

Helping Family Businesses Succeed Since 1996



FAMILY TIES

A quarterly publication from the UW-Madison Family Business Center to help our members stay connected to each other and to the FBC.

Core Strategy Question: Who is Your Target Market?

Don't leave the answer to history!

By: Kay Plantes, Ph.D.

Kay is an established strategy advisor to CEOs and senior leadership teams in family and other privately held businesses. She holds a Ph.D. from MIT. Kay has been helping the FBC with strategic planning efforts. This article is part 1 of a 4 part series.



Kay Plantes

In an industry known for well-established ways of competing, Finfrock, an Orlando, Florida construction products company, broke all the rules. The son of the founder, Robert Finfrock, decided his father's way of doing business would never build the company of his aspirations. His willingness to rethink "Who is our target market?" positively transformed business results.

Four core strategy questions that collectively define a business model and which every family business leadership team should answer are:

1. Who is my target market?
2. What business are we in?
3. Why do we win over the competition?
4. Why will we keep winning?

Finfrock Industries' business model was broken. The company sold custom-made precast-prestressed concrete components to commercial contractors creating the underlying structure of parking decks, office parks, and other commercial buildings. General contractors typically use a bid process that pits pre-qualified subcontractors against one another to force price competition. Only when demand exceeded supply did

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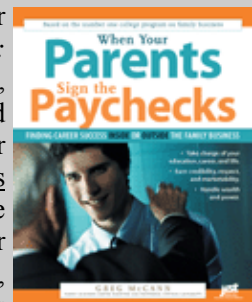
2007 Family Business of the Year Nominations Due March 23

The Wisconsin Family Business of the Year Award recognizes the accomplishments of family businesses that are influential in the Wisconsin business community. This event is hosted by three FBC sponsors: Smith & Gesteland, LLP, DeWitt Ross & Stevens SC, and Associated Bank NA.

- Nominee must be a Wisconsin-based family-owned private company and have intentions of passing ownership to the next generation.
- Nominations can be submitted by anyone close to the business, such as a client, banker, accountant, attorney, or other advisor.
- Self-nominations are encouraged.
- All nominations are due by March 23, 2007.
- An awards ceremony will be May 17 at the Marriott-West. Nominees, their employees, nominators, family and friends are invited. See www.familybusinessaward.com/index.htm for nomination form and other details.

When Your Parents Sign the Paychecks

The highly rated December program, "The Next Generation: Its Eight Biggest Challenges", presented by Greg McCann, had many inquiries on how to order his book, When Your Parents Sign the Paychecks. It will be available in March. To pre-order your copy, go to www.jist.com, search for When Your Parents Sign the Paychecks and follow the steps for ordering the book online. If you prefer to use the phone, fax, or mail, click "How to Order" at the top of the web-page and follow the instructions.



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the company earn what Finfrock viewed as an acceptable return.

In a move tantamount to leaving one flying trapeze to another, Finfrock advocated selling to building owners. According to Finfrock, "They alone would fully value our cost-saving design skills that could pull risk, time, and money out of building projects. I swallowed hard because owners buy completed buildings, not components. A lot of change was ahead of us." Finfrock targeted parking structure owners, as precast components were a high percent of the total project cost.

Convincing his sons, who work in the business, and other management to make the change took time. They worried that contractors would stop purchasing from Finfrock, creating a revenue crisis and layoffs before

the new business could be built. An outside consultant helped the team reach consensus. To everyone's delight, contractors were so impressed by Finfrock's ability to do the whole building, they brought Finfrock into more deals, without bidding!

"I believe everyone goes into business to thrive," Finfrock stated. "We are finally thriving, and I assure you, it's a lot more fun than competing on price."

Is your business thriving? If not, find the courage to change your business model. Start by asking, "Who is my target market? The answer should never be left to history or industry practices. Think strategically. Who would most value what your company does best? ■

Kay will continue her Core Strategy series in the May issue of Family Ties. Her next article will be about Core Strategy #2: "What business are we in?"

MEMBER/SPONSOR NEWS



(center) Brian and JR Smart

Smart Motors had a ground breaking ceremony at their Odana site on November 17. The expansion project will make them the largest Toyota dealership in

the Midwest. The FBC attended, and Ann Kinkade, was one of the keynote speakers.

Ancora Coffee Roasters is launching a "Choose to Reuse. Drink Responsibly" campaign. Ancora employees use only washable cups and plates in order to reduce landfill.

Diane and Ken Hendricks, **ABC Supply Company**, are recipients of the prestigious 2006 Governor's Award in Support of the Arts. They received the award for their imaginative thinking, belief in the Beloit commu-

nity and using the arts to revitalize the heart of Beloit.

Congratulations to FBC members who have recently appeared on the cover of business and industry magazine covers! Mike Gallagher, **Capitol Sand and Gravel**, August *Rock Products*; Ken Hendricks, **ABC Supply Co.**, December *Inc. Magazine*; Diane Ballweg, **Endres Manufacturing**, December *WI Women*, and Scott Stevenson and Phil Durst, **KleenMark**, December *Maintenance Sales News*.



On-Air with In-Business magazine, a radio show hosted by Jody Glynn Patrick and Joan Gillman, featured several FBC business owners as guest speakers during January. Marsh Shapiro, **Nitty Gritty**; Sue Alt, **Kitchen Hearth**; Greg Griffin, **ElderSpan Management** and John Zimdars, **The Zimdars Company** all shared their knowledge and industry perspectives with listeners.

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MEMBER/SPONSOR NEWS

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The Statz family, **Qual Line Fence**, recently celebrated the wedding of Jim Statz, son of Ray and Harriet, to Jodi Hope Hernandez. The happy couple honeymooned in Palm Springs.



December *Member in the Spotlight* was **Smart Motors**. J.R. Smart proudly talked about the family business history beginning in 1908 and how it survived despite the auto dealerships' challenges faced by the Great Depression and WWII. Daughter, Hannah, and brother, Brian, also were on stage.



Diane Ballweg, with son Ben and daughter Kate, **Endres Manufacturing**, took a 4 week trip to Antarctica. This completes Diane's goal of visiting all 7 continents and swimming in 4 oceans!

CENTER NEWS

Welcome New Members!

- Sargento Foods, Inc.
- The Gialamas Company
- Webcrafters, Inc.

FBC Featured on ESPN Plus. During the December 31 UW Men's Basketball game, the FBC was featured on the Half Time show. The 3 minute segment included interviews of FBC Director Ann Kinkade; Mark Cullen, **JP Cullen & Sons**; and Julie Coquard, **Wollersheim Winery**. Several candid pictures of other members were shown; e.g., Susie Spencer of **Alliance Rubber**, Tom and Kurt Marling of **Marling Lumber**, and Marsh and Susan Shapiro of **Nitty Gritty**. Watch for re-runs during UW sports events in February. Thanks to UW Communications for partially covering the cost to author and encode the FBC segment for DVD duplication. Copies are available for \$15 by contacting Joyce at (608) 441-7347.

December Program Welcomed Teens and Young Adults



The highly rated December program filled the first 3 rows of the Fluno Howard Auditorium with the "potential" next generation members. The presenter, Greg McCann, at times directly addressed this younger audience. He encouraged them to take an active role in the succession process and cited many examples they could easily relate to.

New Year's Resolutions?

- **Help Build FBC Awareness:** The next time you receive media attention from your local newspaper, trade association newsletter or a national news outlet, please consider mentioning your company is a member of the UW Family Business Center and how it has helped your family and family business.
- **Get National Exposure:** UW Alumni quarterly magazine features human interest stories on their alumni. If you are a UW Madison alum, from a company with a national/international appeal, have an unusual product, human interest or a philanthropic story, please contact Joyce at (608) 441-7347.
- **Help Recycle:** Wisconsin Manufacturers & Commerce has a new service where surplus materials are listed online. Anyone can view and purchase these items. See: https://emarketplace.wmc.org/surplus_materials.

FAMILY BUSINESS CENTER SPONSORS

A special thank you is extended to the following sponsors. These businesses provide the Center and its members not only with necessary financial support, but also with expertise in family business issues and a commitment to the cause of family businesses. If you have questions, they can help.

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- NEWSLETTER PUBLISHER: PRITI PATEL



Register Now!
*“Creating Harmony in the
Family Business”*
Breakfast: 7-8 a.m.
Program: 8-11:30 a.m.

Presented by: Peter and Susan Glaser
Glaser & Associates, Inc.

At this program you will learn the skills family members need in order to effectively handle conflicts. Such skills include how to build trust through conflict, raise difficult issues that strengthen relationships, decode the hidden world of non-verbal communication, teach people how their behavior is a problem, and convert criticism and blame to insight and agreement.

Register by March 6th!

Call: (608) 441-7347

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Online: <http://exed.wisc.edu/fbc>

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