

ARKANSAS BUSINESS

www.arkansasbusiness.com

Vol. 25, No. 8 • February 11-17, 2008 • \$1.50

FAMILY-OWNED BUSINESSES



MICHEL FEMZLE

Remo Jacuzzi, right, and sons, Remo V., left, and Paulo are turning out hot tubs at Jason International.

Jacuzzi Name Remains an Icon For Family Business, Home Spa

By George Waldon
george@ahpg.com

IN ITS HEYDAY, JACUZZI BROTHERS INC. was recognized as the consummate family business and iconic American success story. The manufacturing enterprise is remembered as an innovative venture where scores of Jacuzzis and their relatives worked over the years.

Members of the Jacuzzi family first came to Arkansas during the early 1960s as part of a corporate expansion that yielded two central Arkansas plants. Production of the famed Jacuzzi spas stayed behind in California.

The original family business continues on in a morphed corporate existence more than 85 years since its founding by seven Italian brothers in Antioch, Calif. The famous Jacuzzi name, which became forever identified with whirlpool baths and spas, lives on as a trademarked line of products.

Although the family connection established by the immigrant brothers and solidified by their offspring is gone, vestiges of the original Jacuzzi company do remain in Arkansas. But only one, a manufacturer of home spas and related products, has any affiliation with the namesake family.

Jason International Inc. of North Little Rock is home to the largest gathering of Jacuzzi family members working together in Arkansas.

The company was launched nearly 26 years ago by Remo Jacuzzi, the seventh child of Valeriano Jacuzzi, the second-born of the original Jacuzzi brothers.

The full-time employee roster at Jason International, which numbers about 100, includes two sons, Remo V., vice president of manufacturing, and Paulo, communications manager; a daughter, Jennifer, vice president of corporate development; a nephew, Dante, director of busi-

JACUZZI (Continued on Page 16)

J&M Foods, Tops In Cheese Straws, Keeping Ovens Hot

By Mark Friedman
mfriedman@ahpg.com

MORE THAN 20 YEARS AGO, JAMIE PARHAM of Little Rock was going through a divorce and needed cash.

So she fired up her oven and started baking and selling her grandmother's cheese straws, those gourmet pastries about the size of a pinkie with a bold cheddar cheese flavor.

The items took off with the help of Parham's daughter, Melanie Fox, who is the "M" in J&M Foods Inc. of Little Rock.

Over the years, sales climbed and now top \$2 million annually, although Greg Parham, Jamie's son and director of sales and marketing for J&M, wouldn't be more specific.

Although Fox and Jamie Parham don't handle the day-to-day business anymore, J&M is still in the hands of the family with Greg Parham and his brother-in-law, Scott Thibault, running the operation.

To keep up with the growth, in October 2006 J&M Foods for the first time bought its own plant. J&M moved into a 35,000-SF warehouse on 21 acres in east Little Rock at 9100 Frazer Pike Road, which it bought for \$925,000 in the fall of 2007.

J&M now is looking to keep the ovens baking year-round. In the third and fourth quarters, three shifts a day are required to keep up with seasonal demand for

J&M (Continued on Page 17)

WHAT'S INSIDE



Family Owned Bank

► Gaylon Lawrence Jr. and his bank-owning family have ventured into Tennessee and Missouri. **Page 18-19**



Jacuzzi: An Arkansas Business Since 1960s

(continued from Page 1)

ness development; and a cousin, Richard, regional sales manager.

Four grandchildren work at the plant during the summer, representing a third generation of Jacuzzis at Jason International. Are they interested in pursuing a career in the family business?

"I think so," said Remo Jacuzzi, who graduated with degrees in business administration and mechanical engineering at the University of California at Berkeley. "I don't make a big issue about that. Whatever they choose, they need to have their heart in it."

Before starting his company, Remo Jacuzzi worked 23 years with Jacuzzi Brothers, first in California, then overseeing the turnaround of the company's Brazilian operations.

After the 1979 sale of Jacuzzi Brothers, Remo Jacuzzi was asked to stay aboard and manage the Little Rock division, where plants in Little Rock and Lonoke produced water pumps, swimming pool equipment, marine jet propulsion units, air compressors and gas barbecue grills.

He accepted the offer but decided to leave after only two years.

"I found the company wasn't the same anymore," Remo Jacuzzi said. "It wasn't family-owned. It didn't have the same feeling of working for yourself and your family. That was important."

Instead he decided to start up his own family business, choosing a name derived from his position in the Jacuzzi Brothers family tree: JACUZZI SON. The corporate moniker also reflects a contractual prohibition from using the trademarked Jacuzzi name, which was sold along with the company.

In advertising his new venture, Remo Jacuzzi noted his family legacy in a signed observation that also made indirect reference to the Jacuzzi trademark. "My company is building the finest spa on the market. I wish I could put my name on it."

In 1992, a disagreement with cousin Roy Jacuzzi, who was still with the former family business, led to a lawsuit and settlement involving the use of "Remo Jacuzzi" in association with Jason International.

The dispute underscored Jason International's position as a competitor of the Jacuzzi line.

"We both have a lot of competitors," Remo Jacuzzi said. "A few years ago I counted about 168, and that's just in this country."

He wished things could've turned out differently and that internal family politics hadn't forced the sale of the original family business.

"I personally thought it was a mis-



Five of the original Jacuzzi brothers (left to right in the front row Candido, Gelindo, Joseph, Frank and Valeriano) pose with their innovative jet pumps and employees in a photo dating from circa 1940.

take," Remo Jacuzzi said of the majority decision to sell in 1979. "The name alone was worth more than the company sold for."

Jacuzzi Brothers Inc., with domestic and international holdings, sold for \$73 million to a New Jersey conglomerate, Walter Kidde Inc. The Jacuzzi operations went through a series of owners, both public and private, and some subsidiaries were sold off.

Kidde was acquired in August 1987 in a \$1.7 billion deal by Hanson Industries, the U.S. arm of Hanson Trust of the United Kingdom.

The renamed Jacuzzi Inc. was among 34 American holdings spun off in 1995 to form U.S. Industries. That public company, in turn, was renamed

Jacuzzi Brands Inc. in 2003.

Based in West Palm Beach, Fla., JBI returned to private ownership last year in a \$1.25 billion cash sale to Apollo Management Ltd. of New York. In its last fiscal year as a public venture, Jacuzzi Brands recorded net income of \$40.4 million on revenue of \$1.2 billion on Sept. 30, 2006.

Remo Jacuzzi covers much of the family and corporate history in a book he wrote, "Spirit, Wind & Water."

"I always remember the adage, 'The first generation of a family starts a business; the second expands it, and the third sells or destroys it,'" he wrote. "In the case of our family, both the founding and the second generations allowed the occurrences that led

to the sale of our company."

The 175,000-SF Jacuzzi plant in Little Rock, still in operation today, was sold on Oct. 2, 2004, for \$9.3 million to Franklin Electric Co. of Bluffton, Ind. In the aftermath, the Jacuzzi line of pumps, a foundational product for the original family business, was redesignated as the J-Class.

North American Marine Jet Inc. of Benton purchased the entire product line of Jacuzzi jet drive propulsion systems from Jacuzzi Brothers in 1985.

This product was manufactured at the company's 92,000-SF Lonoke facility. The plant is now home to MKT Fastening, which produces fastening systems that incorporate bolts, nuts, rivets, washers and more as well as related products.

Bill Bowen, president of the Little Rock Chamber of Commerce in 1962, remembers the recruitment effort that brought Jacuzzi to Arkansas more than 40 years ago.

Key components of the deal, which resulted in more than 500 new jobs, were the offer of free land and a tax-free bond issue to finance construction.

"They became a very significant corporate player in Arkansas at that time," said Bowen, who later served eight years as a corporate attorney for Jacuzzi.

The family's legacy continues on with Remo Jacuzzi's Jason International and portions of the former Jacuzzi empire operating under outside ownership.



Manufacturing home spas remains a Jacuzzi family tradition at Jason International in North Little Rock. From left to right are brothers Remo V. and Paulo with their father, Remo Jacuzzi.