

Private Enterprise

Frances' brother William, 25, started working for the family business on the loading docks at its San Antonio terminal at age 13. "I told my father I didn't want to go to camp. I just wanted to come to work here." After stints as a driver and a terminal manager, he is now a supervisor trainee for the company, working on new construction.

Their father, Woody Jr., 54, has headed the company since 1979. He got his start as an office boy at age 12, and worked nights on Central's Houston loading docks while earning an accounting degree at Rice University.

"When we were growing up, the family and the business were one and the same," recalls Woody's sister, Diana Braswell, 61. Not only did their mother work for the company, but so did four of their six uncles and their grandfather, at one time or another. "I don't remember ever going to the picture show or going out to get watermelon or ice cream cones that we didn't go by the company before we went home."

Diana started out at Central as a file clerk while still in high school. After taking time out to earn a degree in business from Baylor University and to raise a family, she now administers the company's \$80 million profit sharing and retirement plan. The plan, participated in by over 90% of the company's 4,500 nonunion employees, owns just under half of the company's stock (which is voted by management). The family owns 30% of the shares—with a book value of about \$35 million. The rest of the stock is owned by current and retired employees and an employee stock ownership plan.

Diana's sons, Gordon and Robert, respectively 31 and 34, are expanding the company's computer operations, which track freight and equipment as well as maintenance and inventory in the company's 16 mechanic shops. The brothers, too, came up through the ranks, putting in time in maintenance and on the loading docks along the way.

No "management systems" exist that can heal the rifts and jealousies that are often a part of family life. But the bonds of family life can also be a business' greatest strength.

"Woody was the first person who took me hunting," says Robert Braswell of his uncle. Adds Frances Callan of her aunt, "Every Sunday, when I was growing up, I was making bread with Diana. How can you have a problem with somebody who taught you to bake bread?"

So far, Central Freight has sidestepped the questions of succession and

transfer of ownership. Woody Callan Sr., who founded the company at age 20, in 1925, stepped aside at 47 to take up cattle ranching. He retained the chairmanship—putting a nonfamily manager in charge of the daily business—and stepped back into operations in 1979 to help oust that founder and install his son as president.

He also passed along the bulk of his stock in the company to his two children over a period of 35 years before his death. And the cash to pay the estate taxes on his remaining 7% of the company was raised, not by leveraging the business to buy in a chunk of his stock, but by selling shares to the company's ESOP and retirement plans.

The past decade has not been an easy one for the company. Deregulation of the interstate trucking industry in 1980 cost Central 20% of its business. Despite that and the collapse of the Texas economy, the company's aftertax profit hit a record \$11 million in 1988.

Who's next in line at Central Freight? Woody just shrugs at the question. But chances are good that the whole family will be there for the long haul. Says Woody Callan Jr.'s son William: "I think the freight business just gets in your blood, and you can't get it out."

Kohler Co.

No longer unwashed

Kohler Co., the billion-dollar plumbing products firm, is located in Kohler, Wis. (pop. 1,800), the ultimate company town. Smack in the center sits the huge Kohler Co. works—headquarters, a foundry, ceramics plant, engine making plant and design center. Nearby are the Koh-



Natalie, David and Herbert Kohler of Kohler Co. From pig troughs to bathtubs.

ler Stables, which breed Morgan horses, the Kohler Farms, where beef cattle is raised, River Wildlife, a private game preserve, and 27 holes of Kohler-developed golf courses. Along the main street are the top-rated hotel in the Midwest, the American Club, a large sports center and a gourmet grocery store, all Kohler-owned.

Presiding over this empire is a family led by Herbert Kohler Jr., 50, a grandson of founder John Michael Kohler. The original Kohler came to the Midwest from Austria as a child with his family and found his way to Sheboygan, Wis. in the early 1870s. He made a good start with a good marriage, to the daughter of the local foundry owner, Lillie Vollrath. In 1873 Kohler and a partner bought the foundry for \$5,000.

In 1883 Kohler soldered small legs on to the firm's standard pig trough and enameled the interior

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white to make the company's first bathtub, and the business prospered.

In 1900 John Michael Kohler moved the company to what is now Kohler, leaving it to his four sons, who bought out the other outside interests. Two of the sons soon died, leaving Walter Kohler to rule the roost for 35 years.

Walter Kohler thought big. He commenced the first 50-year plan during World War I to develop the town, choosing as planners the famed Olmstead Brothers firm, which designed New York's Central Park. Kohler was governor of Wisconsin from 1929 to 1931.

After Walter's death in 1940, squabbling broke out between Walter's children and Herbert, the last son of the founder, who was running the firm at the time. The squabble was complicated by the fact that Herbert's mother was the second wife of J.M. and the younger sister of Walter's mother.

Herbert won out. Most, but not all, of his nephews left, and several started other successful businesses, including Vollrath Co., a manufacturer of stainless steel products and plastic utensils, and Kohler General Corp., a manufacturer of wrapping machines.

Herbert ran the company until his death in 1968, weathering a six-year strike by the UAW beginning in 1954. Son Herbert Jr. took over in 1974, and has roughly doubled the firm's size (net of inflation) since then.

The Kohler mantle hasn't always been easy to bear. Herbert Kohler Jr. volunteers that he rebelled as a teenager by becoming, ironically, "one of the great unwashed"—a hippie—and says he does not have many close friends in town.

Other Kohlers are still around the town and the company: Herbert Jr.'s wife, Natalie Black, is general counsel and vice president at Kohler, his sister, Ruth De Young Kohler,

runs the John Michael Kohler Arts Center, and a cousin manages a Kohler plant in South Carolina. The second (and current) 50-year plan calls for the company to develop the hospitality business—such as the hotel, golf course and shopping center—and expand into furniture manufacturing. It acquired Baker, Knapp & Tubbs, maker of high-end furniture, in 1986.

Succession at a company with 13,000 employees is a serious matter. Herbert Kohler Jr. is thinking about setting up a voting trust, with voting rights given only to Kohlers working in the company. Currently the stock resides in the Kohler Foundation, which Herbert Jr. votes, and various trusts.

Herbert Kohler claims he encourages his three children, all still in their 20s, to follow their own paths. His son works as a foreman in the foundry and plans to go back to school and get an M.B.A. One daughter is an actress in Chicago, while the other daughter is an M.B.A. now working with Booz, Allen & Hamilton as a management consultant. Herbert says they talked about her returning to Kohler after business school, but she wanted to make a name for herself outside of the company, not to mention collect a higher salary than her father would pay her.

But Kohler says the company won't hesitate to go out of the family if necessary, as happened during a short interregnum from 1968 to 1974 before Herbert Jr. took over. Nonfamily member Walter Cleveland ran the company during that period.

Herbert Kohler Jr. speaks for many proprietors of family businesses when he says: "I would rather have non-Kohlers who understand and respect the legacy of the company take over than Kohlers without those values." ■

How to join the Private 400

Most of the companies listed in the table beginning on page 220 have always been in private hands. But 124, just under a third of them, used to be public and were taken private in a leveraged buyout. The rush to go private has cooled considerably since last year. In 1988 there were 39 companies, with combined revenues of \$51 billion, that joined our listing via a going-private transaction. This year 180s added only \$34 billion in revenues to the pot.

We consider a private company to be one that does not have publicly traded common stock. The firm may have too few common shareholders to file with the Securities & Exchange Commission or, if it files, its stock is not available to the general public. Most of the 400 companies fall into the former category, including

Cargill, which ranked number one with revenues of \$43 billion. Bechtel and Avis are examples of the latter: The stock is widely held, but only by employees. A corporation with widely traded bonds but closely held stock would also be considered private.

Our survey includes only firms that operate for profit. Charitable foundations and government agencies are excluded. Also excluded from the survey are mutuals, cooperatives, foreign-owned firms, joint ventures and companies 50% or more owned by another public or private corporation.

Except where noted, the revenue shown is for the most recent fiscal year. Some companies provided estimates while other estimates were developed by FORBES and confirmed by outside sources.

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