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Nothing Succeeds Like Succession

How W.E. Bassett transformed keeping the business all in the family into something approaching science



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by Karen
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One of Lynne Bassett Perry's most vivid childhood recollections of her family's company is staring at a flame inside a giant oven.

"I remember being mesmerized by the flame [in a heat-treating oven], which was used to harden steel," recalls Perry, who today oversees operations for the W.E. Bassett in Shelton, a company with 155 employees that sells more than 100 personal-care implements used by customers around the world. She also remembers "the ladies in inspection with magnifying glasses, looking at every tweezer."

Perry and her brother, William H. Bassett, are being groomed to take the reins of the enterprise founded by their grandfather in 1939. Their father, William C. Bassett, is chairman of the board.

The Bassetts see succession as a fluid process, subject to business and family changes, and the history of their company offers ample insights into how families pass businesses from one generation to the next.

The company began as a machine shop in Derby, which W.E. Bassett opened while in his 20s to produce parts for other businesses. During World War II, W.E. made munitions components for the U.S. military. He also used carbide cutting tools to manufacture metal washers for rubber heels for shoes

"much faster and at a lower cost" than his competitors, according to William C. Bassett, one of his three sons. Molded into heels, the washers were (and are) an integral part of shoe construction.

"He sold millions," Bassett says. "Then he started thinking he could come up with a better nail clipper.

"Nail clippers had been around since the late 1800s but they were very poorly built and didn't cut well," he explains.

In 1947, Bassett trademarked his carbon steel-plated "Trim" nail clipper and began marketing it at candy and tobacco shows.

"It was made so well it sold all over the country in mom-and-pop stores," Bassett says. (And at 25 cents a pop for many years.)

W.E. added distributors and sales managers, was rewarded with a few patents, including one for a swing-out nail file on the clipper, extended his product line, adding a five-inch stainless steel nail file and toenail clipper. In 1952 he built a manufacturing plant in Derby.

"He really was very particular about the product [line], to make sure it was absolutely the best, and was very giving and very understanding, so much so that people wanted to work for him," his son says.

W.E.'s tenure, however, came to an abrupt halt when he became ill in the mid-1950s. The cause and course of his lengthy illness (he died in 1978) is a subject his family won't discuss.

"Luckily he brought his older brother, Harry Bassett, in in 1945, and he took over," says Bassett, who began working for his uncle during "summers between college years. "Harry was very manufacturing-oriented and improved the business, selling to food chains and putting the product on blister cards."

By the 1960s, Bassett was selling around a dozen products. Its principal competitor in the "entry-level price point" market was the Ansonia-based H.C. Cook Co. (later known as Cook Bates), which was founded in 1896 and sold similar implements under the "Gem" brand.

"They had poor manufacturing but better sales and marketing people," Bassett says. After earning a bachelor's in economics at Ohio Wesleyan and a MBA from Washington University in St. Louis, W.C. joined the company full-time in 1968 at his uncle's behest.

"I told him I needed to get some experience, but Harry wanted me to come in," Bassett says. His young brother David also began working there a decade later, but it was William C. who Harry mentored and had in mind to succeed him.

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William C. became president in 1981.

"In hindsight it would have been better to have worked outside [the family business] for a while, to learn how other companies do things," he says now. "What I did was used business networking to gain wider knowledge, by being on a lot of business advisory boards and non-profit boards and getting involved in the community. I was always looking for different things and different ways to do things."

W.E. Bassett endured a slump, beginning in the mid-1980s, and survived by reinventing itself as a sales-and-marketing company. The process entailed following Cook Bates' lead in outsourcing manufacturing to Korea and the painful decision to close the company's Derby plant. Products are still packaged at a Shelton plant, which opened in 1978. In 1987, an addition to that plant became company headquarters.

"It took us 'til around early 2000 to really get it moving," W.C. says, adding by then Bassett "had weakened Cook Bates enough to actually able to buy them and solidify our position."

In 2001, the company added Cook Bates' products, including the "Gem" and "Kurlash/Diamon Deb" brands, to its roster, and began producing private-label brands for Walgreens, Rite Aid and other chains.

W.E. Bassett now "sells about 95 percent of health and beauty aids in the cosmetic sections of U.S. stores at the entry level price point," W.C. says, citing Nielsen market share information. He won't disclose sales figures for the company, which is private.

"We were marginally profitable from 1990 to when we bought Cook Bates," he says. "We have a decent margin for the work we do, and the profit dollars have increased each year because our sales have increased."

W.C. Bassett has been careful never to pressure his children "to come into the business the way Harry did with me.

"I always told them if you have interest in the business, you need to go outside and come back with a skill," he says.

Two of them did. His other daughter, Betsy DePaolo, became an actuary, and currently works for Travelers Insurance.

"I've always thought of myself going into the business," says William H. Bassett, who graduated from Lehigh University in 1998 with an undergraduate accounting degree and worked at an accounting firm in Hartford, KPMG International, before joining W.E. Bassett in 2001. "I started off in operations, as an assistant, and within a few months, moved over to purchasing group, where

I was a buyer of packaging materials and different products," he explains.

W.H. then became a sourcing manager, seeking new products and alternate sources for existing products at lower cost, and today is vice president of procurement, managing both the sourcing group and the purchasing group.

These days W.E. Bassett imports most of its products from China, Korea, Germany and Pakistan. This January, the company opened an office in China.

Lynne Perry's path to the family business was less direct.

After graduating from Gettysburg (Pa.) College in 1990 with a management degree, she spent five years at Walden Books in Stamford, leaving as a buyer. Planning to find a publishing job in New York City, she was surprised one day by a call from her father, who invited her to dinner.

During the meal "he presented to me an opportunity in the [Bassett] marketing department, saying, 'We think you might have some qualities that you might bring to the company,'" she recalls. "This was the first time we had ever talked about it - and I was very surprised because I was on a different track."

W.C. says he called his daughter because she had a "real drive for change, and was just the kind of person we could use."

The conversation led to an interview with company president Craig Finney, a non-family member at W.E. Bassett since the late 1970s - followed by a job offer.

"I started as a marketing assistant in the ad specialty department for the promotional specialty products, a small division where I learned by doing, then moved into the lean manufacturing area, and from there into [marketing] the 'Trim' brand," Perry says. She returned to lean manufacturing after the Derby plant closed in 2001, helping to implement those concepts in the Shelton facility, and also worked in purchasing, until "the timing was right for Bill [W.H.] to take over the purchase area and for me to take over operations."

During Perry's tenure, the product line has expanded into pedicure items, travel packs and gift sets.

"We're always looking for new products and licensing opportunities," she says, adding the company also is working to boost international sales, which today account for about ten percent of all revenues. Bassett products currently are sold in 60 countries.

Over the years W.C. Bassett has shaped his thoughts about

succession planning through membership in the University of New Haven's Family Business Center (W.E. Bassett is a charter member) and other CEO and company presidents' groups.

"A few years ago, one of our Family Business Center speakers had a succession strategy for his car-wash businesses in Massachusetts, [and talked about] how family businesses need to be involved in the fabric of the community and how to get the next generation ready," W.C. says. "That was very helpful to me to start thinking about how we were going to do the next generation."

The succession process was "informal to start," when Perry and W.H. began working at Bassett. "Then we started putting together a formal plan of what skills they needed," W.C. says. "Craig [Finney] was the one I saw as my successor, and ... my plan was to transition to him when I turned 60." He actually did it he did it two years early, in 2002, when Finney became company president, and W.C. was 58.

Finney joined W.E. Bassett in 1978 as a sales manager in special markets and worked his way up through the ranks.

Now the plan is to transition to W.C.'s children when the 55-year-old Finney retires. He views his role as facilitating the succession plan, by "making sure that at some point in time they're capable of running the company, and have been trained in all facets of the operation so they're ready to take over."

W.C. isn't in the office every day now, but he focuses on strategic planning and takes part in monthly operational meetings "to see how we're doing toward our goals."

He also participates in the company's annual business meeting "to fulfill fiduciary responsibilities" to shareholders and elect directors, all of whom are family members.

"I don't have an advisory board or any outside people as advisors," W.C. says. "I've always done that by joining outside groups and bringing [that knowledge] back."

Once a year there's a family meeting just for immediate family members, including W.C.'s wife, Judy, Lynne, Betsy and their spouses, and W.H. and his fiancée, Julia. About six years ago W.C.'s siblings sold their shares back to the company.

Conducted offsite from the Shelton office, conversation at the family meeting centers on the business "from the family point of view," W.C. says. "We give them a real insight on how the company is doing, plus or minus, and talk about succession issues."

Says Perry, "We talk about how do we feel, for instance, about charitable giving and our role in the community, where the business is going, and what we would do if something tragic

happened, to make sure the legal pieces are in place to keep the family business [intact]."

In 2000, W.C. Bassett received the Valley United Way's Charles H. Flynn Humanitarian award for his decades of community service. He currently is chairman of Birmingham Group Health Services and is on the board of the Valley Community Foundation.

W.C. regards succession as "ongoing, evolving mechanism," saying, "I can't tell you what the outcome will be.

"We don't really think about it every day," he adds. "Both Lynne and Bill are working quite hard, and say they have no sense of entitlement, which I think is a huge plus."

W.C. also says he "has made it clear to them they're not locked into this."

W.H. feels a "definite sense of stewardship and pride" in helping perpetuate the family business. But, he stresses, "None of us has ever felt pressure" to do it.

Perry sees the succession process playing out to a conclusion making the most sense for the business, and for family members.

"When Craig is ready to retire, she says, "The intent would be to go to the third generation. But it's not necessarily going to be family-run."

There may even be a fourth generation in the offing. Perry has two children, a ten-year-old daughter and son who's nearly six. Her sister has a seven-year-old daughter and three-year-old son.

"If the business matches a family need or vice-versa we would do it, but we will never ingrain in them to work in the family business," Perry says.

Asked how Bassett's succession plan is going, compared to those of other companies he knows, W.C. offers: "Some are doing well and some don't have a clue. Some kids are doing things the same way the parents did, and the parents aren't allowing them to make changes. You've got to have failures in life to understand success - and if you don't change you will die.

"The statistics on companies making it from the first to second are pretty dismal, and those for going from the second to third generation are even more dismal," the elder Bassett adds. "Hopefully we're riding the top of the wave. Right now I think we are."

