



Two Family Businesses Balance Progress and Centuries of Tradition

THROUGH

by Mike Bederka

A dilemma awaits new owners of family businesses. They must respect tradition while tackling fresh ideas to generate revenue. Here are two Babson alumni, Christopher Brown '80, MBA '83, and Andre Terrail '03, who have climbed the family tree to success. Taken together, their businesses have been in existence for an astounding 600-plus years.

Finding the Value

Samuel Wadsworth—Brown's great-great-great-grandfather—opened a chandlery, a store that sells ship supplies, in Eastport, Maine, in 1818. The whaling industry was

booming, Brown says, and Eastport was the second busiest seaport in the U.S. at the time.

Through the decades and centuries, the chandlery survived changing times, as well as disasters. There was the Great Fire of 1886, which destroyed the town's business district, and the Groundhog Day Gale in 1976, which battered the town's waterfront and forced the store to relocate.

One generation of ownership passed to another, and they stocked the store's shelves with various items, from harpoons and whale oil, to groceries and alcohol, to building materials. "Today, we're really just an old-fashioned



THE YEARS

hardware store,” Brown says.

Brown grew up in the store. He swept its floors, priced its goods, and worked its register. When he took over S.L. Wadsworth & Son Inc. in 1995 as a sixth-generation owner, he took a good look around. Located in an area of historic Victorian homes in constant need of repair, the shop always had a loyal stream of customers. Yet beyond that, the business required a serious jolt. The store may have had a long history, but changes were needed. “It was going through a period of neglect,” he reflects.

Brown wouldn’t break any long-standing

family rules by making changes. In fact, he was following a tradition of addressing the needs of customers and the New England community. “If we didn’t adapt, we would have been out of business a long time ago,” he says.

The first thing Brown did was ramp up the chandlery’s marketing campaign. He played off his store’s heritage and the integral role it played in the town’s history. Brown dressed up the storefront with historic pictures and promoted the fact that he owns the nation’s oldest chandlery still in operation—a feat plastered all over the business and in its gift shop annex.

That gift shop, which opened next door in



S.L. Wadsworth & Son in Eastport, Maine, once sold harpoons and whale oil. Today, Christopher Brown '80, MBA '83 (top right), is the chandlery's sixth-generation owner.

2004, was the other major change that Brown made. The shop features a wide variety of nautical items and Eastport-related merchandise such as mugs, magnets, blankets, shot glasses, and socks. During the winters, Brown travels around to gift shows to buy inventory for the shop.

Brown's changes worked. His business savvy, which he attributes to Babson, where he was known by the nickname "Sonar," has helped to boost the bottom line. Sales have quintupled from when his parents ran the store.

Brown first entered the corporate bankruptcy world after school. He worked with troubled companies that, despite sitting on an idea or product that had great potential, found themselves floundering. "Something went wrong in the process," he says, stating that business owners sometimes need to look around for the value in their ventures.

It's not hard to draw parallels to his current position.

As for the future, Brown may expand into the empty neighboring stores. Eastport, a tiny island community of fewer than 2,000 people, lacks a clothing shop. Here, he sees another opportunity but is still a bit cautious, for now. "I'm not sure how big of a monster I want to create."

Business With a Soul

Terrail's family has owned La Tour d'Argent for the past 100 years. To put that into a little perspective, consider their diversity of diners during this time: presidents from Theodore Roosevelt to Bill Clinton; actors from Charlie Chaplin to Tom Cruise; and musicians from Paul McCartney to Lenny Kravitz. Also, since 1910, the Paris restaurant has served duck, its famed delicacy, more than 1 million times.

The third-generation owner appreciates the who's who in the reservation book; however, Terrail knows the restaurant's true staying power lies in its rich tradition. "We provide a sense of security and strength," he says. "It's a business with a soul. You make the business evolve, but you can't revolutionize anything. You must be true to its identity."

La Tour d'Argent, which overlooks the River Seine, dates back to 1582, and for centuries the owners have focused on fine dining, particularly poultry. King Henry IV is said to have enjoyed the restaurant's potted chicken and heron pate.

Today, a check could run easily 300 euros per person, and La Tour d'Argent's 65 staff members nearly equal the number of guests it averages in one evening: 85.

The high-end restaurant fared well during the global economic crisis, Terrail says, but he has made some moves to stay competitive. (The government's reducing the value-added

PHOTOGRAPHS COURTESY S.L. WADSWORTH & SON AND THE QUODDY TIDES (TOP RIGHT)

FAMILY MATTERS: PLUSES AND MINUSES

RUNNING A FAMILY business can have its benefits and drawbacks, says Robert Nason, MBA '10, program manager for Babson's Successful Transgenerational Entrepreneurship Practices Project.

For advantages, he sees three main areas:

- **A patient perspective.** You can make investments with a longer-term time horizon. "A public company, which has to report quarterly earnings and justify everything to their shareholders,

may not be able to do that," Nason says.

- **Social capital.** Your parents' golfing buddies and strong business contacts can be passed down.

- **A strong reputation.** If you meet with a banker and have the same last name as an incredibly successful entrepreneur, that's a huge plus in your favor.

On the other side, change can be slow in a family business. For example, Nason describes a company synonymous with steel for more than a century. When that industry declined in the 1980s, some

family members wanted to move into renewable energy, while others resisted.

"It was so much a part of their identity," Nason says. "They could not see leaving it. Eventually, they successfully transitioned, but it was an amazingly difficult and challenging process."

Another possible sticking point is people must reframe their mind-set when the next generation of leadership comes up. A father or mother needs to move from a parent-to-child to peer-to-peer relationship. —MB

tax rate from 19.6 percent to 5.5 percent helped to push his hand.) "You propose new ideas, new things," he says. "It's a slight shift."

Terrail lowered prices by about 8 percent overall, added a tasting menu, and allowed his chefs to change dishes more frequently. In addition, in a headline-grabbing move, he sold about 6 percent of his vast wine cellar, taking in 1.5 million euros. Roughly 420,000 bottles still remain.

Terrail credits Babson for giving him a solid background in entrepreneurship and marketing, not to mention international business relations. He needs to be cosmopolitan, after all, because his customers

span the globe, from Brazil to South Africa, from Russia to India to the U.S.

After graduation, Terrail returned to France to follow in his father's footsteps at the restaurant. "He didn't leave me much of a choice," Terrail says with a laugh. That doesn't mean he regrets his career path, though.

"I'm a gourmet," he explains. "I love food. I love great wine. When you love those things and you run such a restaurant, it just fills you up with such pleasures. Anyone in France

offered the job of taking over La Tour d'Argent—trust me, they would not refuse. It's very hard to complain."

The older and younger restaurateurs worked side by side for three years until Terrail's father, Claude, passed away in 2006. Terrail then took over the Michelin-starred establishment, naive and overconfident by his own admission.

"You think you're so smart and that things are going to go wonderfully," he says with another laugh. "But they don't. You make mistakes. You learn. Then you make more mistakes. Little by little, you move forward."

Mike Bederka is a freelance writer based in Philadelphia.

La Tour d'Argent in Paris opened its doors in 1582, and the family of Andre Terrail '03 (above) has owned the restaurant for the past 100 years.

PHOTOGRAPHS COURTESY LA TOUR D'ARGENT

