



## 8 Entrepreneurial Family Businesses

UNCATEGORIZED By **Beth Braverman** July 12, 2023

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Bringing the start-up spirit to family firms

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Entrepreneurship may not be the first thought that comes to mind when considering legacy family businesses, but today's NextGen leaders recognize the value of bringing the start-up spirit to their family firms. Here's a look at eight entrepreneurial strategies that these executives say are making their businesses better.

#### Focusing on Product Development

While Premier Dental began primarily as a distributor of consumables for oral health professionals, the company developed and patented candy-inspired prophylactic pastes (toothpastes used by dental hygienists for polishing teeth) in 2006.

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"That was our first foray into de novo innovation, making a product from nothing," says Julie Charlestein, chief executive officer of Premier Dental and the great-granddaughter of its founder. "We did it very successfully and quickly became the number two product in the market. After that, innovation became part of our DNA."

Since then, the company has developed more than 15 products (some more successful than others). Over time, it has created an internal process to take products from ideation to commercialization and has gained a reputation within the industry as a firm that invests in good ideas.

"Sometimes, partners come to us with a patent and not a product, and sometimes they come with a completely finished product," says Charlestein, who joined the company over 20 years ago as a product manager. "If we think there's validity and a market there, we will help develop it."

#### Launching New (and Recurring) Revenue Streams

With more than 800 projects under its belt throughout Western Pennsylvania, Volpatt Construction has established a reputation as a reliable construction partner for commercial, industrial and institutional clients. However, although the company has repeat customers, the nature of the construction business means there are limits to growth, says Michael Volpatt, vice president of marketing and innovation at the firm founded by his father.

"In the world of construction, you're constantly chasing new business, unless you have a master service agreement or do negotiated work," he says. "But when a project ends, the contract ends."

When Volpatt began advising a startup called UrsaLeo — a cloud-based platform that allows remote monitoring of industrial and building systems — he saw an opportunity for his business. Volpatt could use the platform to collaborate with architects and subcontractors during the construction process and then connect it to air and temperature sensors to help clients manage their buildings on an ongoing basis for a subscription fee.

Volpatt Construction invested in UrsaLeo and became its exclusive reseller in the four states where it operates, creating a recurring revenue stream for the business. But Volpatt and his brother Raymond Volpatt Jr., the firm's president, have bigger plans. Ultimately, if enough buildings use the technology, Volpatt sees even more opportunity in the data generated around their energy.

#### Building a Strong Board

The seven-member board of First Bank includes three family members and the company CEO, Shelley Seifert, but it also has three non-family, non-employee members who offer important insights to which the bank might not otherwise have access, says Michael Dierberg, the chairman and grandson of founder William Dierberg.

"They bring in a perspective that's not there throughout the entire organization," Michael Dierberg says of the independent directors. "Sometimes you're looking at the trees and not seeing the forest, or you're so focused on the goals in the next quarter but not as worried about what's happening in the next five years."

Dierberg says the executive team appreciates when board members challenge them on ideas and consider the bank's long-term survival as it navigates trends like the rise of fintech and blockchain technologies.

#### Connecting with the Customer

Developing new products and tweaking existing lines has always remained a priority at W.F. Young, a 130-year-old animal health and wellness brand, says president and CEO Jaime McKinley, a fifth-generation family member.

"We are constantly thinking about meeting our customer on their journey and continuing to meet them wherever they are headed next," she says. "It is important that you're not just focused on what got you where you are but also thinking about the next generation of customers and how to best meet their needs with your product portfolio."

With that in mind, the company has been emphasizing the sustainability and traceability of its products, as those are factors that are growing in importance to their customer base. For example, it recently developed a new wound care formula made from Manuka honey and microsilver to meet the needs of customers looking to treat their animals with fewer chemicals.

#### Emphasizing Efficiency

Michelle Acosta, vice president of operations at Acosta Sheet Metal Manufacturing, says that since taking on her current role a little over a year ago, she's been focused on the company's tech stack. She's looking for ways she can use automation to make the company run more efficiently or uncover new avenues for growth.

"We've been taking a step back to analyze our processes and see if we can reshape what we're doing," she says. "Our company hasn't really done whiteboarding or documenting workflows and processes before, and it's been effective to put that in place. We are solving problems that were problems for 15 years. Everyone was just doing crazy workarounds."

Acosta says she tries to bring an entrepreneurial mindset to the business, which was founded by her grandfather in 1972. She's constantly looking for ways to improve the company's processes with an eye toward better positioning the firm for scalability. The result: more competitive pricing and faster turnaround times for customers.

#### Recognizing the Power of Diversity

While many industrial companies are struggling amid a skilled labor shortage, Thermal-Vac Technology has no trouble attracting and retaining employees, thanks to its commitment to hiring people from underrepresented communities, says Heather Falcone, chief executive officer of Thermal-Vac, which offers brazing, heat-treating and finishing services.

Since 2019, ThermalVac has worked with the nonprofit firm Chrysalis as a "second-chance employer," providing positions with on-the-job training to people recovering from addiction, formerly incarcerated individuals and others facing systemic barriers to employment. The result has been a loyal and capable workforce, says Falcone, whose father started the business.

"We see lower turnover and lower disengagement levels than many of our competitors," she says. "That creates a high level of proficiency and productivity that is able to translate to the bottom line."

#### Embracing Technology

While the seating area of the 104-year-old Musso & Frank Grill still looks and feels, in many ways, as it did in the Golden Age of Hollywood, the back of the restaurant has a much more 21st-century vibe.

"We are extremely high-tech in the back of the house," says Mark Echeverria, the restaurant's CFO and COO, and the great-grandson of its founder. "We realized that to maintain the longevity of this restaurant, we need to embrace the tools available to us now."

"For a long-legacy family business, you have to walk that fine line of being innovative and growing but doing it in a way that brings the past with you," Echeverria says.

#### Welcoming (the Right Type of) Failure

For Robert Pasin, "Chief Wagon Officer" at RadioFlyer, the 106-year-old manufacturer of children's wagons and ride-on toys, there are two types of failure in a business. The first is when employees don't show up for the team or work to the best of their ability; the second is when workers are diligent but create a product that does not succeed in the marketplace.

The first type of failure is unacceptable at RadioFlyer, which Pasin's grandfather founded. The second type is celebrated.

"At any moment, we might be working on 30 or 40 new products, and we think they will all succeed," he explains. "But we know that at least half won't. And we don't know which."

Pasin says that as long as the team did the due diligence and rigorous research before bringing the product to market, it's okay if a new product fails.

"We have to look at that failure with eyes wide open, understanding why it didn't work and what we can learn from it," he says. "How can this failure inform future success? If we do all that and talk openly, without blame, then we are building the type of creative learning organization that's capable of growing."

*Beth Braverman is an award-winning writer and frequent contributor to*

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