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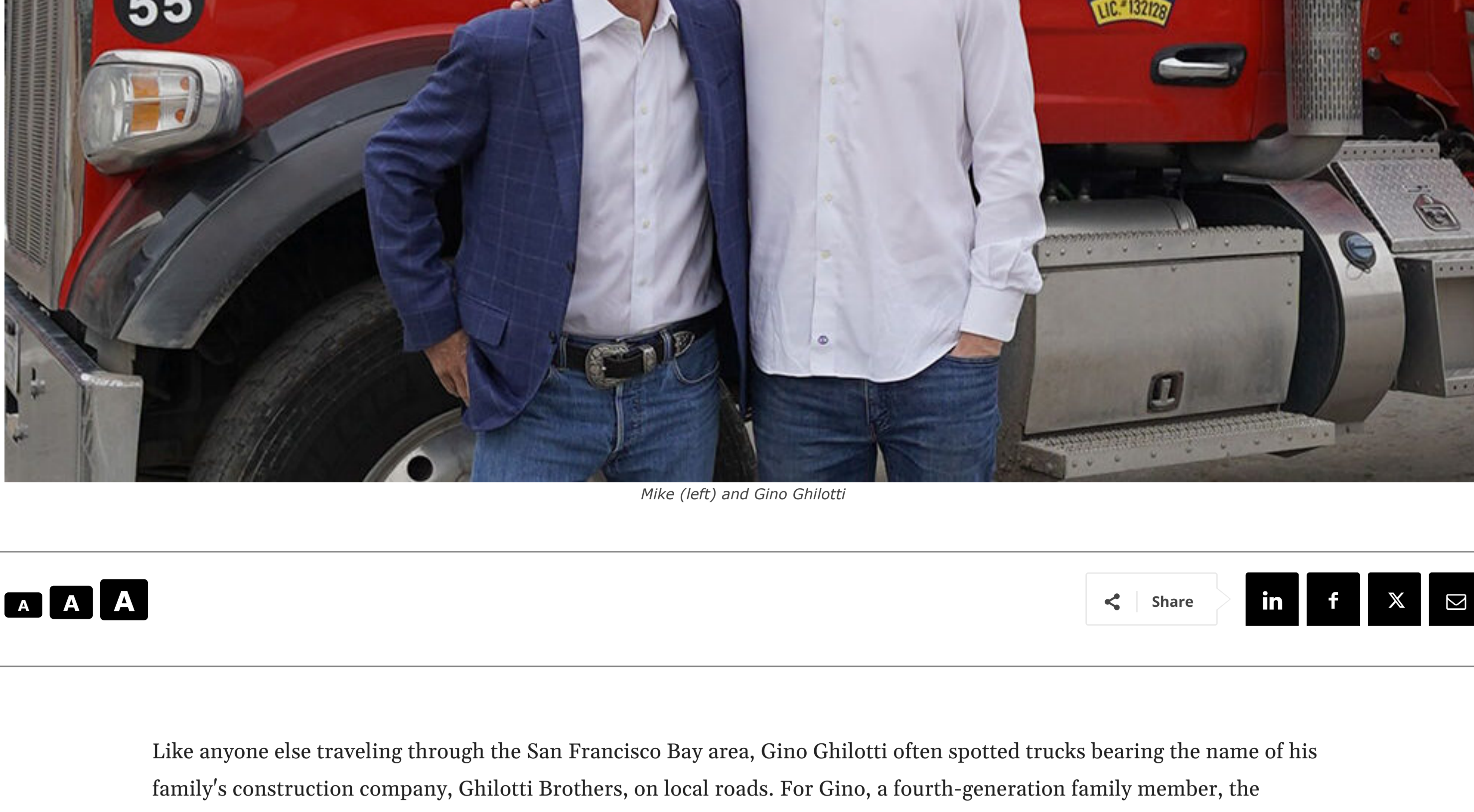
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Mike (left) and Gino Ghilotti

Like anyone else traveling through the San Francisco Bay area, Gino Ghilotti often spotted trucks bearing the name of his family's construction company, Ghilotti Brothers, on local roads. For Gino, a fourth-generation family member, the vehicles were a visible reminder of the responsibilities that come with his last name.

"As a kid, I was definitely hyper-aware of that, and kind of wrestling with it," says Gino, 28. "Thinking about what it means for that to be part of my identity and wrestling and digesting that."

After spending summers working at the company, Gino had to spend some time thinking about his identity and passions, and whether they would fit with the family business in the long term. In 2019, after college graduation, he joined the firm full-time as a project manager.

By last year, Gino and his father, Mike Ghilotti, 62, the current president of the 110-year-old company, were in serious discussions about how to set up Gino to take over the business one day. Gino was excited about the opportunity but was also still struggling with defining his own identity. He wanted to be intentional about the succession process.

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"Since coming to the company, I've been mindful of my last name and not wanting to abuse it by ordering people around because of who I am," he says. "I'm grateful for the life I was given, but I don't want to be entitled. I look at this as an opportunity to work hard and gain influence by building relationships over time."

**110 Years of Growth**

Ghilotti Brothers has operated in the Bay Area since 1914, when Mike's grandfather, James Ghilotti, started doing stone masonry work in San Rafael, Calif. Since then, it's grown to a nearly 300-person business with \$150 million in annual revenue. Among the firm's high-profile projects are renovating Crissy Field in Golden Gate Park, a seven-phase effort to widen Route 101 and replacing the concrete subsurface and brick paving on Lombard Street, known as "The Crookedest Street in the World."

James, an Italian immigrant, built up the business and brought in four of his sons, changing the name in 1939 to James Ghilotti and Sons. The brothers took over the business in 1950, renaming it Ghilotti Brothers. Today, it provides grading, paving and concrete services throughout the region.

While Gino is the only one of his four siblings interested in taking the mantle at Ghilotti Brothers, he and his father are still taking succession planning seriously. They've hired the consulting firm Orange Kiwi, which specializes in helping family businesses manage transitions.

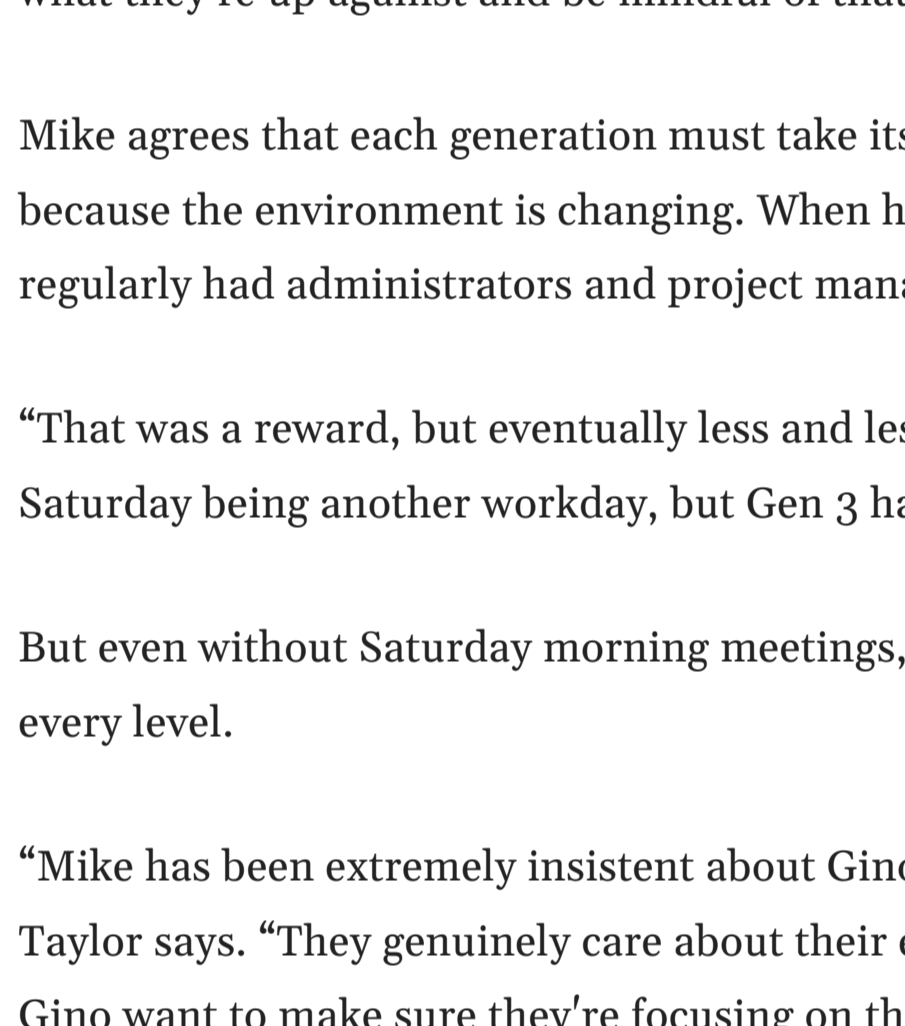
Business psychologist and Orange Kiwi CEO Allie Taylor has been working with the father and son on a succession plan.

"The Ghilottis are very proud Italian immigrants, and the family's story and legacy are so important for Mike and his wife, Lisa, to preserve. That, and their love for their kids, are the key drivers behind their desire to do succession well," Taylor says.

**A Seven-Year Plan**

The succession plan they've devised has Gino, who is currently the company's managing director of organizational development, moving next to the position of vice president, organizational development, which would put him at the same level as the rest of the management team.

In 2028, he'll move on to executive vice president, which will be a new role for the company. In 2030, Gino will ascend to the role of president, at which time Mike will become the company's executive chairman, exiting operational management and moving to a strictly governance role.



James Ghilotti and family

That long-term planning is critical to the success of any family business, but especially one in a volatile industry like construction, Mike says.

"It's about survival and sustainability," he adds. "If you're not growing in this industry, you're falling behind, and the growth process is a wonderful opportunity to include the next generation of leadership."

Mike says the succession process will take the better part of a decade simply because of the magnitude of information and processes Gino needs to absorb.

"There's learning about not only the culture of the company and what makes it tick and how to make money," Mike says. "But it's also how to prepare yourself to interact with business partners, with the bank, the bonding company; understanding insurance and the 401(k) and compliance. All that stuff."

As part of the succession plan, Gino must meet quarterly and yearly goals, which he creates with assistance from Taylor and Mike. He's begun presenting those goals each month to the management team for feedback, a part of the process he's found incredibly valuable.

"It's been a gradual increase of how to get me more connected to the management team, and getting their feedback and making sure that what I'm doing is aligned with what they feel is valuable for my development," he says. "The more I can do that, the better. It's a win-win for everyone."

**A Focus on Leadership**

Gino is also working on honing his leadership style. His father and grandfather had different approaches to this, and he's developing one that aligns to his personality and values.

"Construction, in general, has changed a lot from when my grandfather was leading the business until now," Gino says. "I'm trying to take a kind of servant leadership approach, being very mindful and listening to employees to understand what they're up against and be mindful of that element."

Mike agrees that each generation must take its own approach to leadership, both because they're different individuals and because the environment is changing. When his dad, Mario Ghilotti, ran the business, he worked seven days a week and regularly had administrators and project managers join him on Saturdays for lunch.

"That was a reward, but eventually less and less people wanted to come in on Saturdays," Mike says. "My dad was used to Saturday being another workday, but Gen 3 had to say 'enough is enough' with that. We needed a break."

But even without Saturday morning meetings, Mike believes it's important to connect with the company's employees at every level.

"Mike has been extremely insistent about Gino going out into the field to understand the point of view of employees," Taylor says. "They genuinely care about their employees and also understand how hard it is to find tradesmen. Mike and Gino want to make sure they're focusing on their team and not treating them as a commodity."

That value is evident in the longevity of the company's employees, many of whom have been with the organization for decades. The longest-tenured non-family employee had been with Ghilotti Brothers for 65 years until retiring from his role as VP of Safety during COVID.

**Governance and Communication**

In addition to building relationships with employees, the succession plan aims to improve communication between operational management and the company's board of outside advisors. The separation of board oversight from day-to-day management will become more important when Gino becomes president and Mike moves over to executive chair.

"Creating better communication and the relationship between the board and management will make the transition easier," Gino says. "He can support me through the board and still feel like he has enough information, and he's in control and not unaware of what's going on at the company."

Taylor is also working with Mike and Gino to improve how they communicate with each other and to increase transparency between them when it comes to the business itself.

"That's an art form," Mike admits. "You want your kids to be excited about coming into the business, while at the same time not being overwhelmed with all the challenges they will face, not to mention all the hard work it takes. So, it's about sharing the good, the bad and sometimes the ugly."

Mike says one of the biggest challenges has been allowing himself to be vulnerable throughout the process.

"When you're starting the succession process, you want to encourage the next generation to start putting their fingerprints on the DNA of the company, but you have to be prepared to have some humility because they will question what you are doing and why you're doing it that way," he says. "You get caught up in being the boss and the owner and having all the right answers, so there's a reluctance to really open up and expose yourself. That's been the great journey that Gino and I are going on."

**'An Emotional Process'**

To date, the process has gone smoothly, but it's not always easy.

"The Ghilottis have been extremely intentional about working toward constructive conflict and learning to hear each other well," Taylor says. "As with all families at points of transition, conflict is a necessary part of the journey. It is a challenging, emotional and nuanced process, particularly when making hard decisions. Navigating the journey well means neither avoiding conflict nor engaging in mean-spirited attacks. The Ghilottis are doing a remarkable job of engaging in constructive forms of conflict."

Mike and Gino's sessions with Taylor also include discussions about family governance, enhancing their board of directors with outside advisors, and instituting a Scaling Up initiative under Gino. They've also focused on their relationships with other family members, including Lisa and Gino's three siblings.

"We're trying to get ahead of conflict instead of letting conflict break apart or deteriorate the business," Gino says. "We're trying to learn from past family challenges."

The Ghilottis have seen first-hand the negative impact strained family relationships can have on a business if not proactively addressed. Since the four Ghilotti brothers took over the business in 1950, disagreements between siblings and cousins have led to multiple splits and competing companies.

In 1960, one of the brothers, Henry "Babe" Ghilotti, left Ghilotti Brothers and launched Magiorra and Ghilotti with a partner. In 1992, after another brother, Dino Ghilotti, passed away, his son Richard "Dick" Ghilotti left to start Ghilotti Construction Company. And, in 2007, Babe Ghilotti's two remaining sons, Gary and Glen Ghilotti, left Magiorra and Ghilotti to launch their own business, Team Ghilotti.

Still, Mike says those splits have likely allowed for the longevity of Ghilotti Brothers. If the four companies were to be combined into one, the resulting business would have more than \$600 million in revenue and more than a dozen family members working in it, but Mike believes that situation would be untenable.

"Like many family businesses, the Ghilottis' history includes fractured and fragmented relationships where siblings and cousins ended up having to go separate ways," Taylor says. "Mike and Lisa are being extremely intentional about that not happening in the next generation and ensuring that they put practices, behaviors and values in place that prioritize the health of both the family and the business. That's a pretty big shift for the family story."

**New Challenges**

Mike recognizes that, as Gino takes over the business, he will likely face challenges that previous generations did not.

"The world, and especially the construction business, is just so much more complex and complicated than it was when I started in the industry," he says. "And the commitment to family is so much more demanding."

Mike says one of the ways in which Ghilotti Brothers seeks to differentiate itself is by being a family business that supports its employees and their families, a complex balancing act in an industry that demands hard work and long hours.

"As leaders, we have to find ways to support both," he says. "It's a much different world now."

And while Gino is the only one currently interested in a career at Ghilotti Brothers, there may still be opportunities for him to work with his siblings.

Gino's brother, Mario, worked at Ghilotti Brothers for four years after graduation but, during the process with Orange Kiwi, decided to follow his passion for property development and started his own company, Vero West. Ultimately, the family hopes Mario's company will be a resource for Gino and will hire Ghilotti Brothers for future projects.

The family has also been in discussions with Taylor about possibly working with a multi-family office.

"What my siblings want to do continues to develop," Gino says. "But that might be able to provide more opportunities and help them feel supported in what they want to do."

Mike says the third-party guidance from Orange Kiwi in that respect has also been beneficial to both the company and the family.

"Especially when you have family members in the next generation that decide they don't want to join the family business, you want to be able to treat them fairly, because a lot of the family assets are tied up in the family business," he says.

Meanwhile, Mike has two young grandchildren, Jaxson and Santino, so he's holding out hope that there will someday be a fifth generation running Ghilotti Brothers.

"I'm working on them early," he says with a laugh. "I can't buy enough construction equipment toys for their gifts."

**About the Author(s)**

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 Beth Braverman is an award-winning writer and frequent contributor to *Family Business* magazine.

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