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## Succession Planning: Preparing the Next Generation

About 90 percent of US businesses are family owned. Yet only three out of 10 family businesses survive the transition from first-generation founder to second-generation family ownership. Only half of those make it to the third generation.

Why do thriving businesses stumble when a new generation takes over? The most common reason is that the owner failed to plan for succession.

A succession plan is a formal, long-term plan designed to remedy this problem. It ensures you train and select a successor and transfer business assets to meet all family obligations.

Are you among the majority of business owners who haven't considered succession planning? Here are some thoughts to get you started.

**Plan now.** What would happen to your business if an accident or illness knocked you out for several months? Would your chosen successor be ready to step in?

After all, it took you years to become the manager you are today. It will take years to train your successor. They must learn each job, from operating equipment to hiring and firing employees. They'll need to handle customers, employees, and vendors. Starting now gives them time to get ready – and time to show you that they can do the job.

**Face family issues.** Family is emotional and loving, business rational and pragmatic. In a family business, the emotions involved in picking one child or relative over another often stops succession planning in its tracks.

When the choice of successor is not obvious, trying making it a group decision, advised Nancy Bowman-Upton. Her classic work on the subject, *Transferring Management in the Family-Owned Business*, is available free online from the US

Small Business Administration. She suggests recruiting key employees to help groom and choose potential successors. Employees who participate in the process are more likely to remain with the business. It

also makes the decision less emotional.

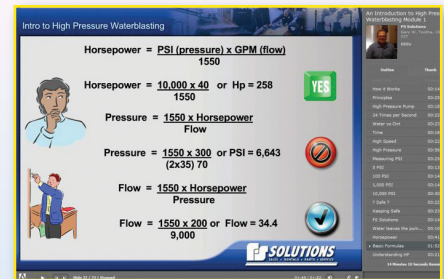
Bowman-Upton advises against dividing power between children competing for the top job. "Ownership may be divided but management should be clearly delineated," she writes. She suggests dividing ownership into passive and active shares. The successor gets the control needed to run the business, while the other children receive a fair share of the profits.

**Train.** Heath Finn, who markets financial services to small business for Edward Jones, suggests developing a formal training plan. Most founders

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## Online Courses Offer Contractors More Flexibility



**F**S Solutions is rolling out a series of online training courses that range from introductory modules to more advanced classes. The courses are currently offered at FS Solutions Centers, but will eventually be available on your computers.

These are courses with a difference. “I’ve taken a lot of Webinars, and I’ve seen what I don’t like. I don’t like to sit at a screen listening to a lecture and looking at one line of text,” said distance learning manager Sheila Gee.

“We need to keep people engaged. So we’ve made sure we have pictures, drawings, videos, and animations on the screen. There are even dials and sliders, so users can see for themselves how the equipment works,” she said.

### Introductions

FS Solutions has begun rolling out its first three classes. The first two cover waterblast and vacuum/air-moving safety and fundamentals. Students with a passing grade of 80 percent or better can sign up for advanced hands-on training classes.

“Although many people have done these jobs for years, we want to make sure we’re all on the same page as far as safety and the

basics before entering advanced courses. Experienced workers can complete the classes at their own pace. New workers can take the course to prepare for hands-on training,” said training manager Gary Toothe.

The third class covers the OSHA National Compliance Directive on Combustible Dust. OSHA made baghouse dust collection a top priority after a dust explosion destroyed the Imperial Sugar refinery in 2008.

“Guzzlers contain truck-mounted baghouse

***The online course is not a certification program, but a vacuum operator’s introduction to compliance.***

dust collectors, so the same OSHA baghouse rules apply,” Toothe said. “In the Midwest, many steel facilities and coal-fired power plants are insisting on seeing contractors’ credentials. As other OSHA districts begin to enforce mandatory inspections, we think this could affect as many as 90 percent of our customers.”

The online course is not a certification program,

but a vacuum operator’s introduction to compliance. “It is designed to show supervisors and managers how they are affected. Then if they decide they need certification, we can set up live training,” Toothe said.

### New Classes for 2011

Tooth and Gee plan more online courses. The next set of classes will help contractors go after new business. This will include three classes each for waterblast and vacuum contractors on the power generation, pulp and paper, and petrochemical processing industries, as well as a class for each on general industrial marketing.

Further out, FS Solutions plans still more online courses. Some topics, like safety basics and job estimation, are well suited for online presentation and study. Others, like equipment operation and confined space entry, require hands-on training.

“By combining live and online offerings, contractors can get the training they need, and do it cost-effectively,” Gee said.

To learn more about online classes, contact FS Solutions at 800-822-8785 or Gary Toothe at [gtooth@fssolutionsgroup.com](mailto:gtooth@fssolutionsgroup.com).

## Waterblast Training Schedule

**Training helps your people operate and maintain your equipment more effectively. Check out these upcoming Jetstream and FS Solutions classes:**

### JETSTREAM A SCHOOL.

The course covers safe operation, maintenance, basic and advanced troubleshooting, and safety issues of Jetstream units and equipment. Classes will be held in Houston on November 1-5, December 6-10, February 7-11, and March 7-11. Contact Greg Davis at 832-590-1365 or [gdavis@waterblast.com](mailto:gdavis@waterblast.com) for more information.

### OPERATIONS.

Separate courses cover waterblasting, industrial vacuuming, and supervisory development.

Classes will be held in Long Beach, CA, November 1-5; Seattle, WA, December 6-10; and Northern California December 13-17.

Contact 800-822-8785 or [www.fssolutionsgroup.com](http://www.fssolutionsgroup.com) for more information.

# Skid-Mounted Vacuum Recovers Liquids

*New skid-mounted vacuum promises flexibility for emergency response and some types of cleanups*

Once the Gulf oil spill began to spread, people began looking for ways to clean up the mess. One solution was to mount vacuum systems on small boats that could clear the coast and tidal regions of oil.

“Think of it as a boat-mounted vacuum unit,” said FS Solutions sales manager John Stafford. “It is designed to work with skimmers. It would vacuum surface liquids into a tank, where the oil and water would separate on their own.”

Operators could open the decant valve and decant the water, leaving the oil in the tank. Then they would vacuum and decant again until the tank was filled with oil. Workers would then offload the oil into a container or barge.

## Flexibility

Actually, several contractors had considered skid-mounted systems for emergency response well before the Gulf oil spill. They thought the units would let them get to spills they couldn't reach easily with a vacuum truck.

“You could set it up on an emergency site and run it without stopping, filling one container after another. You could dump the containers immediately or store them until later. And a skid-mounted unit costs a fraction of the price of a new vacuum truck,” Stafford said.

Skid-mounted systems could install on trucks, barges, railcars, or other transportable vehicles. They consist of a vacuum power module and either a portable container or optional tank sized to suit a contractor's requirements.

An example is FS Solutions' skid-mounted

system. The vacuum module pulls 28 in. of mercury and achieves 1,500 cfm airflow (with optional units to 6,000 cfm). It can vacuum up to 1,000 gal/min of liquids at 8 lb/gal, powered by a 125 horsepower John Deere engine.

Reversing the vacuum gives the system pressure offloading capabilities “With pressure offloading, you have a high-throughput system that can clean up lots of liquid fast,” Stafford said.

The FS Solutions system has a 2,000 gal tank. Since these systems are modular, customers could outfit them with any size tank, or offload directly into barges, tanks, or other collection boxes.

## Applications

Skid-mounted systems might prove effective in several applications:

**Large spills.** It might take a small army of tankers to vacuum up a large spill or overflow pond. A single skid-mounted system with several roll-off style vacuum boxes could handle this job effectively.

“This is a really good solution for situations where you're not sure of a material's exact composition or don't know how you are going to dispose of it,” Stafford said. “You can fill several vacuum boxes or frac tanks and store them while you sort things out.”

**Emergency response.** Oil spills, chemical spills, and flooding often require an intensive response. A skid-mounted unit could continuously vacuum

and offload into containers without having to leave the site.

**Railcars.** Skid-mounted units can clean liquid railcar spills and reload the material onto a railcar fast. “It's tough for vacuum trucks to reach some off-road spills, and hard for them to return the spill to a railcar. A railcar-mounted unit could do it quickly and easily.”

**Dry material.** A modular baghouse would allow a skid-mounted unit vacuum and discharge dry material into a dumpster. “This might make sense in some spills or mill turnarounds. If you're collecting material that can go into a dumpster, you can avoid sending your vacuum truck away for hours at a time to dump the material,” Stafford said.

Many contractors might find skid-mounted units economical for handling large spills or large volumes of dry material. “One high cost of vacuuming is shutting down your truck to dump a load. Skid-mounted units avoid the problem by using multiple storage containers. It's a versatile, cost-effective solution,” Stafford said.

To learn more about skid-mounted vacuum systems, contact us at 800-822-8785 or [sales@fssolutionsgroup.com](mailto:sales@fssolutionsgroup.com).



## Brian Adcock Gets the Call

It was only a few minutes before the scheduled UPS pickup when Brian Adcock, a parts specialist at FS Solutions in Birmingham, Ala., got the call.

“A customer ran into a situation,” Brian recalled. “He needed to replace the bags on his truck, or he was going to get kicked off the job the next day. I ran upstairs, put the order together, and we shipped it out so he got them first thing in the morning.”

This is just another reason why FS Solutions' parts specialists are more than just order takers. “We're supposed to be a solutions provider,” Brian said. “Our job is to figure out how to make it work for our customers.”

Occasionally, this involves pushing through an order

to meet an impossible deadline. Other times, it might be finding a part when a customer does not know the name or number. Or troubleshooting a problem, scheduling service, or sending schematics.

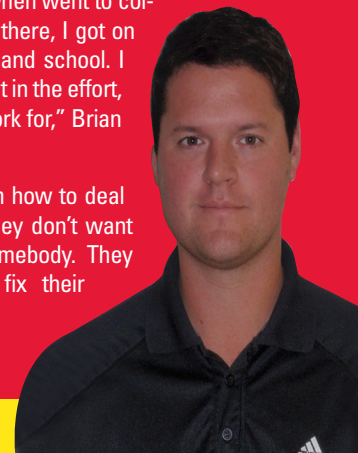
Once Brian gets to know customers, he provides useful advice. For example, he helps them plan inventories. “They should always have extra sets of bags and gaskets, so they never have to pay for overnight shipping,” he said. He also updates customers on new performance products, like Guzzler Grip nozzles and yellow hose.

Brian joined FS Solutions three years ago after graduating Auburn. While going to school, he sold industrial and construction supplies for Fastenal and did

maintenance for a small apartment complex.

Those jobs taught him some valuable lessons. “I was not organized when went to college. But once I got there, I got on a schedule of work and school. I learned that if you put in the effort, you get what you work for,” Brian said.

Both jobs taught him how to deal with customers. “They don't want to just talk with somebody. They want someone to fix their problem,” he said.



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## Succession Planning: Preparing the Next Generation – continued

have done every job in their company, from field repairs of equipment to taxes and compliance. Finn recommends that potential successors do the same. Equally important, founders must let go enough to let their children learn, grow, and make mistakes. Learning from mistakes says a lot about their potential to lead others.

**Know your financial options.** Your business is probably your largest and most valuable asset. Cleveland attorney Michael Coyne of Waldheger Coyne imagines a situation where a son helps his father build the family business. When the father tells him he plans to leave the business equally to his children, the son threatens to become a competitor rather than spend a lifetime building a business that he must share with others.

What is the fair thing to do in this situation? Parents want to provide for their spouse and

children, but doesn't a son or daughter who helps grow the business deserve a greater share?

Fortunately, says Coyne, there are many ways to transfer assets fairly. These include transfers of non-business assets, life insurance to equalize overall transfers, recapitalizations, installment sales, spin-offs, and gifting plans.

Many of these options also help to minimize taxes — but only if you plan in advance.

**Get help.** Succession planning is complex. You have to walk a thin line between family and business. Many lawyers, accountants, financial planners, and insurance agents have helped other business owners structure transfers of ownership and assets. Get their help and it will make the process much easier.



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