Dad, let's diversify!

They conjure up images of the modest "Mom-and-Pop outfit." But family-owned and -operated businesses easily belie that stereotype. In fact, they often blow the competition away. By Carol North Schmuckler

Conventional business sense told Gary Greenberg that it was wrong. At the very least, it wasn't wise.

Birken Manufacturing, makers of precision components and assemblies, was doing well. But borrowing $3 million to construct buildings to accommodate business Greenberg didn't have—you don't incur that kind of debt until you have the business to support it, signed, sealed, and delivered.

Greenberg, however, wasn't operating within the constraints of a conventional business. He and his brother Glen moved swiftly, responding to instinct. They made decisions in that most flexible of all capitalist entities, the family business.

They didn't wrangle with any internal bureaucracy. They didn't sugarcoat the idea to sell it to shareholders or a board of directors. They didn't draw up a formal business plan or a statement of potential profitability. They didn't even go to their accountants.

Instead, Gary, Glen, and their father sat down and talked—about 20-year financing at 70 percent of prime, about the personal commitment each was willing to make to the business, about

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Writers who contributed family-business profiles include associate editor Renée Gearhart Levy; Alexandra Eyle, *a former associate editor of the magazine who is now a free-lance writer living in Syracuse; and* Eric Schmuckler, *a staff writer for* Forbes *magazine living in New York City.*

what they dreamed of for the future. And when they finished talking, they went for it. They applied for and got Connecticut Development Authority bonding and constructed two buildings. Then they went out and found the business to fill them.

"Without any question, the buildings were a major factor in our expansion," says Gary, a 1972 graduate of SU's College of Arts and Sciences. "Because we created available space we became aggressive in acquiring companies, even though we hadn't really been in the business of acquiring companies before. In addition, my brother's operation grew from $1 million a year to almost $5 million because he could expand into 34,000 square feet, instead of being limited to space in our main building. We took a chance incurring that kind of debt, and it's a good thing we did."

Today Birken and two related companies, located in Bloomfield, Connecticut, have 230 employees. Together they did $18- to $20-million worth of business in 1990.

In the era of the megadeal and the corporate takeover, the idea of a family business seems quaintly old-fashioned: the Mom-and-Pop grocery store perched bravely next to the supermarket giant. That image, tinted by nostalgia, is far from fact.

Family businesses—one in which two or more family members are directly involved and the family legally controls ownership—are by no means small potatoes. Some 175 of the *Fortune* 500, the 500 largest businesses in the United States, are controlled by a single family. Wal-Mart Stores and the Newhouse communications empire, for example, are family businesses.

According to the scholarly journal *Family Business Review*, 90 percent of all businesses in the United States—including corporations, partnerships, and sole proprietorships—are family controlled. That statistic is no great surprise. Family businesses fulfill the immigrant's dream, and wave after wave of newcomers to the United States have sought this slice of the American pie, from the sturdy farmers of the past right up to the tireless grocery store proprietors of today.

Family businesses offer the best kind of financial security—one born of self-determination. They also bring

Proud of Their Roots

Bagels bland? Blend horseradish into the cream cheese. Cookies colorless? Melt bittersweet chocolate, add horseradish, reharden, and use as chips in your chocolate chip cookies. Lasagna listless? Add you-know-what to the ground meat.

For Neil Gold '70, those recipes are as American as apple pie, because he's part of the third generation of the Gold family to manufacture, among other things, Gold's horseradish.

The pungent business started in 1932, when Tillie Gold's cousin was thrown into jail for not paying the rent on his horseradish-grating stand. Tillie's husband Hyman bailed him out, and in gratitude was given the grinder.

The Golds decided to go into business, grinding the horseradish in their apartment (with the windows wide open). Their three energetic sons (one of them Neil's father) rode around their Brooklyn neighborhood on bicycles selling the horseradish one or two jars at a time to ensure freshness. As they became successful, they invested in an old taxi, removed the back seat, and sold the horseradish from there.

The business grew enough that they were able to buy another horseradish company in the fifties and begin selling to the big supermarket chains. Today Gold's is the largest producer of horseradish in the world. And while that remains their primary product, the family's 95,000-square-foot factory also produces borscht, sorrell soup, Dijon mustard, and cocktail, barbecue, chicken, duck, rib, soy, and Worcestershire sauces. Their annual sales are estimated at $10 million.

Gold Pure Food Products

Headquarters: **Brooklyn, New York**
Trade: **Horseradish and other prepared foods**
Family Tree: **Neil Gold '70, director of marketing; Howard Gold (brother), Marc Gold (cousin), and Steven Gold (cousin), various capacities**
Ancestry: **Founded by Neil's grandfather Hyman Gold; Neil's father and uncles are still active**

Pictured, from left: Steven, Neil, Marc, and Howard

Neil Gold is one of four cousins now intent on expanding the company still further. He is director of marketing and with cousin Marc handles sales and shipping. Brother Howard and cousin Steven head production. Neil's father and uncles are still active, but the day-to-day operations are now handled by the third generation.

At seven every morning all four cousins meet to discuss both the day's activities and long-term goals, not all of which they agree on.

"Of course there are conflicts," Neil cheerfully acknowledges. "Doing things by committee requires hanging in there. Sometimes it's just a matter of who talks the loudest. Usually, though, we look at the points people are making and then discuss the issue until there's a majority."

The secrets of success, Neil says, are retaining one's sense of humor, working hard, and keeping the business as the number-one priority. For the Golds, that seems to be the spice of life. — CAROL NORTH SCHMUCKLER freedom: to do things your own way, to control events, to use your time as you see fit, to know your job is secure, and to ask the kinds of questions you wouldn't otherwise dare to ask.

In sum, commitment and flexibility—those are the reasons that family businesses are, more than just popular, often very successful as well. Many grow to be large, not despite their Mom-and-Pop origins, but specifically because of them. They enjoy distinct advantages over businesses not bound by blood.

As the Greenbergs discovered, decisiveness gives family businesses enormous maneuverability in today's complex marketplace. Just ask anyone who's had to go through 14 corporate layers to approve the purchase of a new coffee pot.

But family businesses also flourish because they inspire intense dedication. It's the kind of loyalty money can't buy. It's the kind of commitment that makes a company dynamic.

"A family business means having partners you can trust totally," says Dana Chernin Melnick, "because you know they're looking out for the business just as you are. What's more, there's not an aspect of our lives that my husband and I don't share."

At Pentech International, of Edison, New Jersey, importers of writing instruments, Dana Melnick is creative director, husband David is president, her father-in-law is chairman and sales manager, and her mother-in-law handles the office. It's very much a family affair.

It's also a success story with a twist: David didn't go to work for his father. His father (and mother) came to work for him.

All through high school and SU's School of Management (from which he graduated in 1981), David had worked summers in the family business, Magic Marker Corp., manufacturers of writing products. When his father sold the company, David soon realized he'd be happy only in his own business. He decided to stick with what he knew—writing implements—and found a relatively untapped market: teens and children.

The line he put together in 1983 rocked the usually staid stationery business: pens that write in hot pink and lime green, watercolor markers that

MICHAEL L. ABRAMSON

SOLD TO THE HIGHEST BIDDER

The one thing Steven Good knew for sure was that he absolutely did not want to join his father's real estate firm.

"My dad was such a star, I wanted to make my own way," Steven remembers. So he went to law school after graduating from Syracuse's School of Management in 1978.

But a funny thing happened one summer when he did consent to work for Dad's firm—he sold a big hotel and made $35,000. "I not only liked the money, but my father convinced me that if I had the talent, he'd give me as much rope as I could handle without hanging myself. So I came into the firm after finishing law school," he remembers. It was years before he found out his father had set up his hotel sale.

The company Steven joined already filled a special niche as a commercial and investment real estate brokerage firm specializing in hard-to-sell properties. One of its creative selling methods was the real estate auction. Auctioning was a sales technique that, until recently, seemed more appropriate to Aunt Martha's old bedroom furniture than a $250,000 house. An auction was considered a distress sales technique for poor quality properties, particularly vacant industrial plants. The switch to residential properties began when a developer asked Steven to sell a subdivision of expensive properties by auction. When it was successful, he went on to auction three other subdivisions. "It worked, and as we became more successful, we increased the desirability of the product," he says. "Today some of America's finest properties are sold by auction."

Steven has brought his father's company a long way in nine years. A single office in Chicago has mushroomed to offices in nine cities. Today the company does business in 40 states and is the largest real estate auction company in the country. From its 1981 sales of $44 million, it's grown to hit sales of $350 million in 1990.

Steven says the secret of a successful family business is making the well-being of the company the main priority: "We all jump through the hoop of fire when we have to, without worrying about the order in which we jump through or how we jump through. The idea is just to get through."

Steven is optimistic about the future: "We've found that soft markets give rise to unorthodox marketing techniques. Today's cycle in the Northeast simply allows us to establish a beachhead to show that auctions are effective. We're setting sales records in Chicago today because auctions work in bad markets as well as good."

—CAROL NORTH SCHMUCKLER

Sheldon Good and Co.

Headquarters: **Chicago**
Trade: **Real estate, specializing in auctions**
Family Tree: **Sheldon Good, chairman; Steven Good '78 (son), president/CEO**

Pictured, from left: Sheldon and Steven

SINKS AND FAUCETS, AISLE 11

You need curtain rods, two-by-fours, a filing cabinet, a closet organizer, and paint for the porch. Relax. Make one stop at a Hechinger home center or a Home Quarters Warehouse and you'll be done in an hour. Both divisions, owned by Hechinger Company, cater to do-it-yourselfers and homeowners—in other words, baby boomers.

According to S. Ross Hechinger, a 1973 graduate of the SU College of Arts & Sciences and senior vice president of information systems and logistics for Hechinger Company, the company has boomed with the boomers.

"The do-it-yourself market took off in the eighties," Hechinger says, "when baby boomers were rushing to get homes and fixing them up and then selling them again."

As a result, Hechinger Company has grown from 45 stores in 1984 to 123 at last count. The company grew in large part via acquisitions. In 1988 it bought the Home Quarters Warehouse, catering to homeowners, and Triangle stores, catering to contractors. In 1989, it acquired leases for Bradlee stores in Washington and Baltimore. Today, sales are in excess of $1 billion, and earnings have surpassed $34 million.

Information is critical to the company's success. "In running a retail operation," Hechinger says, "you need to collect an amazing amount of data." His department uses complex information systems to track sales and forecast budget plans.

Hechinger Company

Headquarters: **Washington, D.C.**
Trade: **Retail outlets serving the do-it-yourselfer**
Family Tree: **John Hechinger Sr., chairman; John Hechinger Jr. (son), president/CEO; S. Ross Hechinger '73 (son),senior vice president**
Ancestry: **Founded by Sidney Hechinger, John Sr.'s father**

Pictured, from left: S. Ross, John Jr., and John Sr.

Although now on top of the industry, Hechinger Company had simple beginnings. S. Ross Hechinger's grandfather, Sidney Hechinger, started the company in 1911 in Washington, D.C., as a demolition business. Eventually he went into lumber. Realizing that both homeowners and builders buy lumber, he opened a "do-it-yourselfer" store in 1924.

Since then, Hechinger leadership has been handed down for three generations. Sidney's son John Hechinger is chairman of the board. John's eldest son, John Jr., is president and CEO, and his second son, S. Ross, started in the company remodeling the stores, in 1974, before working his way up.

S. Ross did not feel pressured to stay in the family business, however. After graduating from SU, he worked as a musician (in a band called Sweetlynd Sound), playing at the Jabberwocky at SU, and at Cornell and Colgate. But that didn't pay the rent. Since there was then no Hechinger store in Syracuse, he found work sweeping floors at a competitor's store, Grossman's. A year later, he joined Hechinger in Washington.

"I didn't think I'd join the family business," he recalls, "but I figured that as long as I was enjoying my work at Grossman's, I might as well become part of Hechinger." —ALEXANDRA EYLE

JAMES MCGOON

give off scents, retractable crayons, Crazy Paper that changes color as you write, and even a crayon that writes in six colored stripes.

He turned to Dana, a 1980 graduate of SU's College of Visual and Performing Arts, to design the flashy graphics needed to attract his target market. Response to the line and its packaging was so overwhelming that she left another job and began working for the family business full-time. David then persuaded his father to handle sales and financial correspondence for the new company, and convinced his mother to run the office.

According to David, one of the company's strengths is that it introduces products four times faster than its competitors do. "We issue 15 to 20 new products a year," he explains, "compared with the two or three they come out with."

Pentech went public in 1985 and has been frequently noted as one of the best small companies in the country. Its 1990 sales are close to $30 million, all handled by a staff of 15. Until recently, the company concentrated on importing, but it has opened a pencil manufacturing plant.

While Dana knows her family shares something special, she admits there are challenges, too.

"We never get away from it," she says. "Even sitting on a beach on St. Maarten we find ourselves trying to come up with names for new items. It's tough to never stop working."

Let's be up-front about one thing: like all businesses, family businesses often fail. The astonishing fact is that less than two-thirds of them survive the second generation, and a spare 13 percent last through the third generation.

Leon Danco, who heads the Center for Family Business in Cleveland and is one of the nation's foremost experts on the subject, says that even excluding those that die in their infancy (less than 10 years old), the average life of any company is 24 years. Family businesses go under for the same reasons other businesses fail: changing markets, new technology, and copycat competitors. But there are special challenges facing family businesses, such as inadequate financial capabilities, increased financial demands by family members, lack of skilled staff, inheritance taxes, power struggles between family members, and the delicate matter of succession.

Advance planning could prevent the headaches of inheritance taxes, says Syracuse attorney Edward Green, a 1960 graduate of the College of Law. But, he says, not enough people see that far ahead. "The value of the business may not be in liquid form," he explains. "For instance, a farmer's money is tied up in land and equipment. When he dies, his estate is valued and taxes established. The problem arises because money is all tied up and his heirs must sell something to pay the taxes. The assets are broken up." In the case of a multi-million-dollar company the results can be lethal.

Another challenge to family businesses is the struggle for power—not the sole province of television soap opera. More than one real-life family dynasty has dissolved as brothers, sisters, cousins, and in-laws jockeyed either for control or for a larger slice of the profits. One need look no further back than 1986, when the Binghams of Kentucky dissolved their $400-million newspaper and broadcast empire because of a bitter dispute between siblings.

Then there's the matter of when to let go. "The generation that fought World War II built family businesses and said, 'Someday this will all be yours, my boy,'" says expert Danco. "But today a man in his early sixties is still vigorous and doesn't want to turn his business over to some 30-year-old kid who isn't ready. Well, his kid is more than ready and is getting irascible. Two siblings want a piece and his wife just wants peace. That's why the mortality rate of family businesses is so high, not because it was a crummy idea or was undercapitalized, but because the poor bastard got shot at from so many directions he just said 'The hell with it!' and dissolved the company."

How does it feel to turn your well-established business over to the designated successor?

"It's not easy," admits Bob Jurick, who passed the presidency of Fala Direct Marketing, in Melville, New York, to his son Jeff four years ago. "When you do something for so many years, you're proud of it and you don't like anyone else taking over, even though it's your own offspring."

TEMP WORK

By 1949, William Olsten had tried all sorts of jobs. He'd marketed caps for milk containers, bought produce for Ruben Rubens (king of the Ruben sandwich), supervised construction of the left wing of Avenger torpedo bombers, and co-owned a hamburger joint. But no career seemed right.

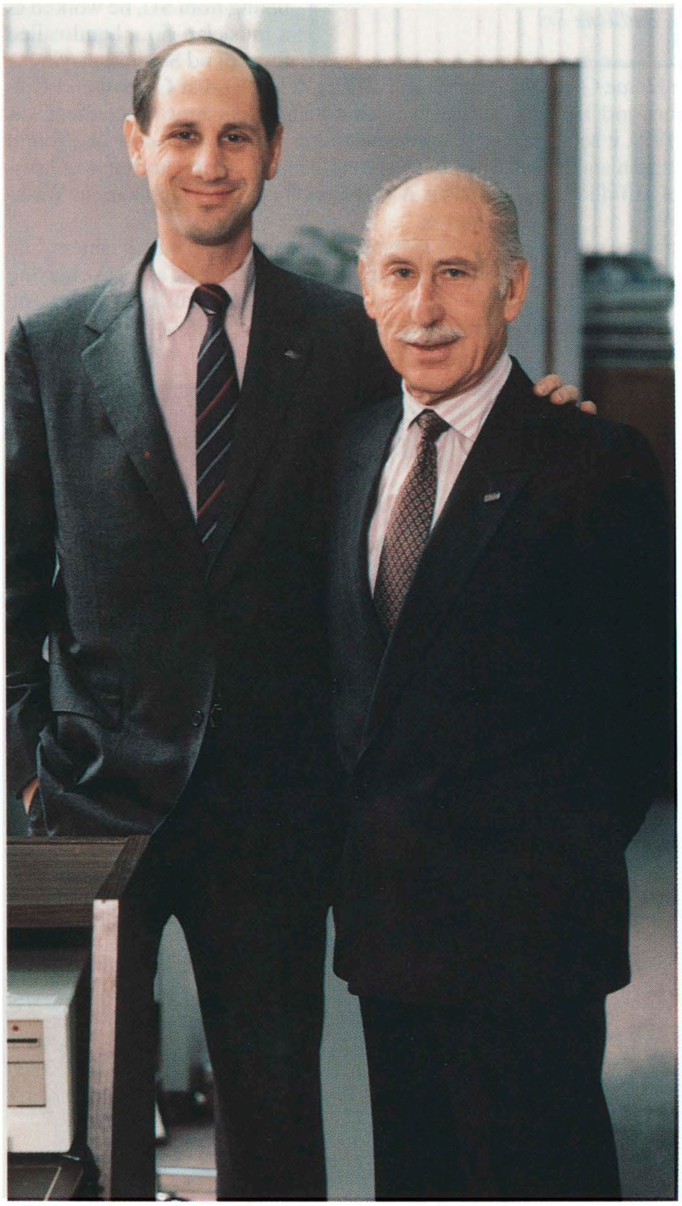
Then he heard about something new: the temporary office-help business. When Olsten first opened Temporary Office Personnel Services in 1950, located at 13 East 47th Street in Manhattan, he thought he might have made a mistake. His first call was for a bilingual secretary—a position he couldn't fill. His second was for something called a Moon Hopkins biller.

A what?

Olsten Corp.

Headquarters: **New York City**
Trade: **Temporary office help**
Family Tree: **William Olsten, chairman; Stuart Olsten '74 (son), president/CEO**

Pictured, from left: Stuart and William



"I must say," Olsten recalls, "I was very, very disappointed. I felt that if this was the way it was going to go I might as well close up shop." Happily, he hung in there. In the mid-fifties, to attract more temps to his firm, he drove around the New York City boroughs in a station wagon with a company sign on top, handing out circulars in supermarket parking lots.

William Olsten now heads a family empire that dominates the world of temporary office help. He is chairman of Olsten Corporation, and his son, Stuart P. Olsten, a 1974 graduate of SU's School of Management, is president and chief operating officer of the company.

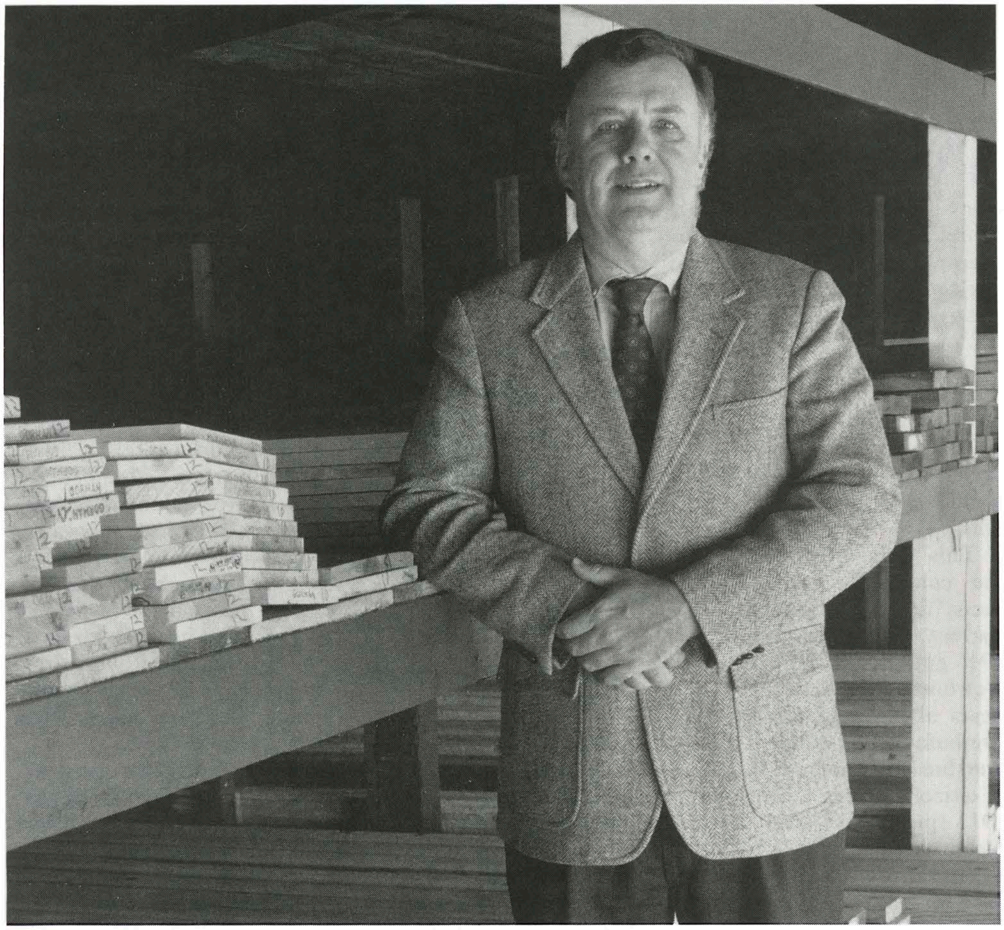
Stuart started out as a company rep in 1975. Today, in addition to being in charge of all the office services branches, he also has three major areas of responsibility: acquisitions; speciality service operations, which handles accounting and other higher-end skills; and long-term placements, where companies hire Olsten to run departments that have seasonal work.

Since Stuart joined the company, Olsten has grown into two divisions—Olsten Temporary Office Services, with 500 locations; and Olsten Health Care Services, with 300 branches. In 1989, the company employed 335,000 temporary workers in the United States and Canada.

The company also dominates Olsten family gatherings. "My dad lives for business," Stuart says. "So whenever we socialize with him, it is almost impossible to keep business from coming up. It gets to the point that we say, 'The next person who mentions business has to pay the other person a dollar.' That works for about an hour. Then dad says, 'Forget the dollar, I have a question for you.'"

Today, Olsten Temporary Office Services provides almost any type of personnel for clerical or light industrial work. If a call comes in for a bilingual secretary, Olsten can usually find one. Moon Hopkins billers, however, are still not available.

—ALEXANDRA EYLE



BUNGALOWS FOR BOOMERS

There's more than one way to build a business. When Philip Hallahan became general manager of his father's 20-year-old lumber yard, Fred C. Hallahan Lumber, in 1967, he did so with an eye toward expansion. He quickly decided against horizontal growth—opening more lumber yards—in favor of venturing into construction.

"I saw that there was a market selling not only to outside contractors, but by selling to ourselves and becoming builders," says Hallahan, who earned his B.S. from the SU School of Management in 1965. "You have a limited amount of capital no matter what you're doing. By having the turnover of our assets in the construction area, we could grow much more rapidly."

Thus Hallahan Custom Building was born. Gearing his product toward the first-time home buyer, Philip started building single-family homes in Springfield, Massachusetts. He first bought and built on continuous lots—four or five on a street—and eventually began buying farms in the suburbs and building complete subdivisions.

As his construction and development businesses grew, so did the lumber yard's business. "What we kept doing was increasing our product fix by buying more of the products that went into home construction," says Hallahan. He also bought a lumber yard in neighboring Chicopee, where his parents had once worked and met.

The average U.S. family buys a new home every seven years, says Hallahan. So in the eighties, Hallahan Custom Building switched its focus to construction for the move-up buyer, building 85 to 90 homes a year.

A graduate of General Motors' management training program, Hallahan has no regrets about dumping the corporate life for what was once a Mom-and-Pop operation.

"My father was getting older and I could see that it was a great opportunity," he says. "I think it's everybody's dream to be their own boss and do their own thing."

—*Renée Gearhart Levy*

Fred C. Hallahan Lumber
Hallahan Custom Building

Headquarters: **Springfield, Massachusetts**
Trade: **Lumber, construction**
Family Tree: **Philip Hallahan '65, president**
Formerly involved: **Fred C. Hallahan Jr. '59 (brother)**
Ancestry: **Fred C. Hallahan Sr. (father), founder**

Pictured: Philip

Perhaps Bob, a 1949 graduate of SU's College of Arts and Sciences, understood the difficulties of the situation so well because he himself had once been a successor in Fala, his mother-in-law's business.

"I spent my first five years working every job there was. She believed, as I do, that you can't ask anybody to do what you can't do yourself. And in those days we did mailings using addressograph plates, folding machines, and hand insertion," he recalls. "A big mailing was 100,000 pieces of mail. Today Publishers Clearing House mails 57 million pieces of mail twice a year."

When he became president, Bob moved the firm into printing and then into computers, producing the first bulk-mailed piece of computerized correspondence in America. He sold the firm in 1970 but then bought it back in 1978 and started all over again.

In 1976, Jeff had graduated from SU's School of Management and gone to work for another printer—a common practice of training successors outside the family business that many experts recommend. Jeff joined his father soon after. Today the privately held company with 200 employees is one of the oldest direct-mail marketing companies in the United States. Fala does data base management and direct mail for blue-ribbon clients such as AT&T, Air India, Chase Manhattan Bank, Citibank, Gucci, and Laura Ashley. They are a one-stop shop for printing and mailing.

After seven years, Bob felt his son was ready to move into the presidency. Bob became chairman, while his wife continued as secretary-treasurer.

"The first year Jeff was president, I still ran everything and he had to ask me every question," says Bob. "But two years ago I gave him responsibility for operating the whole company while I concentrated on my favorite areas: advertising, marketing, and sales.

"I wanted Jeff to be in charge while I'm still physically here. It's important for him to have the opportunity to do things his way while his father and mother are in the background to help him. We made the change slowly and he took over in such a good manner that, looking back, I think I should have done it faster."

Preparing for succession was something that Bob Frent and brother-in-law Irving Rubenstein (now deceased) agreed on.

Friends during their college days at Syracuse (Frent, Class of 1948, and Rubenstein, 1946), they went to work for a metals company but watched for something of their own. When one client complained frequently about difficult trash disposal, Frent and Rubenstein realized that no one in Syracuse was providing containerized trash removal. That was all they needed. In 1956 they started Ace Sanitary Haulers, Syracuse's first "dumpsterized" commercial and industrial trash service.

"The greatest challenge was changing people's thinking from having trash picked up by hand to using containers," Bob recalls. "We had to teach them about the method's cleanliness."

Although the privately held company releases no sales figures, Bob will say that it's grown enormously. One client, for instance, started with just one container; now the client, Syracuse University, has 300. Today Ace serves some 500 customers in Onondaga County alone.

National companies have cast covetous eyes on the business for years. "Irving and I discussed it, but we decided to hold onto the business for our children," says Bob. "We began preparing them to take over, starting them at the bottom."

Alan Frent remembers that all too well. "I know the city better than anyone because I painted every single dumpster in town," he says proudly. But that's not all he did. He arranged his schedule in the School of Management (Class of 1973) so he could work mornings and take classes in the afternoons. At one point his father pulled Alan out of classes for a week (with dean's consent) to sit in on union negotiations.

Today, while Bob nominally continues as president, he spends much of his time in Arizona. As vice president, his son Alan is the outside person, calling on customers and handling sales. Son Steven, also a vice president, handles the firm's bookkeeping and financial obligations. Rubenstein's son Marc, another vice president, is in charge of equipment and personnel. And all of them learned the business not only early, but literally from the ground up.

Sometimes questions of succession are resolved by spinning off related businesses, a solution that gives all heirs meaningful responsibil-

Other Pies in the Oven

Welcoming a new neighbor with a homemade pie is an age-old tradition. But the Charles Freihofer Baking Co. turns it around. Upon opening a distribution center in Binghamton, New York, last fall, for example, Freihofer drivers delivered baked goods to 30 nonprofit and social service agencies. "This is just our way of announcing to the community that we're here, and we want to do more than sell a product," Albert Freihofer, vice president of sales, explains. "We want to be good neighbors."

This goes back to the company's early years. To this day, Jane Tarrant Freihofer, a 1946 graduate of SU's Newhouse School, still hears about how the Freihofer family delivered bread to hundreds of citizens during a Troy, New York, flood in 1913 (just weeks after the bakery opened a plant there).

"In a sense it was a wonderful way to start," Jane says, "because it set a precedent. I think that probably every single one of the Freihofer boys since then recognizes that unless the people really respect their business, they're not going to keep it. I think they always set an example of caring."

Freihofer bakery, an institution to grocery shoppers of the Northeast, began in 1884 when Charles F. Freihofer opened a Philadelphia baking plant. Today it is based in Albany, where six plants produce 225 varieties of breads, cakes, doughnuts, and cookies, which are delivered to stores, restaurants, schools, and hospitals in New York, Connecticut, New Jersey, Massachusetts, Vermont, and New Hampshire. Throughout the expansion, the family has kept its ties with Troy. Jane and Robert Freihofer Sr., a grandson of Charles, raised their family there.

Freihofer was acquired by General Foods in 1987 for $115 million, but the family influence remains: Robert Sr. is chairman of the board. Although one of his sons, Robert Jr., a 1971 Syracuse University graduate, left the business, another son, Albert, is vice president of sales. Two great grandsons of the founder are also vice presidents.

And so the family continues its neighborly ways. While Freihofer breads rise, the company also raises money for a local cancer unit, a company-sponsored acting troupe performs a play on the dangers of drinking and driving, a Run for Women is sponsored annually, and social organizations receive donations regularly.

"My forebearers had this attitude going in," Albert explains, "It's something we've never questioned. It's just part of the mission of the business."

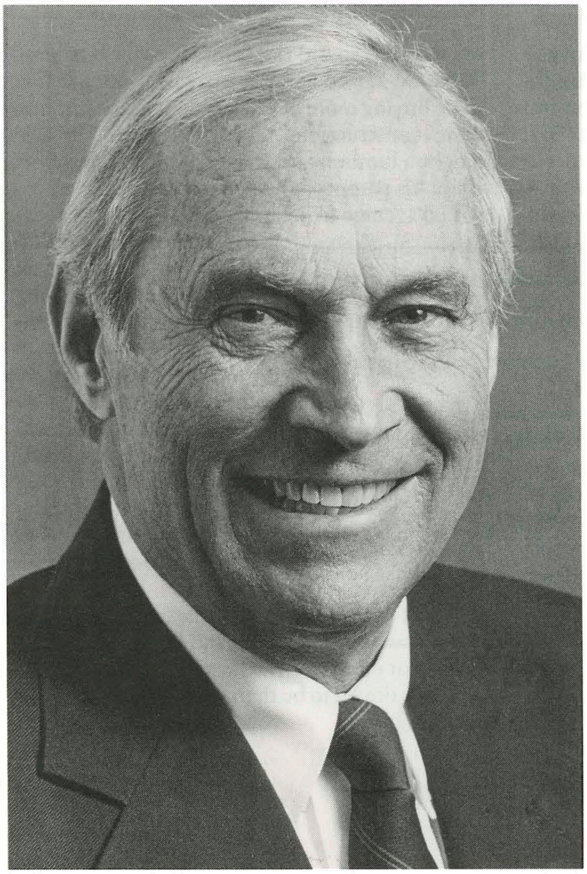
—Alexandra Eyle

Charles Freihofer Baking Co.

Headquarters: **Albany, New York**
Trade: **Brand-name baked goods**
Family Tree: **Robert Freihofer Sr., chairman; Albert Freihofer (son), vice president**
Ex officio: **Jane Tarrant Freihofer '46 (wife and matriarch)**
Formerly involved: **Robert Freihofer Jr. '71 (son)**
Ancestry: **Founded by Charles Freihofer (Robert Sr.'s grandfather)**

Pictured: Robert Sr.

TIMOTHY H. RAAB



IN THE HEART OF WATTS

James Woods Sr. is one of Los Angeles's most successful black businessmen. So after the Watts riots broke out in 1971, the Woods family naturally decided to strengthen a "very depleted economic situation," as James's son Leon puts it.

Using seed money provided by Aerojet-General Corp., James Sr. and his two sons, Leon, a 1965 graduate of SU's School of Management, and James Jr., created a new company in Watts: Automotive Products. Woods and his brother are vice presidents; his father is chairman and CEO.

Automotive Products started out making glove boxes, sun visors, and headrests for General Motors and Ford. Today, the three factories produce 90 percent of Ford's Bronco hood prop rods, and 30 percent of Ford's trunk torsion torque rods. The company employs 200 people; sales range between $5 million and $7 million per year.

In 1984, Leon Woods created a second Watts business, the Great American Design Company. American Design produces totes and backpacks featuring famous logos or cartoon characters. Its first client was Coca Cola. Today the bags boast Disney, 20th Century Fox, and Universal Studios logos and cartoon characters. The factory employs 75 people and reports $2 million in annual sales.

Leon says the companies do what they set out to do: they offer economic security to the people living in Watts. "The manager for Great American Design," Woods points out, "is a woman who started with us as a sewing operator, progressed from there to a lead lady, to a floor supervisor, and now manages the operation."

Although Leon sees the Watts economy declining once more, he is not giving up. "Basically," he says, "our contribution has to be permanent. We simply have to capture more business for our companies."

Leon Woods also started an export business in 1974, the American Overseas Companies, with himself as CEO and his wife Betty as president. Headquartered in Los Angeles, American Overseas has three offices in Africa, employs 40 people, and reports annual sales in excess of $20 million.

Leon Woods's business talent may well be inherited. His father owned a Georgia taxi company before moving to Los Angeles, where he created the largest black construction company in America during the fifties, the first black savings and loan in Los Angeles, an industrial sewing firm, and an Ivory Coast logging operation.

"I always expected to go into one of the family businesses," Woods says. "There was always talk about them over the dinner table, and every summer my father had the boys work in one of the businesses. My first job was sweeping floors for Woods Construction company. I just followed in the tradition." —ALEXANDRA EYLE

Automotive Products
Great American Design Co.
American Overseas Co.

Headquarters: **Los Angeles**
Trade: **Automotive parts, licensed-image soft goods, exports**
Family Tree: **Automotive Products: James Woods Sr., chairman/CEO; Leon Woods '65 (son), vice president; James Woods Jr. (son), vice president.** *Other companies:* **Leon, CEO; Betty Woods (Leon's wife), president**

Pictured, from left: Betty and Leon Woods, and Willie Beashears (Leon's aunt)

ities in companies of their own. That's what happened to the Greenbergs.

Birken Manufacturing was started by Gary's great uncle in 1945 to make engine parts for clients such as Pratt & Whitney and General Electric. His father joined the firm, bought it 24 years later, and is still its president. Today Birken makes precision components and assemblies for aircraft, missiles, gas turbines, medicine, automobiles, and trucks.

Gary, after practicing law, joined the firm and is now general counsel and vice president. Brother Glen, a 1979 graduate of SU's School of Management, came on board as the firm's vice president for marketing. But he's also president of Turbine Controls, spun off to overhaul and repair some of Birken's products. Turbine's business has increased dramatically in recent years because of the economic strain on airlines, and Glen travels widely to advise airlines on saving money. A third related business, Metal Products Corp., is a sheet metal stamping operation that was acquired because Birken had space for it in the new buildings. It's headed by sister Miriam.

Although the three companies are corporately distinct, they require joint decision making.

"I won't say every decision is unanimous," Gary acknowledges, "but we sit down at a family meeting and talk. No one of us has all the information on things because we each have different expertise: my father handles manufacturing and production, I handle the administrative and legal side, and Glen is in charge of marketing.

"For instance, if we're talking about what equipment to buy or whether we even need to buy it, I might know financing and have the banking relationships, but my father knows the piece of machinery he wants and what it can do, and Glen knows marketing implications. We work things out together."

While most parents feel all children are entitled to a financial share of a family business, some heirs are interested in working in it and some aren't. One way to solve this dilemma without breaking up the business is for the active heirs to buy out the inactive ones.

Or do what John Doyle Jr. did: buy the business outright from his father and let his father arrange to distribute the estate any way he wants.

The Doyle Group, of Rochester, New York, is a diversified security company. Doyle's great grandfather, a detective for the Rochester police force, founded it in 1919 to conduct private investigations. The company diversified, split once, and today concentrates on three areas: alarm-systems sales, investigative work, and provision of protective services for business and industry. That last division is huge, with a client list that includes Xerox, Anheuser Busch, Chrysler, Dupont, and Avon. The privately held company has five branch offices, annual sales of $20 million, and 1,800 employees (including all those security guards).

John has worked in the business since his teens, even while studying marketing in SU's School of Management, from which he graduated in 1979. He joined his father in the firm in 1981. He ran on a fast track, starting as sales manager for the alarm division and buying the company just five years later.

"I think my father learned from seeing the split between his father and uncles," says John. "We wanted to avoid that. I have two brothers and two sisters, none of whom were interested in the business. I bought it so they could share equitably in its worth. My 'inheritance' is the opportunity to make the business grow."

If you can surmount the obstacles—and you certainly can with some common sense and long-range planning—family businesses are as attractive today as they ever were.

"The nineties are going to be the decade of the business owner," affirms expert Danco. "Everything points to that. The good businesses are flexible, have hard-working employees and motivated owners, and can take advantage of circumstances. The earnings are there, the power is there, and the opportunity to exercise their philosophy is there. There's no downside to family business except being stupid or greedy. And the best family businesses are neither."

There is no question that those that do survive often do so because of one overriding factor: a warmth and an almost spiritual sense of commitment that is simply not duplicated elsewhere.

It's what Glenn Hilzen enjoys about his family's enterprise, Times Square Lighting of New York City.

Music to Their Ears

I think I've been more privleged than most parents," says Charles Lasky. Not only have his four children followed him into business, but they've helped expand that business successfully to support all of their talents.

The Laskys own Music Box, a record store on fashionable Thames Street in Newport, Rhode Island, which Charles founded in 1958. Oldest son Marc, who has been buying merchandise for the store since he was in college, joined his father in the business after graduating from SU's School of Management in 1983.

Last year, following an expansion plan developed by son Jay while he was a freshman at SU's College for Human Development, the Laskys broke through a wall into an adjoining store and founded Trends by Music Box, an upscale casual and sportswear store. Today Music Box and Trends by Music Box are a 7,000-square-foot business that attracts the most discriminating of Newport customers.

Marc and Jay, who earned his SU degree in 1985, became partners with their father two years ago. Charles and Marc run Music Box. Jay heads Trends with the assistance of his sister Marcia, a 1989 SU grad with a degree in fashion merchandising, and brother Robert, who graduated from SU in 1990 with a retailing degree.

Charles Lasky says that while all the kids worked in the store growing up, he never pressured any of them into the business. "Marc was the only one who knew when he went to school that this was what he wanted to do," he says. "Jay thought he'd give it a year and see how it went. Marcia didn't make up her mind until she graduated. When Robert said he might be interested, we knew we'd have to think about expanding."

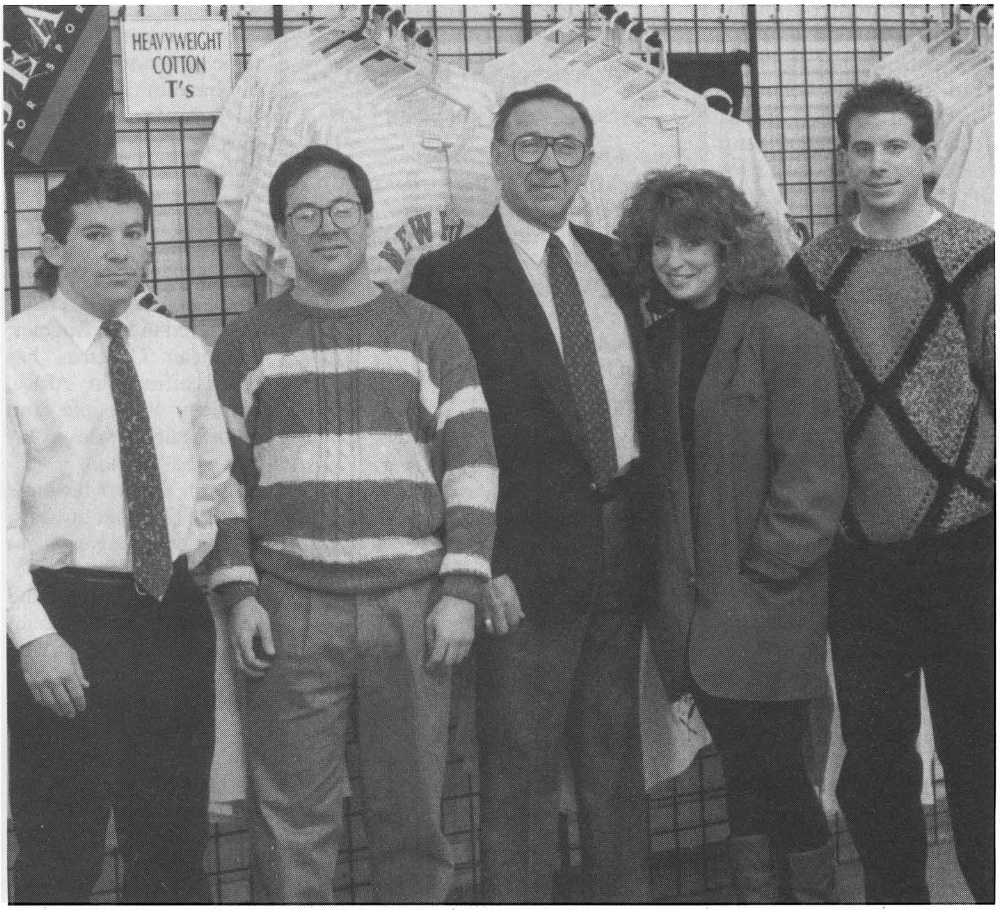
Thus far, sibling rivalry hasn't been a factor. "When you're with family members all day and then you see them later, sometimes it can be difficult because you demand more of each other," says Jay. "But in the end it's all worth it because a family member is trying to maximize everything you've been working for. They know what the ultimate goal is and are striving for it as much as you are."

—*Renée Gearhart Levy*

Music Box
Trends by Music Box

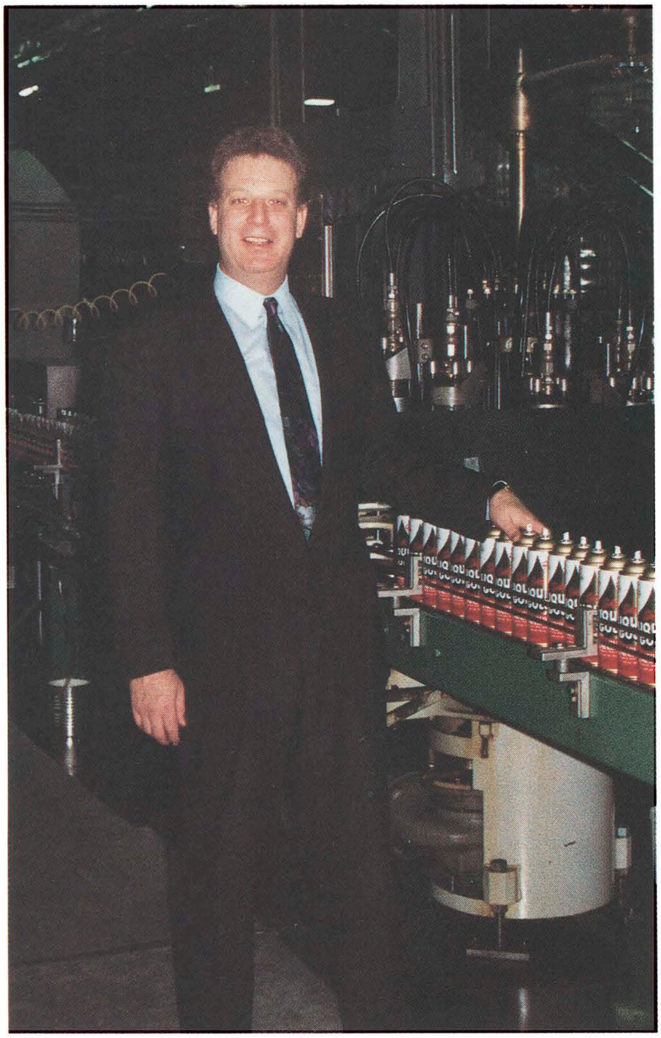
Headquarters: **Newport, Rhode Island**
Trade: **Recorded music, sportswear**
Family Tree: **Charles Lasky, founding partner; Marc Lasky '83 (son), partner; Jay Lasky '85 (son), partner; Marcia Lasky '89 (daughter), assistant buyer; Robert Lasky '90 (son), assistant buyer**

Pictured: Marc, Jay, Charles, Marcia, and Robert



As Good as Gold

Ida Goldstein knew opportunity when she saw it. For years, she'd been polishing furniture and woodwork with a concoction sold door-to-door by a man named Lee Scott. When Scott offered to sell her the formula to his prized "Liquid Gold" for $150, Goldstein thought it would make a nice business for her three sons.



The two younger boys had other ideas, but the eldest, Jerome, took it on by himself. Thirty years later the company is run by his son Mark, a 1978 graduate of the SU School of Management.

In the early days, Scott's Liquid Gold operated out of Jerome Goldstein's garage. There he mixed the ingredients by hand, filling bottle after bottle, applying each label with a sponge.

He began in the industrial market and established accounts with the White House, Smithsonian Institution, and other museums nationwide. But he knew there must be plenty of people who would love to use the product in their homes, as his mother had. So in 1969 Goldstein issued stock to raise capital, and Scott's Liquid Gold was distributed for retail sale.

"At that time there was no retail product to clean wood paneling or floors or front doors, things like that," recalls Mark Goldstein, who loaded trucks of Liquid Gold as a youngster. "The trade publications called us an overnight success because we came so quickly out of nowhere, but the product had been around for years."

Today, the Denver-based Scott's Liquid Gold is headquartered in a 100,000-square-foot plant. An 85,000-square-foot warehouse meets production and shipping needs.

And Scott's Liquid Gold, the company's namesake, is no longer its top-selling product. Touch of Scent, an air freshener, holds that honor. The firm also manufactures a popular glass cleaner. Subsidiaries include an advertising agency, chemical company, plastics company, and Aquafilter, which manufactures disposable cigarette filters.

Mark became president and CEO of Scott's Liquid Gold in September, after serving as vice president of marketing and president of both Aquafilter and SLG Chemicals. His father remains on as chairman of the board.

Scott's Liquid Gold

Headquarters: **Denver**
Trade: **Wood-care and household cleaning products**
Family Tree: **Mark Goldstein '78, president/CEO; Jerome Goldstein (father), chairman**
Ancestry: **Purchased by Ida Goldstein (Mark's grandmother)**

Pictured: Mark

The company's new leader says his greatest challenge is maintaining market position in a very competitive industry. "I'm proud to say that Scott's Liquid Gold is the number-three product nationally in the furniture-care category," says Mark. "We're a $16-million company. Our competitors are all several-billion-dollar companies. I think that says something about our quality and the public's recognition of that. We still sell to the White House and the Smithsonian."

—Renée Gearhart Levy

The company was founded 60 years ago by Glenn's grandfather, who bought stage lighting equipment from old theaters, repaired it, and then sold it. Eventually he built up enough merchandise to open a small storefront. The business grew and today consists of two related companies. Times Square Lighting manufactures lighting instruments, while SLD Lighting sells those and other lighting to theaters and other entertainment venues, and for architectural uses and store-window displays.

Glenn, a 1985 graduate of SU's School of Management, describes the privately held firm as a "large small company," with a Manhattan showroom and a manufacturing plant outside the city, plus a dealer network and sales representatives throughout the country.

Following family tradition, Glenn started working at the firm when he was seven years old, sweeping and packing. During college, he concentrated on sales. "Now I'm growing into a title," Glenn laughs, "but you can call me vice president. I take care of marketing, our international trade, and a yearly catalog. At Syracuse I majored in marketing and Spanish, which was a good combination considering our heavy trade with South America."

While Glenn may not be sure of his own title, he does know that a whopping 15 out of 60 employees are family members—aunts, uncles, cousins, in-laws. His father is president.

"We've avoided the problems some families have because my parents have always told us that the business *is* the family," Glenn explains. "We all understand that we can't think of the business as a 'me' business. What we do helps the whole family, and that's what we're all working for."

The downside? "Well," Glenn admits ruefully, "it's sometimes uncomfortable giving orders to someone who used to change your diapers."

Perpetuating the family tradition of the business that has meant so much over the years is very important to all of us." That's how Charles A. Chappell Jr. describes his family's pride in a legacy that has lasted more than a century.

C.E. Chappell & Sons of Syracuse began in 1887 when Charles's grandfather decided to give up farming and try his hand as a storekeeper. The enterprise grew and today it is a central New

York department store chain of 10 stores with anticipated 1990 sales of $54 million.

Charles followed in his father's footsteps, first by attending SU (his father graduated in 1920 and Charles in 1949) and then by joining the store. He and his cousin Donald Chappell Jr., a 1949 SU grad, led the store until Donald's death, and now Charles is chairman of the board. His son, Charles Chappell III, is executive vice president and secretary, and a nephew is also involved in upper management. The company's president and CEO is, for the first time, not part of the immediate family, but someone who's been part of the firm's management family for 25 years.

"At one point there were three generations actively involved in the firm," Charles recalls proudly, "my father, my son, and me. That was a wonderful experience, and today I consider it a plus that I can work side-by-side every day with my son and nephew."

The Chappell family clearly sets itself lofty goals. They feel their name on the firm symbolizes a commitment to doing business not merely successfully, but with a certain style.

"The greatest advantage of a family business is continuing the things that have meant so much to us over the years: how we deal with customers and with our own people, what we try to mean to the community," Charles says. "Those are very important to us. They are matters of principle."

Undoubtedly this shared vision is the cornerstone not only of their success, but of their continuing family rapport.

"Don and I worked harmoniously together for 37 years," Charles says. "We always agreed on where we were going, although sometimes we had small disagreements on how to get there. Our expectations for those coming into our business have been laid out right from the start. Anyone joining us must do so with a sense of the store's mission."

Clearly the Chappells put into their family business not only the nuts and bolts of good management, but those intangibles that the very best family businesses always contain: a clear sense of direction and a spirit of shared commitment.

They are a prototypical example of a capitalist fairy tale—the successful family business. ■

GLENN K. SEKI

FRESH EVERY DAY

Judith Borck had a tough decision to make. Her family's business, Country Home Bakers, was in crisis.

With a 1965 SU degree in special education, Judith had started a center for children with learning disabilities and emotional problems. Her brother Jim had become president of Country Home Bakers, working with their father, Chester Borck '35. That's how things had continued for nearly 25 years. But then Jim died and the business needed a new leader. Borck took a deep breath, made her tough decision, and embarked upon a brand new career as president of the company.

"What really sold me was seeing the employees at Jim's funeral. Many had been with the company 15 and 20 years, and said Jim had been like a brother to them," says Borck. "I suddenly realized that my family was really bigger than just my immediate relatives. I felt a commitment to continue our family business."

The enterprise began in 1913, when her pastry-chef grandfather started delivering fresh bakery products by horse and buggy. That grew into a commercial wholesale bakery business, until her father had a revolutionary idea that turned it into a business whose 1990 sales will approach $200 million.

"We had been supplying stores with fresh baked goods," Judith says, "but as supermarkets proliferated, my father realized we couldn't deliver a large enough variety of fresh quality products to meet their needs. More and more markets started their own bakeries."

Chester's pioneering concept was to supply the almost-finished materials for in-store baking. His "bake-off" products were mixed and formed into bread, rolls, or pastries, and then frozen and shipped to supermarket chains. The store bakery personnel would ultimately bake, package, and sell them.

"That gave stores the advantage of having the attractive aroma of fresh baked products in their stores without investing too heavily in ingredients or the labor to produce baked goods from scratch," Judith explains.

Country Home Bakers

Headquarters: **Bridgeport, Connecticut**
Trade: **Near-finished materials for grocery store bakeries**
Family Tree: **Chester Borck '35, chairman; Judith Borck '65 (daughter), president/CEO**
Ancestry: **Founded by John S. Borck (Chester's father)**

Pictured: Judith

Today Country Home Bakers has a coast-to-coast network of six offices (five of them with manufacturing plants) employing almost 1,300 people. They distribute goods throughout the United States, as well as Europe and the Far East.

With Judith running day-to-day operations from the California office, Chester functions as chairman of the board from his home in Florida.

"I use his base of experience and abilities in a tremendous number of areas," says Judith. "Together we share strategic planning, fiscal analysis, capital planning and expenditures, facility planning, and expansion opportunities. . . . Our mission is, first and foremost, providing quality bakery items."

—CAROL NORTH SCHMUCKLER

Published by SURFACE, 1991

WELL SUITED

The old saying goes: "Shirtsleeves to shirtsleeves in three generations." But Gene Pressman, scion of the Barneys retailing empire, proves the saying isn't always so, unless the latter sleeve belongs to a $175 Luciana Barbera dress shirt.

At a time when the retailing trade is a shambles, when grand old names like Bloomingdale's and Bonwit Teller have been blackened with bankruptcy, Gene Pressman and his brother Robert are making Barneys a superstore for the nineties. Now in its third generation of family management, Barneys New York (the proper company name) has grown from a single New York City location to a fledgling nationwide chain with a beachhead in Asia.

Barneys has flourished by moving up-market, from haberdashery to *haute couture*. Each generation has taken the company in a new direction. Starting out as a quality men's suit discounter, Barneys remade itself as a stylish men's emporium— then transformed itself again, becoming a truly cutting-edge retailer to both men and women. And all these metamorphoses have been accomplished without incurring the mountainous debts that have felled so many other retailers.

Gene Pressman is disdainful of the quick-buck artists who have made the retail scene into a moonscape. "The immediate gratification kick is over," he says. "But companies that plan for the long term will do just fine."

Clearly, Barneys is doing better than "just fine." Sales this year are expected to hit $160 million, triple what they were just five years ago. Experts estimate that net margins, in the 6-percent to 8-percent range, handily beat the industry standard. Sales per square foot, a key stat, are $600 on average—one of the best in the business.

Although just 40, Gene Pressman can claim a good deal of credit for those sterling numbers. He spearheaded Barneys' entry into women's clothing and has made it a force in that business in a remarkably short time. Although Pressman has never been a clothing fanatic—"I'm usually in jeans"—he has managed to master a business he wasn't naturally attracted to. "Sometimes your personal reaction is to stay away," he says.

As executive vice president of merchandising and marketing, Pressman is in charge of shaping Barneys' product mix and its carefully cultivated public persona. "About 95 percent of everything is perception and 5 percent is reality," he says, only somewhat facetiously. When a visitor says that the store seems dauntingly upscale, Pressman is pleased: "That's just the kind of image we're shooting for." He's also quick to point out that there are plenty of relatively affordable $500 private-label suits in stock.

Gene Pressman is complemented perfectly by his brother Robert, who is executive vice president of finance and operations. Together, they are transforming Barneys from a New York institution into a full-scale international clothier—opening satellite stores around the country, planning major outlets in the biggest markets, even making a risky local move to an uptown location. Others might think this a good time to hunker down, but the Pressmans are confident that they can spread the Barneys mystique coast-to-coast and beyond.

"The philosophy of building a business hasn't changed from day one," says Gene Pressman. "You don't have to be a rocket scientist. The key is to of-

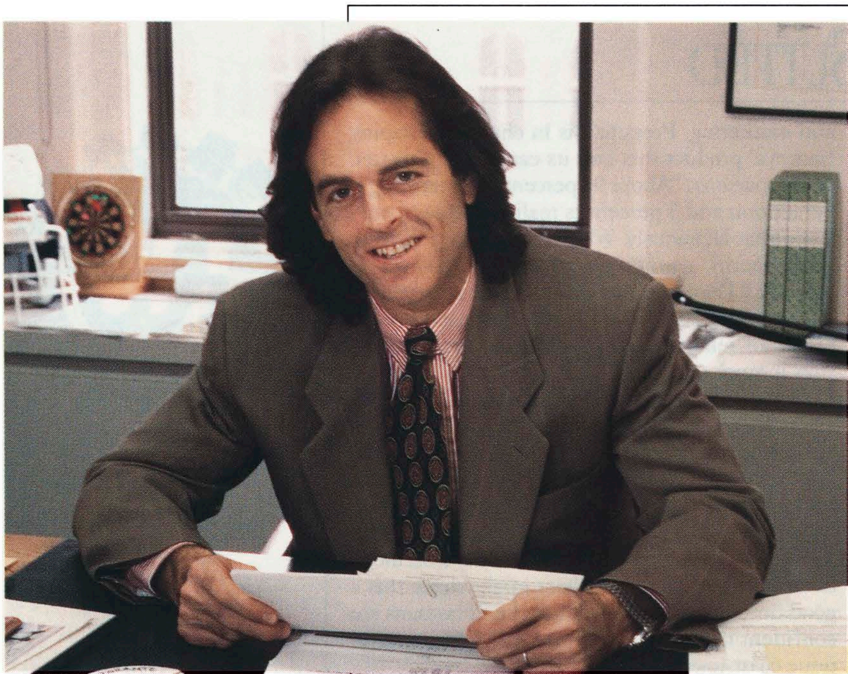
Barneys New York

Headquarters: **New York City**
Trade: **Upscale retail clothing**
Family Tree: **Fred Pressman, president; Phyllis Pressman (wife), vice president; Gene Pressman '72 (son), executive vice president, merchandising and market ing; Robert Pressman (son), executive vice president, finance and operations; Bonnie Pressman (Gene's wife), general merchandise manager; Holly Pressman (Bob's wife), manager of corporate investments and gifts**
Ancestry: **Barney Pressman (father), founder and patriarch**

Pictured, from left: Gene, Phyllis, Fred , and Robert

FRED R. CONRAD/NYT PICTURES

STEVE SARTORI



Gene Pressman's most significant contribution to his grandfather's business may prove to be the addition of a women's line. "Every generation looks for a new avenue," he says, "and the picture here wasn't complete without women's clothing."

fer value—at whatever price level—quality and service." Spoken like a true retail prince.

Like a Hollywood starlet discovered at the counter of Schrafft's, the Barneys saga has a storybook opening. In 1923 Barney Pressman hocked his wife's engagement ring for $500 and used the proceeds to pay one month's rent and purchase 40 suits. From its location at Seventh Avenue and 17th Street in Manhattan's Chelsea section, Barneys became well known as the place to get basic men's suits, cheap. A sign in the window billed it as the "Home of Famous Brands—Low Prices."

Gene Pressman remembers well that distinctly old-world style of retailing: "You would wait in seats, like at an airport. My grandmother Bertha would take your name like a maitre d', and you had to have a salesman take you around. There'd be about a foot of cigarette smoke hanging under the ceiling. But we always believed in quality goods, even as a discounter."

Barneys was also one of the first menswear retailers to advertise on local radio, beginning in 1933. By the forties, the airwaves were flooded with spots that ran: "Calling all men! Calling all men to Barneys!"

Barney's son Fred, who was born the same year the store opened, began the first make-over. "He introduced Pierre Cardin suits in the sixties and Giorgio Armani suits in the seventies," Gene recounts. "Really, he brought European-cut clothing to men in America, which heavily influenced the business. I think of him as the godfather of the men's industry."

Fred Pressman had an eye for up-and-coming designers, and he also had the retailing sense to spotlight them with their own boutiques. He reorganized the store into a series of rooms, each with its own flavor and accent: the English Room, the New Yorker Room, the Oak Room, and so forth. He kept expanding the store's floor space until it had reached 100,000 square feet. At the same time, Fred's wife Phyllis made her mark by creating Chelsea Passage, a gift and antique shop.

At about this time, joining the family business was the last thing on Gene Pressman's mind. In high school he seemed much more interested in playing bass in a rock band. Then he studied film while at Syracuse, earning a B.A. in 1972 from the Newhouse School. "It was definitely the best time to be at school," says Pressman of that tumultuous period. "Change was everywhere. There was the introduction of African American studies, all sorts of experimental classes. It was all a very loose format.

"In those days, college was not about knowing what you want to do for the rest of your life. Kids today are too highly pressured to plan it all out. And if you're too structured about it, you'll end up burning out. I think you've just got to be unconscious for a period. Be foolish and frivolous and make mistakes. It's called growing up."

After graduation, Pressman went to Hollywood. "I wanted to direct," he says, "but there were lots of unemployed 21-year-old film directors out there—even then." He ended up as a gofer on a couple of blaxploitation films.

The film thing wasn't panning out, and Pressman admits that "I get bored easily." So after just a few months he came back to New York and joined the business, something he hadn't expected to do. "I just hadn't considered it much," he says. "Dad was very smart. He never pressured us to come into it. As a result, we wanted to."

Gene Pressman quickly realized how he would make his mark on the family legacy. "Every generation looks for a new avenue," he says, "and the picture here wasn't complete without women's clothing." So he founded a women's line, Barneys All-American Sportswear Corp. BASCO, as it's known, sells its private-label goods in Barneys and also to plenty of competitors, like Macy's and Bloomie's. Barneys women's department was added in 1976.

"Most men's stores with women's departments did women just like they did men: conservative," says Pressman. "We wanted to do it as it should be done: with the designers, with a feminine look." Clearly Pressman knew what he was doing. In 1981 Barneys expanded the department to a 6,000-square-foot duplex, and soon began readying plans for an entire women's store.

The women's store was probably the turning point in Barneys history. A 70,000-square-foot space carved out of six elegant brownstones on 17th Street, adjacent to the existing store, Barneys' Women's Store opened amid great hoopla and to much architectural praise in 1986. It was a gigantic hit—the right store at the right time.

"In a short four-and-a-half years," Gene says, "we have become a major presence in women's retailing. In some ways, we're more successful in women's than in men's. Now we have so much confidence in our abilities that more than half the space in our big new stores will be given over to women's."

Barneys' ambitious expansion plans were the next logical step. "When you grow," says Gene Pressman, "it must be controlled growth, not just insane expansion." So the company stayed close to home in opening its second store, at the World Financial Center near Wall Street, in 1988. The timing was not auspicious. It was a year after the stock market crashed and Wall Street has been trimming staff ever since. That store remains almost an afterthought.

Not so with Barneys' national plans. It is opening more than a dozen smaller satellite stores around the country, with an overall target of perhaps 20 U.S. outlets. Many of them started out quite small, as little as 6,000 square feet, but there are plans to enlarge them up to 20,000 feet. Another change: the merchandise mix was originally 70-percent women's, 30-percent men's, and only men's sportswear at that—no suits. But there's such a demand for men's suits, says Pressman, that they will be added as soon as it's feasible.

"It's evolutionary," says Pressman. "It's like a puzzle: you have to put the pieces together."

Full-scale stores are slated for Chicago and Los Angeles. The Chicago outlet, 25,000 square feet for openers, is set for later this year. The L.A. store will be a 110,000-footer, just off Rodeo Drive in Beverly Hills; it is scheduled to open in 1993. And last fall Barneys went international, opening a 30,000-foot store in Tokyo. That outlet is doing extremely well, Pressman reports. After Tokyo, which should be able to accommodate several outlets, markets under consideration include Hong Kong, Singapore, and Bangkok.

All this pales in comparison to Barneys' biggest gamble yet. Last November, the company stunned the retail world by announcing that Barneys New York would move uptown. It bought a 280,000-square-foot space in an office building on Madison Avenue, between 60th and 61st Streets. The retail condominium takes up the first nine floors of a 22-story office building. About 230,000 feet will be devoted to selling space, and when that happens the downtown store will be cut back about 40 percent from its current 170,000 feet.

The store will be going eyeball-to-eyeball with retail's heaviest hitters, like Bergdorf Goodman, Saks, and Bloomie's. Clearly the uptown move is a gutsy one, especially with the economy—and New York's in particular—in such a mess. The new store is expected to open in late 1992 or perhaps the following spring. By then, Pressman figures that New York should be bottoming out at worst, if the recovery hasn't set in yet. So it seems a shrewdly timed, contrary move.

All of this expansion is made possible by a series of joint ventures begun in 1989 with the Isetan Company, one of Japan's largest retailers. Isetan has retail sales of around $4 billion, assets in excess of $30 billion. Their top store does $1.6 billion in sales, or $3,000 a square foot.

Instead of merely licensing the Barneys name to Isetan for use in Japan, the Pressmans have a minority interest in whatever stores are built there. Similarly, Isetan has a minority piece of all the U.S. Barneys outside of New York. They are equal partners in the real estate for the uptown store, but the retail operation will remain wholly owned by the Pressman family, as will the downtown store.

The teamwork approach is cultural as well as financial. "We're teaching them a type of retailing they don't have in Japan," says Pressman. "They're a department store, and we're a specialty retailer." But the financial advantages are very real, in that Barneys can expand rapidly without loading on too much debt. "They're long-term people," Pressman adds. "And anyone starting up a business now must realize that you're in there for the long term."

FRED R. CONRAD/NYT PICTURES

Robert Pressman (seated), who handles finance and operations, is the other half of the sibling alliance that will carry Barneys New York into the 21st century.

Barneys could hardly be more of a family affair, with no less than eight Pressmans involved full-time. Fred is still president of Barneys New York, and Phyllis is vice president and general merchandise manager of Chelsea Passage. Gene's wife Bonnie, a former model, is general merchandise manager for accessories, cosmetics, and shoes, while Bob's wife Holly, a former investment banker, is in charge of corporate investments and gifts. Gene and Bob's two sisters, Elizabeth and Nancy, are in on the act as well, as buyers for Chelsea Passage and women's imports, respectively. And Barney Pressman himself, now 97, regularly calls in from Florida to check on the numbers.

Gene has modulated the frenetic lifestyle that made him a fixture of the New York club scene in the late seventies and early eighties. Now he makes his home in Westchester County and has a five-year-old son who is, he says simply, "the best." He has taken up golf and boxing (his coach a former sparring partner of Roberto Duran).

But the party-hearty kid who played bass and wanted to direct is alive and well. Pressman's media savvy and sense of style have helped shape Barneys' image, and that as much as anything else is the company's stock-in-trade. After all, how else do you convince people to fork over $1,900 for a Brioni suit or $75 for a pair of Hermes socks?

"Retail should be a fun experience," he says. "People should enjoy shopping in our store."

Maybe even as much as Pressman enjoys running it. —*Eric Schmuckler*