

Mich. family's business sees growth despite trend

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BAY CITY, Mich. —

In the late 1800s an enterprising young family man from Southern **Italy** frequently crisscrossed the **Atlantic Ocean**, an arduous two-week trek by boat.

Gennarro (George) Fabiano, a father of eight (six girls, two boys), was making his way to **St. Louis**, MO. There he cooked spaghetti for men working on the railroad, toiling to earn money to bring his family to America. In Italy, the Fabiano family was living in a region beset by poor economic conditions and frequent earthquakes. When a major earthquake rocked their native land in 1905, Gennarro Fabiano, like many immigrants, decided it was time to seek a better life in the states.

Fabiano's legacy, which includes founding a family business that, from humble origins as a fruit and vegetable stand 125 years ago, has grown into the largest wine and beer distributorship in Michigan, is not lost on the current generation of Fabianos. James Fabiano II along with his brother Joseph Fabiano II and their father James Fabiano Sr., the firm's president and chief executive officer, today are presiding over unprecedented company growth and success at Fabiano Brothers, Inc. Remembering the company's humble origins and carrying on the family tradition of vision with integrity are key reasons the Bay County-based distribution center has avoided the fate of most family businesses: failure.

"We've always been proud of our family heritage," says Joseph Fabiano II, partner/owner. "Some very smart and principled men came before us. We're the fourth generation of Fabianos and we have a responsibility to our family to keep this business thriving."

James Fabiano II says, "You've heard the old business adage. The first generation builds the business. The second generation grows the business, and the third generation runs it into the ground. We feel good about where we've been and the exciting developments that position us for further growth in the future."

Dr. Timothy Nash, a vice president at **Northwood University**, offers some sobering statistics that shed light on how remarkably rare the Fabiano Brothers success story is.

"Only 12 percent of family businesses survive from the second to third generation," he says. "Only three percent make it from third to fourth and less than 1 percent survive from the fourth to fifth generation."

"I've got a fifth generation running around at home driving my wife crazy," James Fabiano II, smiling, says of his six children. "I'm sure at least one of them will get involved in the family business."

By any measure, 2010 has been a banner year for Fabiano Brothers. It purchased three companies, acquisitions that are driving plans for a multimillion dollar expansion of its already massive distribution center and corporate headquarters, located just off US-10 and Mackinaw Road in Monitor Township. Last May, a 125-year anniversary and open house celebration at its new state-of-the-art facility attracted about

22,000 people.

Even though the company has called Bay City its new home for only about 18 months, "we're already bursting at the seams," says James Fabiano II. "Suppliers want us to grow or get out. They like to see economies of scale."

Fabiano Brothers has added to its business portfolio the wine division of Saginaw-based Muehlenbeck Distributing Co.; Mt. Pleasant's Chippewa Beverage, Inc.; and Flint's Tom Ryan Distributing. These moves brought 97 full and part-time jobs to the area. Some of the jobs are new. Others are employees from the acquired companies that Fabiano agreed to take on. The company now services licensed retailers as far east as Lapeer County, west to Mecosta County and north to Charlevoix. The Tom Ryan acquisition means additional business as far south as Genesee County, "a huge county," says James Fabiano II, a partner/owner of the venerable firm.

"We're just a small family business doing our part to stimulate the economy," he says, a smile creasing his face.

In January, the company plans to break ground on the 100,000 sq. foot expansion project, pointing to May, just prior to its busiest summer months, as its target date for completion.

"We need the room," says Joseph Fabiano II. "This is phase II of our building plans here and will allow for company growth in the next 10 years."

The two brothers cut their teeth in the family business.

They started working before they could drive, recalling a time when the business had a couple of route trucks working out of a small warehouse servicing about four counties.

"It was a much smaller operation then," says Joseph Fabiano II. "We've seen about nine cases grow to the point where we now distribute over 9 million boxes of beer and wine a year. On any given day we have up to 50 trucks going over 5,500 square miles delivering about 50,000 cases."

When it relocated its operation from Mt. Pleasant to Bay City in 2009, Joseph Fabiano II says, "We always wanted to consolidate into an ideal location. We think we found it here... Within the Anheuser Busch system we're around the 25th largest distributorship in the nation."

Easy access to I-75 and US-10 attracted the Fabianos to Bay County. Employees at the site receive, process and ensure delivery of orders in less than 24 hours. That may explain why business is a 24-7 operation except when it closes at noon on Saturday and reopens on Monday at the crack of dawn.

"This place is pretty quiet now," James Fabiano II says of the distribution center on a recent weekday morning. "But you should see it on second and third shifts when the trucks are getting loaded for delivery."

Fabiano Brothers apparently understand the importance of first impressions. When visitors are allowed access to the spacious main lobby at the entrance to corporate headquarters, they immediately are struck by the marble floors, cherry wood furnishings and the ultra-modern surroundings.

"How do you like my bouquet?" asks James Fabiano II, pointing to a bucket containing a variety of **Anheuser-Busch** products displayed in the center of the lobby.

"Seems appropriate for the holidays," replies the visitor.

Much of its operation is technology-driven, a far cry from the days of yore, says James Fabiano II. For instance, all delivery trucks are routed using a computerized system. Drivers are equipped with hand-held computers and printers, giving them immediate access to their inventory and stops. A voice-activated system is used to store and distribute the millions of cases of product that goes through the facility each year.

"We're probably the most technologically-advanced distribution company in the state," says James Fabiano II.

The company may be, as the Fabianos say, a "cash business," but the emphasis on green at corporate headquarters extends beyond monetary considerations.

"Everything that goes out comes back in," James Fabiano II says of the company's sustainability efforts. "We consider ourselves a green-friendly company."

Retention ponds on the 20-acre site hold water that's used for eco-friendly chillers. Recycled water is used to wash company trucks and cars. Rainwater is captured and run through the sprinkling system on the grounds. The facility has been designed with lots of windows to allow natural light in. White roofs and concrete-insulated walls are other examples of the attention to detail that characterizes the facility's design-build.

"We tried to think of everything," James Fabiano II says.

When the facility's expansion project is completed next May, the business will have grown to encompass about 300,000 sq. ft. at 1885 Brevanda Court in Bay City. The Fabiano brothers didn't anticipate this kind of explosive growth.

"If you would have told me when we moved here that we were soon going to be building an additional 100,000 sq. feet of facility, I'd have said you were crazy," James Fabiano II says.

The company employs about 300 people. They work in areas such as operations, sales & marketing, Information technology, graphic design and accounting. The firm's impressive corporate headquarters is an anchor tenant in a burgeoning business park called Market Place Corporate Center. Local leaders hope Fabiano's presence sparks more economic development in that business corridor.

Somewhere, Gennaro Fabiano is casting an approving eye on his family successors, confident that the piece of the American Dream he carved out a century or so ago continues to be in fine hands.

"We've got to keep it going," James Fabiano II, working on Christmas Eve, says. "Our great-grandfather was a first-class, hard-working gentleman."