and downs of working with relatives and shared their advice on making it work.

Panelists ranged from first- to third-generation leaders, in entities as small as a one-person family trust to major local financial institutions. In addition to Flores, they included Jami Burks, president, The Makana Aloha Foundation and advisor, Family Business Center, The University of Hawaii at Manoa Shidler College of Business; Jen Lau, executive vice president, Finance Enterprises, the holding company for Finance Factors, Finance Insurance and Waipono Investment Corp., and husband Rob Nelson, president, Finance Factors; and Byron Yoshino, president and CEO, Pharmacare Hawaii.

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**Meet the panelists:**



Jami Burks, president, The Makana Aloha Foundation and advisor, Family Business Center, UH Shidler College of Business

JAMI BURKS

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Image: Derek Wong Photography

Elisia Flores, CEO, L&L Hawaiian Barbecue

DEREK WONG PHOTOGRAPHY

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Jen Lau, Executive vice president, Finance Enterprises, the holding company for Finance Factors, Finance Insurance and Waipono Investment Corp.

FINANCE FACTORS

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Rob Nelson, president, Finance Factors

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Byron Yoshino, president and CEO, Pharmacare Hawaii

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## Origin stories

PBN asked each panelist to describe how extensive the family part of their businesses are, and how they prepared for their roles. Did they always know they would work for the family business?

Flores is the second generation running L&L Hawaiian Barbecue. “The company was founded by my dad, Eddie Flores Jr. and his business partner, Johnson Kam – Uncle Johnson, to me,” she said. Currently, Elisia is CEO, while Eddie is chairman. Kam and his children are also on the board and own franchises. “At a point in time, my sister used to work here, my mom used to work here, as well and, very briefly, my wife worked for me. But currently it’s just me and my dad.”

Flores said her feelings had run the gamut “of absolutely thinking that I would come back to the business and then also that I absolutely was not going to come back into the business.”

After college, she had a “fun and sexy” job in the entertainment industry, which came with great perks and pay. Leaving it seemed unimaginable, but she ultimately decided to return to Hawaii and join L&L. “There was no real preparation [for taking on this job,] although my dad will say that he did prepare me. I always wanted to study business, he guided me to [specifically] study finance. He thought that would be a skill I could have and bring back to the company.”

Did Yoshino always know he’d run the family business?

“You ever heard the term, be careful what you wish for?” he said. “I remember being in grade school and the teacher asked us, ‘what do you aspire to be when you grow up?’ And I think I said something like, ‘I hope to inherit my parents’ drug store business,’ not knowing much about that.”

The path to that future was not direct, as there was more than one business in the family. Yoshino’s grandfather had opened a pharmacy in 1929 called Yoshino Drug Store. The next generation, Yoshino’s father, started Value Drug Ltd., with multiple locations in Kalihi. Yoshino himself and a business partner started PharmaCare Hawaii in 1983 and eventually bought his father’s business.

Over the years, he has worked with his father and mother. Currently, Yoshino’s wife, Kim, works with him as Pharmacare’s human resources manager.

Burks had a law degree and was working successfully in the insurance industry when her parents moved to Maui and formed a family foundation to support charitable causes in 2007. They approached her to see if she would be interested in running the foundation as its only paid staff member. She was unsure at first but in discussing it with her parents, she realized, “Insurance is actually a really good background for the foundation because you receive requests for funding, you investigate and make a determination,” she said. Burks is president, secretary and treasurer; her father is vice president of the board, and her mother is a director.

Lau had a more complicated family situation than most on the panel. She’s the third generation of Laus to lead Finance Enterprises. Her father, Russell Lau, is chairman and CEO of Finance Factors, and two of his siblings are on the board of directors, as is Jen Lau’s mother, Constance. Jen Lau’s husband, Rob Nelson, also joined the family business as president of Finance Factors.

Lau's parents encouraged her to find success outside of Hawaii first – and she did, working at Bank of America and Merrill Lynch, then in Silicon Valley. Several years of family discussions preceded Lau and her husband deciding to return to the island and join the family business, with all parties being very careful about whether it was the right decision at the right time.

### **Navigating pay**

Talking about compensation can be difficult for anyone at any business. PBN was curious how our panelists approach compensation when the question is, how much should this spouse, or child, or sibling get paid?

Most of the panelists turn to neutral third parties as resources, both to take the emotion out of the discussion and to look after the interests of the business itself.

“Using the Hawaii Employers Council data on salaries, that’s made it clearer for us,” Yoshino said. Not only has he used HEC’s data to set salaries for himself and his business partner during times of transition within the company, he also has used it for salaries throughout Pharmacare Hawaii.

Lau describes the process at Finance Enterprises and its subsidiaries as formalized and straightforward, with regular salary studies conducted every other year. “The way that we pay all of our executives, including Rob and myself, is using a lot of these studies, making sure that we have internal fairness, market competitiveness and [pay matching] the role and responsibilities that [people] have,” she said.

Lau and Flores both agreed on executive compensation, in a way that differed from how the founding generations approached things, which involves making sure the positions are paid at a level that would attract a non-family member, if that ever needed to happen.

“That’s something I really started thinking about during Covid, ‘what if something happened to me?’” Flores said. “I can’t complain. I’m doing alright. But you couldn’t get someone from outside of the family to do my job at this pay.” She’s been nudging executive pay higher with replaceability in mind.

Nelson said as a family business gets further from the founding generation, it becomes very important to have “other kinds of governance beyond the family for compensation

issues and other factors because with every generation, the ownership gets diluted, it gets a little bit more complicated. So whether it's on the board or through other kind of means, I think getting those independent viewpoints is critical.”

Even Burks, as the sole staff member, and her parents commission independent compensation reviews to help set her salary. The foundation is a nonprofit, and the IRS takes an interest in how it pays. “It's not easy or inexpensive to do the research – we need to be compared with foundations about the same size, with staff the same size, for an accurate number,” she said. “But we do it because it's very important to us to run this foundation the right way.”

### **Succession planning**

Burks says her family is also cognizant of establishing a pay rate that would attract someone to the job if she couldn't continue with it.

“Succession planning is something that we have in the back of our minds,” she said. “It needs to be thought about, [but] we have not gotten too far with that.”

Among the obstacles are that the rest of the family is on the Mainland and the foundation, which aims to support Maui-based charities, would benefit from leadership with local knowledge and island sensitivities. At the same time, the point of the foundation was for her parents to make a difference in perpetuity, so some day, a stranger will probably have to run it.

Burks said it felt a bit ironic to be behind on succession planning when, wearing her Family Business Center hat, it's one of the things she advises other family businesses about. The center is an important resource, with programs on succession planning, state and tax planning, family wealth management, conflict resolution, compensation strategies, business valuations and more.

Yoshino said he's had frank discussions with his own son, currently working on the Mainland, about whether he'd want to join the business. They've come to an understanding that neither generation should feel obligated to that possibility, and that neither generation should wait on the other to make a decision.

Consequently, he's envisioned different succession plans that don't all involve family. “At one time, I had thought that what we'd do is sell the business to a Mainland



company,” he said. “But now I think it’s more important for me to have the company survive and stay part of the local community. I haven’t figured it out totally yet, but that would be the end goal, so whether it’s other investors or family or my son, or even an ESOP [employee stock ownership] – these are all things that I’ve been considering.”

Lau and Nelson have young children, so it’s a bit soon to think they’ll be the next generation in charge. “For the next generation, I would say that I’m interested in learning from and watching some of the other family organizations in our community that are on to their fourth or fifth generation,” Lau said. “I think Servco is a really good example. Some of the things that I’ll need to do in my time is, I think, build out a lot of the governance and structure so that there are clear lines for the next generation.”

One thing she knows is that she and Nelson will encourage their kids to go out into the world and get as much experience as they can so that they’d be ready if and when they want to join the family business. “But, like my dad told me, I’d tell them, ‘You have to earn it.’”

Flores has a young son as well, and the day seems far off to consider whether he’ll be the third Flores generation to run L&L. “I’ve set some very ambitious goals for our organization for the next 10 years,” she said. “I certainly have not thought through to the next generation yet because quite frankly, I think the organization will look very different at that point than it does now. But I will say I’m thinking about legacy differently than I have before, because previously it was just me managing my dad’s and Uncle Johnson’s legacy. But now I’m thinking through how that might pass down to [my son] Harry.”

### **Fairness with the non-family members**

The panel spent time talking about how they delegate authority and also how they make sure that the non-family members feel included. That, after all, is another complication of family businesses, that there are insiders and outsiders. Flores quickly sketched out a Venn diagram that she learned from a mentor as a tool to help keep relationships clear and fair.

Three circles, overlapping, labeled “family,” “management” and “ownership.”

“A family member could be in any of these roles, but it’s the roles that matter,” she said. “So if the family is meeting about the direction of the business, it’s clear to everyone in

our organization that it's not a question of family versus non-family. It's owners as opposed to non-owners. I think everyone understands that.”

The diagram certainly applied to all of the panelists, including the fact that each of them had relatives who were perfectly content to remain in just the family circle, with no involvement or ownership of the business at all.

For anyone in a family business, she said, knowing where you fit into those three areas can bring clarity and peace of mind.