

# BUSINESS

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## Foreign investment shores up U.S. jobs

Companies like Pemko part of new wave helping Memphis

By **TED EVANOFF**  
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Hard times faced Memphis door hardware maker Pemko when the building boom began fading in 2007, slicing away 2 million construction jobs nationwide.

Instead of slashing jobs, Pemko added designers and engineers.

What happened at the Southeast Memphis plant reflects a quiet trend in the United States.

Foreign investment has flowed in, and begun to help brace companies and communities.

While 10 percent of Pemko's workers were let go in the past three years, managers say the company, which employs about 165 people in the city, was probably saved from a bigger fall by its new owner.

Assa Abloy, a Swedish door hardware conglomerate, in 2007 bought Pemko and brought in more orders. Pemko soon

turned out more parts on complex enclosures designed by Abloy for buildings throughout North America.

"Working with Assa Abloy forces us to be more innovative," said Helen Rose, Pemko brand manager. "We provide solutions for entire openings."

The Swedish buyout of Pemko, a manufacturer that opened in California in the 1950s, is part of a growing trend.

It's not only big foreign manufacturers such as Mitsubishi Electric and Elec-

trolux coming to Memphis. Companies big and small are putting cash into the United States.

Last year, businesses based abroad spent an estimated \$83 billion to buy manufacturers in the United States and build plants here, up from \$51 billion a decade earlier, according to the U.S. Bureau of Economic Analysis. Investments could accelerate.

President Barack Obama's new jobs  
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## Restaurant menus give diners more details to digest Dietary disclosure



Ricardo DeAratanha/Los Angeles Times/MCT

Stickers for gluten-free dishes and red containers used for organic sauces are displayed on the kitchen counter at a P.F. Chang's in Los Angeles. The chain has vegetarian and vegan items marked on its regular menu, as well as a separate gluten-free menu.

By **TIFFANY HSU** / Los Angeles Times

LOS ANGELES — WENDY'S HAS a gluten-free menu. Dunkin' Donuts offers kosher meals at dozens of eateries. Chipotle Mexican Grill is letting customers know that it uses bacon in preparing its pinto beans.

Americans are craving more information about the food they are served, and fast-food companies, as well as casual restaurants, are increasingly obliging, many going well beyond legally mandated calorie counts.

They are updating their signs and menus for diet-conscious customers, and they also are highlighting potential problems for those with food allergies or other dietary restrictions.

Although responding to demand, quick-service restaurants also see that providing the additional information

can help them stand out in the highly competitive marketplace.

"If you can demonstrate to families that you can offer them a safe meal, you establish a tremendous sense of loyalty and create repeat customers," said Chris Weiss, a vice president at the nonprofit Food Allergy & Anaphylaxis Network. "As we look to the future, we'll definitely see more restaurants doing this."

Healthful eating is already at the forefront of the food industry. California and New York City require

large chains to disclose calorie counts for each meal, and similar federal rules are coming next year.

Adding another layer of information is a natural progression, industry experts said, especially for restaurants eager to woo the growing number of customers who aren't eating beef burgers or can't eat food cooked in peanut oil.

Non-meat eaters rose to 8 percent of American adults in 2009 from 6.7 percent in 2006, according to the latest figures from nonprofit education organization the Vegetarian Resource Group. Moreover, food allergy cases increased 18 percent from 1997 to 2007, according to the Centers for Disease Control and Prevention.

Some diners now carry special cards that list foods they must avoid. But following those instructions has been

Please see **MENUS, C2**

**"It's not that they're benevolent companies ... It's a way to market themselves and differentiate themselves from the competition."**

**NICK SETYAN**, analyst at Wedbush Securities Inc.

## Keys to keeping family wealth

A fortune is hard to build, even tougher to maintain

By **MICHAEL HARRELSON**  
Special to The Commercial Appeal

The history of family wealth in America is filled with examples of the accumulation of vast sums of financial capital by a single visionary entrepreneur — wealth that lasts one or two generations before being exhausted during the third.

The near certainty of this "shirtsleeves to shirtsleeves" financial prophecy is so compelling in contemporary times, when reversals of fortune appear to be governed by forces beyond the control of individual families, that few dare to entertain the possibility of creating and maintaining family wealth that lasts through four or more generations.

Yet three financial visionaries who have carefully examined the record of success and failure by some of the country's wealthiest families make a powerful case for the possibility of both maintaining and growing family wealth in perpetuity.

As an attorney who has counseled many of the world's wealthiest families, James E. Hughes Jr. has devoted his career to exploding the myths that surround the subject of wealth creation and growth across generations. The ideas and strategies that Hughes espouses in his book, "Wealth — Keeping It in the Family," were the inspiration and the business model for Mark C. Hartnett's Family Wealth Practices, a financial advisory firm in Oxford, Miss.

The wisdom of Hughes' lifelong study of wealth is further validated in the legal practice of Steve McDaniel, an attorney for the firm of Williams, McDaniel, Wolfe & Womack in Memphis who has counseled family businesses in the Mid-South on estate-planning issues for the past 36 years.

In "Family Wealth," Hughes cites the example of families such as the Rothschilds and Rockefellers who have prospered over several generations. An unrecognized part of the Rockefeller suc-

Please see **WEALTH, C2**



**Kemmons Wilson**

## Learning to network, build contacts is essential to career growth

IN A CITY THAT IS SO relationship-based, it puzzles me why more effort is not placed on networking, building relationships, and image.

This is, after all, how new jobs, new opportunities and new synergies are formed.

Career experts estimate nationally that more than 60 percent of filled positions come from word-of-mouth. Most people, however, do not know how to network and build relationships; they see it as a chore, and look at it like it's something you only do when you need a job.

First, we must understand that



**ANDRE K. FOWLKES**

Edging Forward

with the economy constantly changing now, we will flip jobs more often than ever going forward. The products and services we offer will change; the entities or people we need support from will change, as well.

Just recall your network of relationships from 10 years ago, and think of the turnover that has taken place since. That, if

anything, should be a reminder of the need to constantly tweak your networks, making sure they are up-to-date for the times you need to find a job, an investor, board member, donor, intern or other connection.

This applies to small-business owners, corporate employees, nonprofit workers, government personnel, students, entrepreneurs, those in the arts and so many more.

It all begins with knowing yourself and understanding your strengths and weaknesses. Unless you do this, you will not be able to sell your qualities or seek out help for those areas where you are deficient. You need to have your credentials ready, from résumés and biographies to other supporting materials.

Organizing your network is key. Do you even know why your contacts are in your network? Should they be? As you meet people, there must be some type of

connection or mutual interest for you to develop. Keep track of this so you know what you can call on them for when the time is right. No one should be in your network if you have zero interest in trying to help them if they ask. It cannot be a one-way street.

Communicate with your network to keep it active; a simple note from time to time may be all that it takes. Most important, you must learn about your network to understand their goals and how this may impact you.

Always follow up with your network where appropriate. If you are actively doing these things, your network will be ready for you when you need that job, that introduction, that letter of

recommendation.

Building relationships begins, however, with meeting people, and it is this initial contact where most miss the opportunity.

It is surprising how many people cannot convey who they are or what they do to another person when needed.

When working with professionals and students, the open talk or pitch of something is an area many are admittedly weak in; to be able to confidently explain yourself or business, what you need, and what to ask for from the person you are talking to.

Also understanding that you must find the connection before making demands is the other area

Please see **FOWLKES, C2**

# Board gets tour of parking spots

Downtown authority exceeds 40K spaces

By WAYNE RISHER  
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Secrets of the Downtown Parking Authority revealed:

■ A long-closed tunnel leads from the Shoppers Garage, 85 N. Front, under Front Street to a former department store parking garage.

■ A best bet for easy, uncongested parking for Beale Street and FedExForum visitors is the underutilized 250 Peabody Place Garage.

■ Fifty spaces for public parking can be found in the 1,000-space Justice Center Garage, 245 Washington; 950 spaces are reserved for deputies, police, court officers and benefactors of feral cats that prowl the garage.

■ The Riverfront Garage, 35 Monroe, with its nifty neon P-A-R-K sign, is a favorite of students, faculty and staff of the University of Memphis law school.

Downtown Parking Authority board members came away from a familiarization tour last week full of insider information courtesy of Downtown Memphis Commission president Paul Morris and vice president of operations Jerome Rubin. Morris and Rubin led a bus tour of six DPA-managed garages for board chairman Odell Horton and members

Graham Askew, Brandon Bryant and Mary Sharp.

The tour comes at a time when the Downtown agency is rolling out Park And Play as a standardized brand for its parking garages. The 3,878 DPA-managed spaces are among more than 40,000 garage and surface spaces in or near Downtown. A seventh DPA garage, at One Commerce Square, is run by building owners.

Upgrading 1950s vintage Riverfront and Shoppers garages has been a focus of Rubin's department since contracts with previous operators ran out last year. Riverfront, with 638 spaces, has received a thorough cleanup/fixup, better lighting and security cameras. Every DPA garage except Justice Center has video surveillance.

The 340-space Shoppers Garage at Front and Jefferson is being used for valet and public parking under an agreement with owners of multiple Court Square hotels.

Rubin said the tunnel that connected to the old Lowenstein's Department Store garage is blocked off, but officials would like to eventually reopen it to increase all-weather functionality.

At the Justice Center Garage, a feral cat strolled across the driveway, prompting Morris to recall how he was once chastised in court by a judge for not ridding the



Wayne Risher/The Commercial Appeal

**Downtown Memphis Commission president Paul Morris (right) and vice president of operations Jerome Rubin (left), guide Downtown Parking Authority board Brett Roler (second from left), Graham Askew and Odell Horton.**

garage of un-litter-trained cats.

Morris called the Gayoso Garage, located on the Gayoso side of Barboro Flats at 100 S. Main, probably DPA's most interesting facility.

It was built in concert with an apartment project on upper floors and has since been connected by pedestrian bridge to upper floors of the Arthur Fulmer Co. building, where mixed-use redevelopment is under way.

For an artsy touch, the universal "P" parking symbol is surrounded by a circle of shiny compact discs. Morris said the 200-space Gayoso Garage has good access to restaurants and special events on Main, such as the Memphis Music and Heritage Festival.

The 700-space Peabody Place Tower Garage at Peabody Place and Second is heavily used during special events such as concerts and Memphis Grizzlies and

Tigers games.

Because of street congestion, it can be harder to get out of than the 1,000-space 250 Peabody Place Garage two blocks to the east.

The DPA and The Peabody share the parking structure between Peabody Place and Gayoso east of Third. Six hundred hotel spaces are accessible from Gayoso and a bridge from the hotel over Second Street. The DPA side includes free parking for employees of Pinnacle Airlines Corp., headquartered at One Commerce Square.

The DPA garage opens south toward Rufus Thomas Boulevard (formerly Hernando), Beale Street and FedExForum.

"If you're going to Beale Street or FedExForum, this is the place to park, and lots of people don't know it," Morris said. "Maybe we should rename it the Beale Street Garage."

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## PEMKO

initiative could lure massive flows of foreign investment — as much as \$1 trillion over the next few years, analysts guess.

"We've been focusing a lot on investment, but we really haven't had the kind of proactive campaign that you see in other countries to attract investment," Robert Hormats, U.S. undersecretary of state for economic affairs, recently told Britain's Financial Times.

To draw in more capital, White House plans call for lower corporate taxes, innovation investment zones and visa and immigration reform.

While those measures could stall in Congress, the administration earlier this month took first steps to put the plan in place. It's called Select USA. American diplomats in 222 embassies throughout the world were instructed to urge companies to invest in the United States.

"We are updating our foreign policy priorities to include economics every step of the way," Secretary of State Hillary Clinton said in a recent speech at the Economic Club of New York.

Attracting foreign capital

is nothing new. During the devastating 1982 recession, for instance, the Federal Reserve Board's policy of high interest rates brought in cash from investors throughout the world, setting off a boom on Wall Street.

Rather than retool U.S. industries, historians note, much of that cash was used into the 1990s to finance mergers and acquisitions of American companies.

This time, however, an inflow of foreign capital must rebuild the nation's industrial base, contends Clyde Prestowitz, a leading trade official in the 1980s administration of President Ronald Reagan.

Prestowitz, now head of the Economic Policy Institute, a Washington think tank, argues the United States cannot sustain its heavy level of imports. Americans must cut consumption and their standard of living to get by, he said, or scale back imports and make more goods here. Attracting foreign manufacturers is a way to boost U.S. production, he said.

Across Memphis and the Mid-South, foreign capital hasn't revived the slow economy, but it has quietly helped.

"I think in the case of Memphis, and even areas outside of it, there's been a

wave of business investment in factories that will go a long way toward turning around pockets of the state," said economist Alex Miron, who studies Tennessee for the research firm Moody's Economy.com, of West Chester, Pa.

Foreign manufacturers have led the investment wave in Memphis and the region around it. For example:

■ Canadian papermaker Kruger Inc. earlier revamped its KTG USA plant in Memphis, adding 27 jobs.

■ KMA Manufacturing, part of the Japanese conglomerate Marubeni Group, has built a 40-employee Memphis steel service plant.

■ German pipe maker Wilhelm Schulz opened Schulz Xtruded Products, a 180-employee plant just outside metropolitan Memphis in Tunica, Miss.

■ In Northeast Mississippi, Japanese automaker Toyota is completing a car assembly plant slated to employ 2,000 at Blue Springs.

■ Japanese manufacturer Mitsubishi Electric will put up a 275-employee plant in Memphis making electrical transformers.

■ Swedish appliance maker Electrolux plans a 1,240-employee Memphis factory.

That wave of investment has encouraged many Memphis companies.

"We expect we'll see some good orders for ourselves down the road with Electrolux," said Michael Gallagher, head of Centro Inc., a 60-employee Memphis supplier of industrial valves and other factory equipment.

More foreign companies are likely to locate not only in the Mid-South, but also across the United States, said John Daniels, co-author of the widely read college textbook "International Business: Environments and Operations."

Daniels, however, said he doubts the lower business taxes talked about in Washington will be much of a lure. The dollar's weak value abroad has helped cut the cost for many foreign companies putting operations in the United States. But the key attraction, he said, is close access to American buyers.

"If you believe the U.S. market is going to grow, you'll get foreign companies trying to locate near the market," said Daniels, a management professor at the University of Miami, in Florida.

That was the case at Assa Abloy.

"Being part of Assa Abloy helps us protect our business during good times and bad," said Helen Rose, the Pemko brand manager.

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## FOWLKES

that most need direction on. It is this articulation of oneself, combined with his presentation and image that is quite important — so important that I feel that heavy investment into not just the training but also the grooming of our workforce is duly needed.

There are many groups that focus on this, but the need is too great for their programs and/or businesses not be expanded.

The School of Protocol, based in Germantown, is one local organization that does a wonderful job of working with students and professionals to understand how to do everything from

networking to knowing what to wear on a business trip to understanding the etiquette and mannerisms that make or break the opportunities that are in front of us.

Ask yourself how many Memphians who may be qualified miss out on opportunities simply because they don't know how to network. Contrast them with other Memphians who benefit simply because they are already plugged by family connections, lifestyle and money.

More has to be done to level the playing field in schools, universities, and professional organizations when considering this is a skill-set that fills most all jobs in today's world.

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## MENUS

difficult at fast-food and fast-casual establishments, where the ingredients are often a mystery.

French fries, tortilla chips and even veggie burgers are sometimes cooked in lard or the same vats of oil used to prepare meat items. Knives used on animal products are sometimes reused for onions, peppers and other produce. Beef flavoring or animal-derived gelatin shows up on vegetarian side dishes and salads.

"If you're going to a fast-food place, it can definitely be hit or miss," said vegetarian and quick-service fan David Chung, 27, of West Los Angeles. "There's something in the back of your mind that knows you're probably going to compromise a little bit."

It's rarely a case of intentional misinformation, said Jeanne Yacoubou, research director for the Vegetarian Resource Group.

"Should we expect restaurant staff to bend over backwards?" she said. "That's expecting a bit too much. Diners have to go a little step further to find out for sure."

Many customers, shaken by recent disclosures about food preparation, are clamoring for more specific information on signs and menus.

After non-pork eaters complained this summer, for instance, Chipotle started redesigning its menu boards to say that bacon is used in its pinto beans.

Panda Express, accused in a lawsuit of using chicken powder in meat-free dishes, now has posters in all its stores explaining that none of its offerings is vegetarian.

Analysts said consumers over the next year will probably see a spurt in diet-sensitive menus and signs as companies try to attract vegetarians and others with diet limitations — a population often perceived as having more discretionary income to spend.

"It's not that they're

benevolent companies; it's that they feel that they can drive traffic by giving out more detailed information," said analyst Nick Setyan at Wedbush Securities Inc. "It's a way to market themselves and differentiate themselves from the competition."

A new Massachusetts law this year requires restaurants to display a food allergy awareness poster in kitchens and to print notes on menus asking customers with allergies to inform servers.

Allergy advocacy groups are pushing for similar laws in other states.

But some fear that too many details could result in information overload, as menus become increasingly cluttered.

Eateries such as Otarian in New York and Max in Stockholm, Sweden, now list the carbon dioxide emissions associated with producing and transporting their food.

Other menu point out ingredients produced using biodynamic agriculture, a form of organic farming.

Restaurant chains said there was only so much they could do to steer customers from potentially troublesome ingredients. Besides, some companies with secret formulas and proprietary recipes are hesitant to publicize complete ingredient lists.

Still, some chains such as Wendy's are positioning themselves to be at the forefront of the trend. Besides offering a gluten-free menu, it has nutritional posters listing all ingredients and potential allergens, such as peanut oil.

On its website, Wendy's also has more specific warnings for some items, such as one that cautions patrons with dairy allergies to ask for alternatives to the chain's new butter-toasted buns. But the company can't design meals for those with specific diets.

"We have to develop products for the mass audience," spokesman Denny Lynch said. "We don't have the luxury of being able to create specific, targeted products to one group."

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## WEALTH

cess in long-term wealth preservation is the extraordinary act by John Davison Rockefeller Sr. of not compelling his son to remain in the family business once he had determined that his calling lay in family governance and philanthropy. As Hughes writes in his book, "Here is America's wealthiest man, with only one son, agreeing that the son was not obliged to follow the father's dream."

The implications of the decision by the nation's most successful patriarch at the time are not lost on Hartnett, a Memphis native and a graduate of Wooddale High School and the University of Memphis.

Indeed, his Family Wealth Practices performs the same functions of existing family offices such as the Rothschild and Rockefeller family enterprises in counseling clients on the inevitable death, divorce, communication and succession issues, as well as external family risks such as inflation, wealth taxes and beneficiary/trustee relations that also have an impact on a multi-generational family wealth plan.

"Mr. Rockefeller's decision was not just a great act of love toward his son," Hartnett said. "It also demonstrated his understanding that a successful family wealth preservation plan is centered around enhancing the lives of

its individual family members."

### Individual needs

When Hartnett begins working with a family, he usually starts by conducting one-on-one interviews with all the members of each generation he will be working with, he said.

"Obviously, if a third-generation family member is a toddler, I don't sit down with them, but it is important to interview all of the principals in a family to determine their goals and dreams. It is also important for establishing a baseline from which we measure individual and family progress."

Throughout, Hartnett said he is watchful for that second- or third-generation family member with the potential to enhance or derail the family fortunes.

"If someone has a passion to be an attorney, and he is forced to take a position in the family business, then that could spell trouble down the road," Hartnett said. "In essence, he has given up his dream for that of the previous generation."

In McDaniel's professional experience as well, conflicts within families represent the biggest obstacle to the ongoing success of clients faced with transitions such as the retirement or death of a first- or second-generation family member.

All too often, McDaniel said, the mindset of the next generation of siblings becomes, "Someone has to take

it, so I must. Dad created the company and ran it. He leaves three children to take over, and only one is capable of running it."

Sometimes, Hartnett said, none of the next generation of heirs is capable of stepping into the principal's shoes, a scenario that can exacerbate the succession situation even further.

"Quite often, a family's future success can rest on the shoulders of someone not yet old enough to assume a leadership role. The failure of a family to recognize this can be as detrimental as refusing to come to terms with the family members who are clear liabilities to its wealth preservation," Hartnett said.

To head off such risks, Hartnett develops a family governance structure for each of his clients that he incorporates into the family's legacy documents.

"I help my families define how they are going to make joint decisions, which are crucial to successful family transitions," he said. "For example, at some point each generation of a family has to have the mindset that they will become the new first generation. If they do not take on that mindset, that is one of the first signs that the wealth is quickly coming to an end."

Whether the transition planning encompasses all of the members to be affected or only the head of the family unit up front, McDaniel believes the future of family enterprises built on sweat and hard work over many, many years

can come down to the answer to a few key questions.

It is important for a principal to know if the family can function as a unit," he said. "It also is important to ask whether individual family members can recognize their places. Some are capable of this, and some are not. And can a family be patient and think long term?" If the answer to all three questions is yes, then he said family wealth can indeed be passed on.

While there are many ways to achieve financial wealth, Hartnett notes that families desiring to overcome the shirt-sleeves proverb often have similar characteristics. These include humility, perseverance, courage, a sense of stewardship and a love for others.

"However," he said, "without love, no family is ready to take on the task of 100-year planning."

### 'Prove your stripes'

A well-known clan that is endeavoring to defy the shirt-sleeves-to-shirt-sleeves cycle of wealth is the Wilson family of Memphis, who now has individuals from its third generation actively working in the business.

The patriarch of the family, Kemmons Wilson, founded the Holiday Inn hotel chain that revolutionized the hotel industry in America in the second half of the 20th century and changed the way Americans travel and work.

Although the Holiday Inn chain is now owned by InterContinental Hotels Group,

the Wilson family has continued to build on the success and legacy of their family patriarch through the Kemmons Wilson Companies and the Kemmons Wilson Family Foundation that the elder Wilson founded with his wife in 1960.

Today, the family holdings include resort timesharing, hospitality, aviation, real estate, insurance and financial services, said C. Kemmons (Kem) Wilson III, the grandson of the founder who serves as vice president of Kemmons Wilson Inc. and executive vice president of Wilson Investment Management, LLC headquartered in Memphis.

Like the Rockefellers, the Wilson family has added to its wealth while preserving its legacy of philanthropy that, according to Hughes, teaches succeeding generations more about long-term wealth preservation than either spending or accumulating wealth.

"It has been a great tool," Wilson said of the foundation that, today, seeks to positively impact and transform the Memphis community through its grant-making and has established categories for giving that include community outreach and development, advancement of youth, enrichment of education, faith-based ministries, and health and research-related organizations.

"It has and will continue to serve as a vehicle that keeps the family connected as we begin to expand exponentially into the fourth generation

now with close to 70 family members."

While the companies provide opportunities for individuals such as himself to be involved in the family businesses, Wilson said family governance rules established early on guard against nepotism and the hiring of any person who has not first shown his or her abilities elsewhere.

"It's not just handed to you," Wilson said. "You have to prove your stripes."

In his own case, Wilson worked for an institutional investment consulting firm after college and then for a non-profit company that provided community services for mentally and physically handicapped adults. He then went on to earn a graduate degree in hospitality and an MBA from Cornell University.

Along with helping the community, Wilson said the foundation is an integral part of embracing the future. "Continuing the family's business legacy is important, but equally important is continuing the family's legacy of giving too."

By law, the Kemmons Wilson Family Foundation is required to give away a certain percentage of its assets annually. While most of this giving goes to the aforementioned categories, a small portion is carved out and each family member is able to personally direct gifts from the foundation on their behalf.

"This allows us to pass on the values of the family and the legacy of giving to future generations," Wilson said.