



Maine Legacies

A Publication of the Richard E. Dyke Center for Family Business
 "Working with Maine Families to Build a Better Tomorrow"

The Dead River Company by Kevin Casey

The Dead River Company has been a familiar presence in Maine since 1907. Although many know of Dead River's beginnings as a pulp and paper company, few know of the diverse industries the Dead River Company has tried its hand in. From road construction to lobsters, and from trucking to potatoes, it is largely Dead River's willingness to adapt, to grow into different markets, and to react to its successes and failures which has allowed the Dead River Company to thrive for over 90 years.

In this excerpt from the 1973 *Dead River Company: A History 1907-1972*, long-time Chief Executive Officer and son of the founder of the Dead River Company Curtis M. Hutchins writes of one adaptive strategy the company used with great success during the 1950's - that of forming partnerships with other established petroleum dealerships.

"The operating partner of Webber & Tupper was William Tupper; the financial partner was the redoubtable Alburnie E. Webber, a native of Danforth but, in 1936, the Ford Motor Car Company dealer in Bangor and a franchised distributor of Esso Petroleum products. William Tupper had a camp at Duck Lake south of Springfield, as did my father and mother. Because of that, and also because we had much the same general background, I knew him quite well. I also knew that Webber & Tupper was a sound and consistently profitable operation. Hence when Bill Tupper died suddenly and Mr. Webber offered the company for sale, I was very much interested. Its net worth was some \$42,000, but the asking price was \$50,000. I decided it was a fair price and I



Christopher Hutchins

paid it. Although I had no idea of this at the time, it was a decision that would completely change the character of Dead River and its eventual impact on our earning is almost beyond belief. I say this because it was the purchase of Webber & Tupper that put Dead River in the oil business.

"The story of our L.P. Gas Division is a success story yet the postwar story of our Petroleum Division is even more so. By 1947, our gasoline sales had climbed back to 2,049,948 gallons and in 1948 they really took off; an increase of 67 percent for a total of 3,340,903 gallons. Some of this is attributable to our establishment that year of our 'partnership policy.'

"There was nothing complicated about it nor, for that matter, was it unique; it called for our buying a 50 percent interest in a well-established and well-managed dealership in our franchise territory with the selling dealer continuing to operate the business as the working partner.

"The benefits for both parties in the

transaction are no doubt obvious. Short range, we got an immediate increase in the return on our primary investment; long range we got an assured market and an opportunity to share in any increased profits that might be generated by an experienced manager with a very real incentive to produce. For the willing dealer, it offered the opportunity to turn one-half of the net worth of his business into cash, freedom from financing problems and, like us, one-half of any increased profit.

"Our first investment as a partner was in 1948 and the dealer was Eastern Oil and Supply of Eastport. They came thick and fast thereafter; Coury Oil of Fort Kent in January, 1949; Caribou Oil in July, 1950; Bion Hartford & Son, Inc. of Presque Isle in December, 1952; Mars Hill Oil in May, 1953; Bearce-Carter Oil of Caribou in the spring of 1954; Vaillancourt Oil of van

continued page 2

In This Issue . . .

<i>Dead River by Kevin Casey</i>	1
<i>The Plan by Dan Gallant</i>	2
<i>ADA by Dr. Phil Grant</i>	3
<i>Family Matters</i>	4

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DEAD RIVER *continued*

Buren in October, 1955; Durepo's Service of Limestone in March, 1956; Pure Oil of Ashland in August, 1956; Myrick & Bates of Patten and Frost of Wilkins in 1959; and Washburn Oil and Lindsey Coal & Lumber of Machias in 1960.

"But these investments, important though they were in the growth of Dead River, were individually small compared to one made on August 1, 1952. On that date we bought a one-third ownership of Webber Tanks, Inc., a large tank farm of tidewater at Bucksport and wholly owned, prior to our participation, by Webber Oil of Bangor whose founder and president was the same Alburnie E. Webber to whom I had paid \$50,000 for Webber & Tupper in 1936. Fourteen months later we bought another one-sixth interest.

"That 50-50 ownership still prevails but of all the other partnerships purchased between 1948 and 1960 only three remain; Eastern, Mars Hill, and Prue All of the other companies are now wholly owned by Dead River. Since 1960 we have bought Orino Oil Co. of Rumford (1965); D.W. Small & Sons of Machias (1966) which we merged into Lindsey Coal & Lumber; Fort Halifax Oil of Waterville (1967); C.K. Clauson of Waterville (1968) which we merged into Fort Halifax; Gentle & Colbath of Houlton (1970) which we merged into our Houlton branch; Percy Parent & Son of Van Buren which we merged into Vaillancourt and H.G. Tucker & Son of Cherryfield (1972).

"Indirectly we are an owner of Superior Gas and Oil Company of Rockland which was purchased in March, 1957, by Webber Tanks and Kalloch Fuel of Rockland in which superior has a 50 percent interest.

In 1961, we celebrated the 25th anniversary of the day we tiptoed into the oil business with an Esso franchise for Washington County, for filling stations and two 30,000-gallon storage tanks. Here is how far we had come in those 25 years: an Esso franchise in Aroostook County as well as Washington County, 30 dealers and distributors in Washington County and 82 in Aroostook County as well as Washington County, tank farm in Bucksport. Our sale of gasoline of less than 250,000 gallons in 1936 compared with 132,159,000 gallons in 1961 and we sold 25,333,000 gallons of kerosene and No. 2 heating oil in 1961 against 20,000 in 1936. In addition, al-

though not comparable since we handled neither product in 1936, we sold 15,120,000 gallons of No. 5 and Bunker "C" fuels in 1961.

"We were now the largest retailer of kerosene and No. 2 oil in the State of Maine and we still are. Eleven years later our sales of these two products had increased 75 percent to 44,141,000 gallons, our gasoline sales had almost doubled to 22,216,000, and we sold 14,831,000 gallons of No. 5 Oil and Bunker "C." It should be noted that these are Dead River sales fig-



ures and do not include gallonage sold by such distributors as Superior Oil in which we own an interest.

"Never-but never-was \$50,000 better invested." ❖

THE PLAN OUTLINE

- I. STATEMENT OF PURPOSE
- II. BUSINESS DESCRIPTION
 - A. Description of business
 - B. Location of business
 - C. Business plan implementation
 - D. Product description
- III. MANAGEMENT PLAN
 - A. Organization Chart
 - B. Duties and responsibilities
 - C. Operational procedures
 - D. Staffing and training
 - E. Fixtures and equipment
 - F. Floor plan layout
 - G. Inventory list
 - H. Company goals
- IV. MARKET STRATEGY
 - A. Market strategy
 - B. Market analysis
 - C. Breakeven analysis
 - D. Competitors
 - E. Advantages over competitors
- V. FINANCIAL STATEMENTS
 - A. Profit and loss statements/annual
 - B. Business balance sheets (beginning and annual)
 - C. Cash flow statements (Monthly)
 - D. Source and applications of funding
- VI. APPENDIX
 - A. Personal balance sheet with 3 years of tax records
 - B. Computation of expenses for financial statements
 - C. Resumes
 - D. Market Area Map
 - E. Statistical data
 - F. Support letters
 - G. Advertising directory
 - H. Past business financial statements (3 years past)

The Plan by Dan Gallant

The Plan for most businesses can get lost along the way or not even be thought out, for the simple reason that it was not written out when the business was first started...So what is this elaborate enigma that makes most owner's dislike doing it?

The Plan, as I call it, is simply a written document called a business plan that touches on every aspect of the business. The more effort a business owner puts into the plan the better the chances of success. It takes a lot of energy and work to write a solid plan, and it is practically impossible to raise capital without the plan. In business, patience is a virtue; therefore the turtle wins many races: So let's bite the bullet now and endure the perceived pain while writing the plan.

The Plan should have six sections: I. Statement of Purpose on Execution Summary section, II. Business Description sections, III. Management Plans section, IV. Marketing Strategy section, V. Financial Statements section, and VI. Appendix section.

The Plan's linkage of each section is only as strong as the weakest link. Another key item to remember is *The Plan* should be written as concise and simple as possible. Some people say *The Plan* should be written on the eighth or ninth grade level.

Some statistics about business start-ups...The first being most start-ups will fail in the first two years...The second is that about one in 400 business plans get funded...The last and most important thing to know is the primary reason for a business failure is "lack of management skills" and this reason alone is why a business owner needs to be prepared and armed with *The PLAN*. ❖

Developing Valid Job Descriptions Under the ADA

by Philip C. Grant Ph.D.

An American Management Association Publication

The Americans With Disabilities Act (ADA) has intensified the need for valid job descriptions. This law requires employers to make hiring decisions based on whether a person can, or does perform essential job functions acceptably under given or reasonably accommodating conditions. The ADA also suggests that applicants receive complete information about a job so they can help employers make proper hiring decisions.

The crux of the issue is to create a valid job description—one that identifies the job's essential functions, their nature, and conditions under which they're performed. You can make decisions that may be legally challenged, give applicants useful data about the job, or defend against a complaint without a valid job description.

THE DATA-GATHERING PROCESS

Use multiple sources of job information such as the incumbent, the job's supervisor, peers and subordinates, and previous jobholders. No one source can give you all the information you need. Also use multiple data collection methods such as questionnaires, work logs, direct observations, and interviews. Each can reveal different aspects of a job's design. In addition:

Train data gatherers in proper interviewing and observation techniques and evaluate and reward their effectiveness.

Gather an adequate sample of job data over time. Most jobs have activities that vary from one month or season to the next, so information must be gathered at different points throughout the job's cycle.

Develop a system for regularly reviewing and updating job descriptions to ensure that they reflect actual work changes. This system should include assigning specific responsibility for preparing, reviewing, and updating job descriptions as well as assessing how well this responsibility is executed. Job designs can change often. Descriptions can become outdated without a procedure to ensure that they're revised to reflect actual work changes.

Document your job information process, including when you gather data, who is involved, what samples you use, and your procedures for preparing, reviewing, and updating job descrip-

tions. This confirms that you've given the process proper attention.

CONTENT AND STYLE

These elements affect a job description's validity and how readers will react to it.

Have a no-nonsense job title to show that the job occupies a defined role in your organization.

Show how the job fits into your administrative structure, including its department, superior and subordinate positions, functional authority links to other positions, and whether it's a line or a staff position.

The ADA requires you to distinguish between essential and marginal functions for each job. Establishing the job's administrative position helps you defend essential or core functions that should not or cannot be assigned elsewhere.

Establish non-function aspects such as time of work, location, equipment, sources of information, and performance feedback systems as well as physical and social operating conditions. Stating these conditions helps ADA-protected applicants suggest reasonable accommodations.

Write a brief purpose statement that describes why the job is necessary. This statement helps legitimize both your job duty statements and your decisions about essential functions.

Categorize the job's major functions and duties and responsibilities for each. The ADA encourages employers to focus on results, not methods. This information helps you distinguish essential from marginal functions. It's critical to the "job-related" screening of applicants under EEO legislation.

Create an "Other" functions category to provide flexibility. This adds realism and acknowledges that you can't always determine what's essential or marginal in advance.

Estimate each function's relative importance and the annual amount of time spent on each. Record this information on the job description. This gives you more insight into the true nature of the work you're trying to describe. Percentages and priorities help to demonstrate that your job description represents actual work and to differentiate essential from marginal functions.



Dr. Phil Grant

Using your overall purpose statement (Step 4) and the above priorities and percentages, indicate which functions are essential and which are marginal. Essential and marginal functions collectively show what you want the worker to do. Essential functions alone show what's necessary.

Have those who prepared and authorized the job description sign and date it for added accountability and validity.

Indicate, if appropriate, which variant of work design each job description represents. Companies often add or delete functions to accommodate incumbents' unique talents or characteristics. If you don't control this practice, a job's basic nature can become distorted or camouflaged over time and management can quickly lose track of which functions are essential and which are marginal.

Have a section on the job description to record job design changes and their justification during the planning period covered by the document. This allows you to control design changes and provides a history of the rational thought processes behind the changes you've made.

A MAJOR LINE OF DEFENSE

As corporate downsizing continues to redistribute work across the organization's human resource base, changes in what work is done and how it's done have made job descriptions a powerful tool for avoiding chaos and heightened their value as a first line of defense against discrimination-in-employment complaints. ❖

Professor Grant is a HRM consultant and chair of the business administration department at Husson College in Bangor, Maine.



Internships Available

Interested in a great opportunity? There are internships available through the Richard E. Dyke Center for Family Business at Husson College for the spring semester 2000. The Center offers a great business experience for students entering the business world. The work environment allows you to operate in a professional manner and will also increase your business communication skills.

In the fall 1999 semester, Samantha Hibbard and Robert Hunt are completing internships for the Center. Their hard work and determination has helped to make projects at the Center attainable.

The semester long, three-credit internship experience will prepare you for a successful future. Any student wanting to complete an internship should contact Dan Gallant at 973-1052.

Hello...

Hello everyone. My name is Daniel A Gallant. I am the new coordinator for the Richard E. Dyke Center for Family Business. I have been working at Husson since 1989 either full or part time. Currently, I teach economics and finance at Husson. If you have any questions or would like to schedule the Center for an event please contact me at 207-973-1052.

Good-bye...

The staff at *Legacies* would like to acknowledge and thank Kevin Casey for all of his hard work and enthusiasm while working at the Center for Family Business. While Kevin is leaving the Center, he will continue to work at Husson in a different department. His knowledge and commitment to the people will serve as a great asset to the college.

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Is a publication of
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Center for Family Business
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Published Bi-annually
Printed in the USA

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