

How to Crack the Power Elite

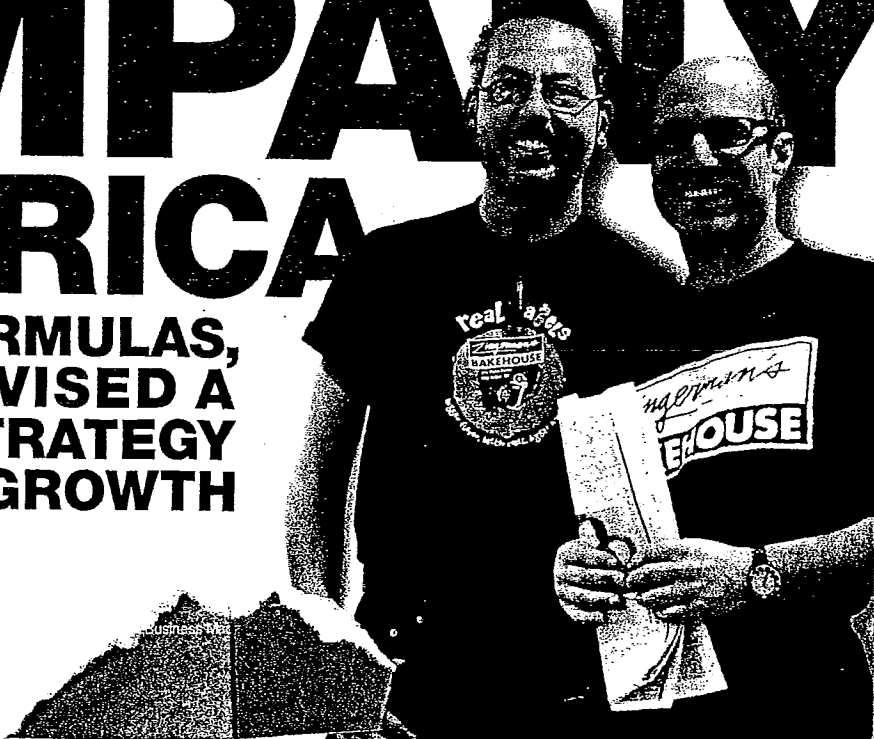
Inc

The Magazine for Growing Companies

THE COOLEST SMALL COMPANY IN AMERICA

**REJECTING OLD FORMULAS,
ITS FOUNDERS DEvised A
BREAKTHROUGH STRATEGY
FOR GROWTH**

January 2003
\$4.95 US \$5.95 Canada



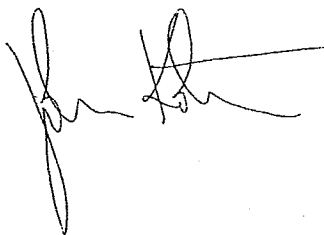
Letter

from the editor

Growth Odyssey

How Zingerman's found a breakthrough strategy

IDENTIFYING "The Coolest Small Company in America"—as *Inc* does in this month's cover story—obviously involved some pretty subjective thinking. It wasn't an idea we conceived at the start of a reporting project. Instead, the description first came up in staff discussions about editor-at-large Bo Burlingham's compelling portrait of Zingerman's Community of Businesses. Some of us wondered how Zingerman's compares with other truly imaginative companies that *Inc* has written about over the years—outfits like Ben & Jerry's, the Body Shop, and Great Harvest Bread Co. Do all those innovative businesses have something in common? On the most fundamental level, the answer may be that they all grew out of the unique personalities of the people who founded them. Zingerman's is certainly a powerful example of that. The college-town (Ann Arbor, Mich.) company, which is the creation of Ari Weinzweig and Paul Saginaw, is a collection of seven small businesses pursuing one of the most original growth strategies we've come across. After gaining international fame as a delicatessen, Zingerman's easily could have adopted the cookie-cutter franchise formula that so many other successful businesses have followed. But Ari and Paul rejected that obvious strategy because they weren't interested in the kind of life that it would entail. In some ways Ari's most telling comment in the story is that he didn't want to spend his time "flying to Kansas City to see some mediocre Zingerman's." So the two founders set about devising a new approach that fit their personal goals. It took them two years of reading, discussing their ideas with other business owners, and meeting regularly at a picnic table next to their deli. The grand plan that resulted, however, was far better than anything a management-consulting firm could have devised for them. Summarized in a document titled "Zingerman's 2009: A Food Odyssey," the scheme that the two partners came up with not only created an original business structure but also helped attract an array of smart, interesting, talented people—including M.B.A.'s and other entrepreneurs—to an exciting business adventure. Today the common mission at Zingerman's is to explore together the possibilities of having a great life while building a great company. What could be cooler than that?



Editor John Koten can be reached at jkoten@inc.com.

Contributors



Robert X. Cringely, the author of *Inc*'s What's Next column, is known for his lofty connections to technology's best and brightest. (His reporting once opened a rift between the industry's two highest-profile figures, Bill Gates and Steve Jobs.) This month, however, he zeros in on an Internet pioneer who has yet to gain even a tiny measure of fame. Why? Because Cringely believes that Bill Scott's company—an application service provider based in Ridgeland, Miss.—may just be one step ahead of giant IBM.

As a partner in the Manhattan-based advertising and marketing firm Hanft Byrne Raboy, contributor **Adam Hanft** is someone who has observed the good, bad, and the kiss-up in business—not from the safe perch of the full-time journalist but from the conference-table vantage point of the business owner. Grist, his backpage column, is dedicated not only to exploring the issues he encounters firsthand on the job but to doing so with the flair and style that led him to coin one of the most famous lines in advertising: "Flick Your Bic." Hanft coauthored *Dictionary of the Future* with Faith Popcorn.



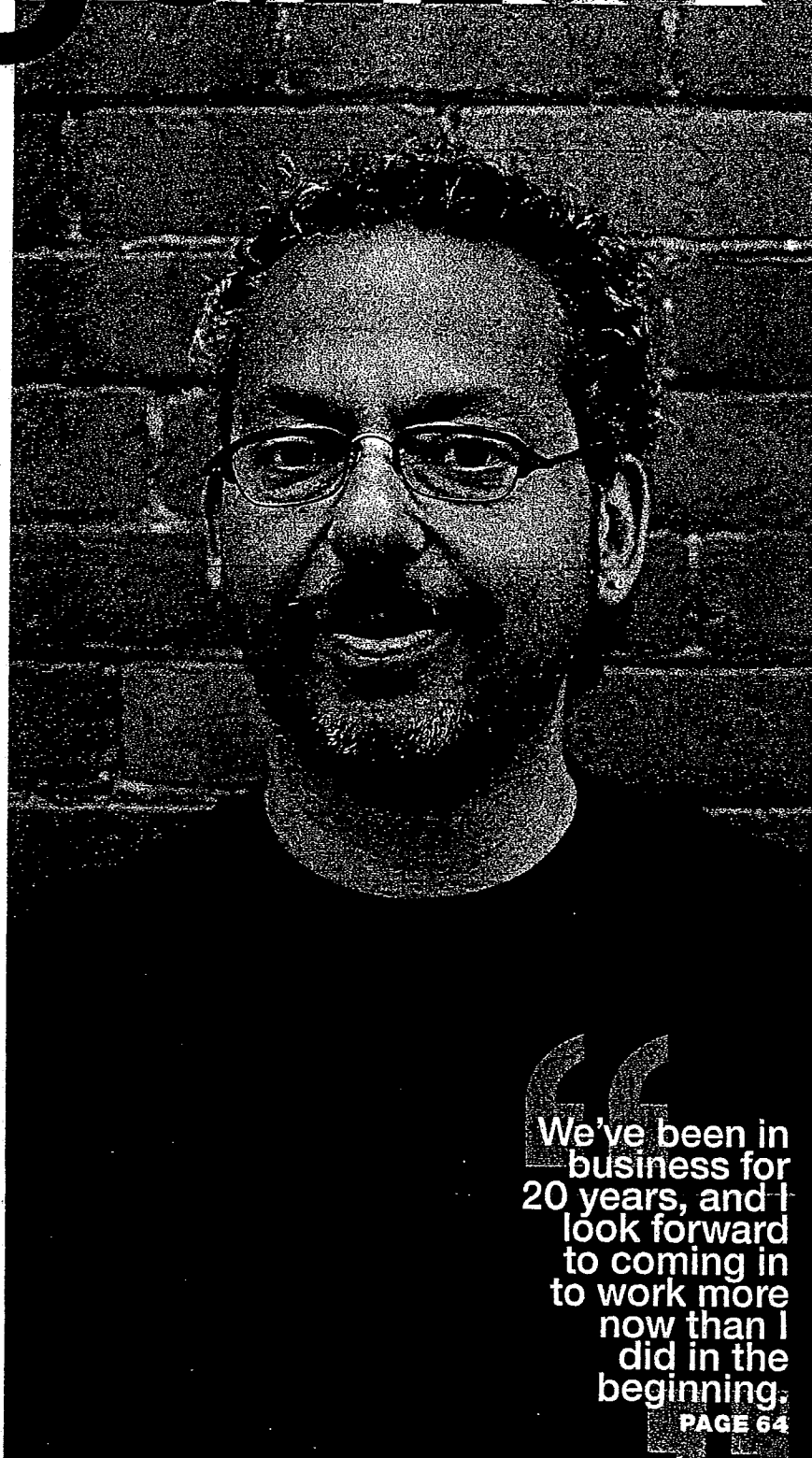
Donna Fenn contributes this month's Case Study about a business that had to decide whether to completely revamp itself to get its products on the shelves at Target. The author, who lives in Pelham, N.Y., has written for *Inc* for more than a decade. Her June 2000 piece on welfare reform won the 2001 Entrepreneurship Journalism Prize (Honorable Mention) from the Women's Economic Round Table. Last summer she contributed an article to our sister publication *Parents* about mothers who start companies. Fenn has also written for the *Washington Post* and the *New York Times Magazine*, and she was a correspondent for the Associated Press in Riyadh, Saudi Arabia, for four years, including during the Gulf War.

Editor-at-large **Bo Burlingham** has been writing for *Inc* for 20 years. He also coauthored several books on management, including *A Stake in the Outcome*, with Jack Stack of SRC Holdings Corp. In reporting this month's cover story, Burlingham couldn't help drawing comparisons between the values and energy of Zingerman's and those of the Body Shop, where he once served as a director. But one major difference soon became apparent: Zingerman's has never had any interest in going public.



JANUARY 13

Jan 2003



We've been in business for 20 years, and I look forward to coming in to work more now than I did in the beginning.

PAGE 64

features

ON THE COVER

64 The Coolest Small Company in America

Why are high-powered M.B.A.'s getting off the corporate track to go to work baking bread and making cheese for a \$13-million food company in Ann Arbor, Mich.? Because they've been seduced by the irrepressible spirit of Zingerman's Community of Businesses, which combines a passion for great service with a deep belief in people and a fascination with management—not to mention an ingenious plan for growth. At Zingerman's, good ideas become real businesses, and employees with good ideas have unlimited opportunities By Bo Burlingham

76 A Sales Force of One

In this economy, what company owner hasn't looked at a struggling sales force and thought, "I can do better"? Scott Rosen, who grew the Rosen Group out of a spare bedroom into an \$8-million staffing firm, thought that, too. That is, until he tried it. He fired his entire sales team when his business faltered, thinking that he could do better alone. And that's when Rosen's learning process really began By Susan Greco

84 A Borrower Be

For the first time in decades, small business is in a better position than big business to borrow money and establish long-term relationships with banks. If it's been a year or more since you've shopped for credit, it's probably time to take another look By Martin Mayer

90 The 10 Rules of a Master Networker

Call it networking if you want, but Keith Ferrazzi's game is bigger. It's about how to work the world's hidden machinery—how to enter the secret society of elite business insiders. It's a game of power. And it has rules By Tahl Raz

Cover photograph by Micheal McLaughlin

BRAIN FOOD, SOUL
FOOD: Zingerman's has a passionate, challenging culture and corned beef on rye to die for. At right, Ari Weinzwelg



T'S 4:20 ON A Wednesday afternoon, and Ari Weinzwieg is talking to a group of new employees about the 4 Steps to Selling Great Food. "Anybody know what the first one is?" he asks, holding up a plump, brown, and fragrant loaf of bread from Zingerman's Bakehouse.

"Know it," says a young woman with curly blond hair.

"That's right," says Weinzwieg. "Great." And he proceeds to lead the group on a sensory excursion into the properties of slow-rising artisanal bread.

The CEO of Zingerman's Community of Businesses (ZCoB), Weinzwieg looks like a Jewish hippie version of Ichabod Crane—tall and gangly, with olive skin, curly black hair, and a fringe of a beard. He wears a ring in one ear and a stud in the other and dresses in black jeans, sandals, white socks, and a T-shirt with the sleeves rolled up. The Chicago native studied Russian history at the University of Michigan and describes himself as a lapsed anarchist.

In 1982, Weinzwieg founded Zingerman's Delicatessen with Paul Saginaw, who is still his partner. Over the next 10 years, the deli became world famous—and then hit a wall. Faced with the choice of changing the company or letting it stagnate, the partners came up with an ingenious strategy that has allowed them to retain the best aspects of small-business life while enjoying the benefits and challenges of growth. The result is ZCoB, consisting of seven small businesses in and around Ann Arbor, Mich., with two more in the active-planning stage. Together the businesses do a profitable \$13 million a year in sales.

One of the businesses is Zingerman's Training Inc., or ZingTrain. Right now it's playing host to the orientation of the new employees, but ZingTrain also offers training and consulting for non-ZCoB companies, which send their people to learn the Zingerman's way of doing business. Earlier in the week bank managers, bakery owners, and restaurateurs from around the Midwest were in Ann Arbor for the "Managing with Zing" seminar. Other sessions have attracted a wide range of organizations—grocery-store chains, hospitals, garden shops, not-for-profit groups, chocolatiers, custom manufacturers, even a mortuary—from across the country.

It was at one such seminar that Todd Wickstrom first experienced Zingerman's. At the time, Wickstrom owned two franchised bakeries in Chicago that he wanted to improve, and he thought the session might give him new ideas. It did. On his return to Chicago, he sent Weinzwieg an E-mail message: "The seminar made me realize you can live your ideals in the food business. The bad news is, I can't do it here." Weinzwieg invited him to become a managing partner of the deli, and Wickstrom jumped at the opportunity. He sold his bakeries and moved his family to Ann Arbor. "I would have come in as a dishwasher to be in this environment," he says.

The environment is, indeed, ZCoB's most striking feature, combining a strong sense of community, a deep belief in people, a fascination with management and business, and a passion for great food and great service. It's an entrepreneurial environment in which good ideas become real businesses, and employees with good ideas have an opportunity to become owners. More to the point, it's an environment that many can't resist. "Working here has never felt like a job to me," says Wickstrom. "I'm constantly learning about managing, about food, and about myself."

Wickstrom isn't the only former entrepreneur to be seduced by ZCoB. "It was just a great opportunity. Everything was right about it," says Dave Carson, who built and sold two successful technology companies before

becoming cofounder and managing partner of Zingerman's Creamery.

Other, equally accomplished recruits fled successful careers in corporate America for jobs at Zingerman's that pay, at most, in the high five figures. Maggie Bayless, a ZingTrain managing partner, holds an M.B.A. from the University of Michigan and did stints at General Motors and Soho Natural Soda. Stas' Kazmierski, ZingTrain's other managing partner, was a high-powered consultant with clients such as Boeing, Marriott, and Prudential Insurance. Amy Emberling majored in social theory at Harvard, studied cooking at the Hotel Ritz in Paris, earned an M.B.A. from Columbia University, and now makes bread and pastries at Zingerman's Bakehouse. And Ron Maurer held high-level positions at such companies as Lexis-Nexis and Living.com before signing on as ZCoB's vice-president of administration and chief financial officer at half the salary he could get elsewhere. "I figured if Zingerman's was even close to its billing, I'd be happy here," he says. "In fact, it's better than its billing."

ELEVEN YEARS AGO there was no room for such people at Zingerman's. The deli had a reputation for being warm-hearted, fun-loving, and food-obsessed, but it had nothing to offer experienced professionals looking for new business challenges and no need for their services. Then, in 1992, Weinzwieg and Saginaw began developing an innovative growth model that redefines the choices founders have when they've achieved their initial goals and begin thinking about what to do next.

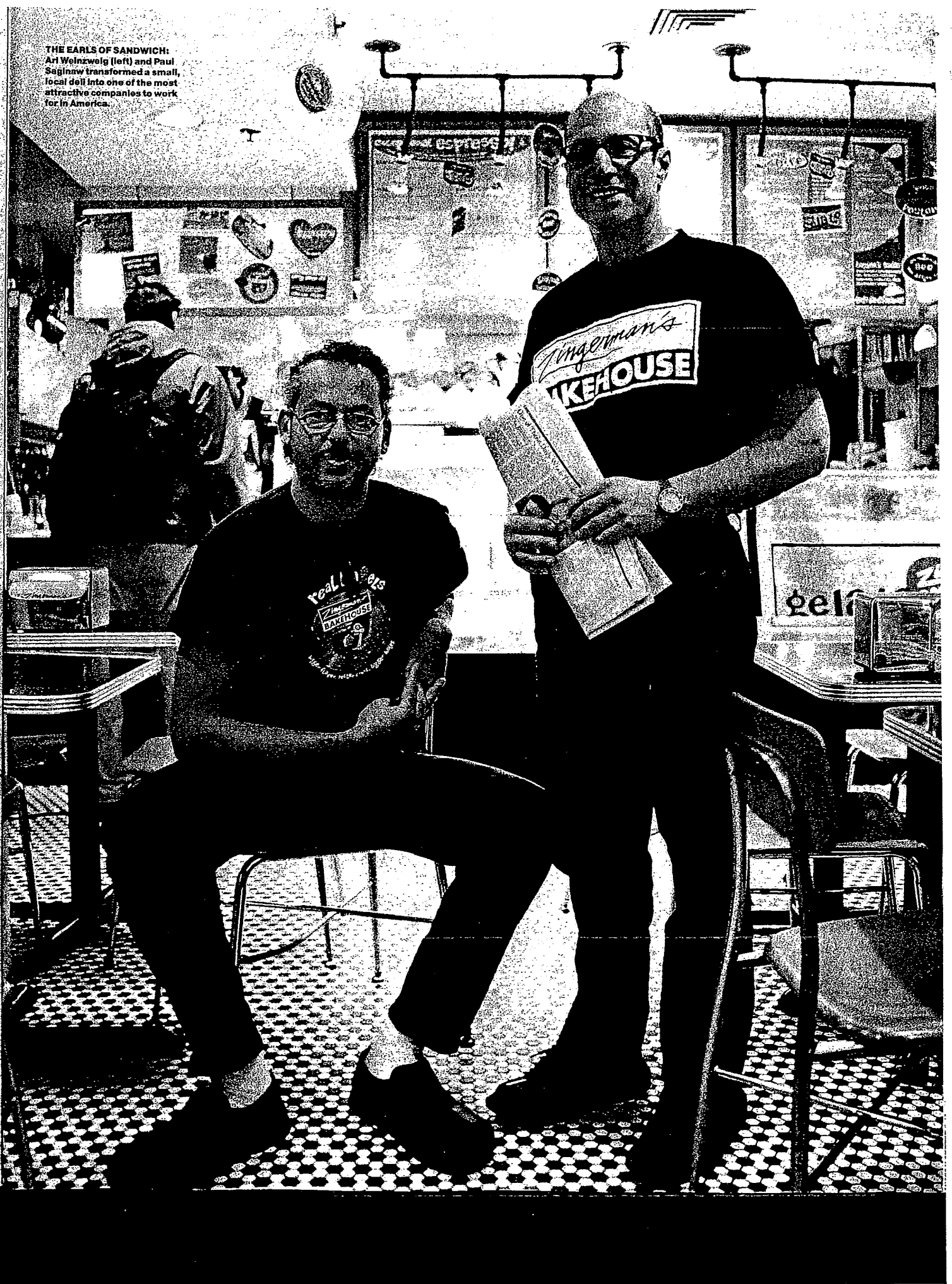
Standing alongside each other, Ari Weinzwieg and Paul Saginaw bring to mind Don Quixote and Sancho Panza—or perhaps the Cisco Kid and Pancho. Where Weinzwieg is long and lean, Saginaw is short and sturdy, with a barely visible five o'clock shadow covering the top of his shorn head. They met in the late 1970s while working at an Ann Arbor restaurant called Maude's and immediately hit it off. What united them was the dream of a perfect corned-beef sandwich on rye. "We both grew up in cities with great delis, and Ann Arbor didn't have one," says Saginaw, who comes from Detroit.

Twenty-one years ago the two started a deli meant to carry the finest artisanal food products and serve the best sandwiches known to humankind. "We wanted sandwiches so big you needed two hands to hold them and the dressing would roll down your forearms," says Saginaw. "We wanted people to say about other sandwiches, 'This is a great sandwich, but it's not a Zingerman's.'"

Within a decade, they'd accomplished that and more. Articles extolling the deli's food appeared in the *New York Times*, *Bon Appetit*, *Eating Well*, and other publications. "In Zingerman's," novelist Jim Harrison raved in *Esquire*, "I get the mighty reassurance that the world can't be totally bad if there's this much good food to eat, the same flowing emotions I get at Fauchon in Paris, Harrod's food department in London, Balducci's or Dean and DeLuca in New York, only at Zingerman's there is a goodwill lacking in the others."

Still, when all was said and done, in 1992 Zingerman's was just a deli doing \$5 million a year out of a cramped red-brick building in Ann Arbor's historic district. One manager was starting a bakery to supply the deli with bread and pastries; otherwise there were no plans for growth or even significant change. Zingerman's was, in short, a typical, mature, stable small business, exhibiting all the symptoms of companies that have plateaued. Behind the shelves crammed with exotic spices, oils, and vinegars, bureaucracy had begun to creep in. There was an active rumor

THE EARLS OF SANDWICH:
Ari Weinzweig (left) and Paul
Seginaw transformed a small,
local deli into one of the most
attractive companies to work
for in America.



"I sat there thinking, 'I don't have time for this. The cooler is broken, the staff is stretched thin, and Paul hauls me out to talk about 10 years from now?' But I had to admit, it was a real good question." ARI WEINZWEIG

mill. Opportunities to advance had dried up, and competitors were beginning to encroach on Zingerman's market.

Weinzweig and Saginaw had a choice. They could keep Zingerman's a small, local operation and run the risk that it would languish or atrophy. Or they could take it to the next level. But if they grew Zingerman's aggressively, they might sacrifice the very attributes that had made the deli extraordinary since its beginning—close contact with a community, intimacy with customers, team spirit among employees, and exceptional quality of food and service.

Weinzweig can pinpoint the exact moment when the growth issue first reared its head. It was a sultry summer day in 1992, and the lunchtime rush was in full swing. In addition to the usual headaches involved in feeding the hungry multitudes, a cooler had broken down. Weinzweig was racing around, trying to deal with the problems, when Saginaw came hurrying in. "Ari, we got to talk," he said.

"OK, Paul, but not now," Weinzweig said. "I've got too much going on here."

"No, it's important," Saginaw insisted. "We've got to talk right now. Let's go outside."

Weinzweig reluctantly followed Saginaw out the side door and sat down beside him on a bench. "OK, what is it?" he asked.

"Ari," Saginaw said, "where are we going to be in 10 years?"

"I couldn't believe it," Weinzweig recalls today. "I sat there thinking, 'I don't have time for this. The cooler is broken, the kitchen staff is stretched thin, and he hauls me out to talk about 10 years from now?' But I had to admit, it was a real good question."

It was also the start of a two-year debate that tested the limits of their partnership. Saginaw felt strongly that the company had grown smug and complacent, leaving it vulnerable to competitors who could copy Zingerman's merchandising and chip away at its customer base. The partners had recently settled a lawsuit against one such copycat, and the experience had convinced Saginaw that legal protections were a poor substitute for innovation. The business needed to be shaken up. It needed to build higher barriers to competitors by expanding, improving, and trying different things. In short, it needed a new vision for growth, and Saginaw thought that all options should be on the table, including the possibility of opening Zingerman's clones in other cities. That was, after all, the most logical way to grow a retail food business. A lot of people had already suggested it and offered to get involved. "We might be stupid not to do it," he told Weinzweig.

There was just one problem: Weinzweig was dead set against it. "I didn't want to spend my time flying to Kansas City to see some mediocre Zingerman's," he explains. "For me, it was important to be part of something great and unique. You lose the uniqueness when you try to replicate the original. I said to Paul, 'I can't say you're wrong from a business

standpoint. If that's what you want, maybe you should do it, but it's not something I want to be associated with. I'll leave.'"

"You have to understand," says Saginaw, "Ari is a guy who studies the history of orange marmalade. He has an emotional attachment to the product. He was afraid the coleslaw would be bad, and his name would be on the door. I said, 'Your name isn't on the door, and I don't care about the coleslaw. We can throw it out. But if you care so much about it, fine. We'll find another way.'"

THAT OTHER WAY, however, proved frustratingly elusive. Saginaw and Weinzweig had no interest in pursuing acquisitions or moving to another location, and they knew of no alternative growth strategies for small companies like theirs. So they did a lot of reading, thinking, and talking—meeting regularly to discuss their ideas at a picnic table next to the deli. They wrote vision statements and then rewrote them, soliciting input from people inside and outside the business. By 1994 the outlines of a grand design had emerged. The Zingerman's Community of Businesses was ready to be born.

Weinzweig and Saginaw envisioned a company comprising 12 to 15 separate businesses by 2009. Like Zingerman's Delicatessen and Zingerman's Bakehouse (which was already up and running), the new businesses would be small and located in the Ann Arbor area. Each would bear the Zingerman's name but would have its own specialty and identity. Each would have at least one managing partner who would work in the business and be an owner. Internal entrepreneurship would be encouraged and supported, but partnership would be open to outsiders as well. And whereas not every new company would be a food business, all would be designed to enhance the quality of food and service offered to Zingerman's customers and to improve the financial performance of ZCoB and its components. Initial funding would come from Weinzweig, Saginaw, and the new partners themselves, with the goal of reaching breakeven on a cash-flow basis as soon as possible.

"The key was having partners who were real owners," says Weinzweig. "We wanted the passion. We wanted people who had visions of their own. Otherwise, whatever we did would be mediocre, and the whole idea was to elevate the quality of each element of the company."

In the summer of 1994, Weinzweig and Saginaw presented their vision in a document titled "Zingerman's 2009: A Food Odyssey." It took the form of a long conversational letter from Weinzweig to the company's managers and employees. He wrote a similar letter to customers, whom he and Saginaw considered important members of the Zingerman's community.

Although the partners had prepared the groundwork carefully, their plans drew mixed reviews. Customers didn't understand why it was necessary to change a business they considered nearly perfect. Lawyers and

accountants told the founders they were crazy to let the new partners have real stock and to run the new companies as separate businesses. But the most negative response came from Zingerman's managers, who voted with their feet. In the 18 months after the rollout, more than 80% left. "People had gotten comfortable," says Weinzweig. "We told them that we were going to have a significant culture change. It would be a lot like going back to a start-up. We'd have to work 90 hours a week again, and no one would be going home at 4 on Friday anymore. A lot of people didn't want to do that."

It was a tumultuous period, Emberling recalls. From her position as pastry manager at the bakery, she viewed the transformation of Zingerman's into ZCoB with misgivings. First came the establishment of the Zingerman's Service Network, or ZingNet, a central administrative unit that would provide marketing, finance, and human-resources services to the businesses. At about the same time, a CFO was hired who began asking for new financial reports from the bakery staff. Emberling feared that the company was becoming bureaucratic and impersonal. She also worried about the exodus of veteran managers, not to mention the various management experiments, some of which struck her as nutty.

"They started a deli council, with the staff voting on everything," she recalls. "I thought that was insane. How could 17-year-olds make decisions for the company? They knew nothing about the business."

Accustomed to operating autonomously, Emberling and her coworkers worried that the bakery might be expected to follow the deli's lead and play by its rules. "As a manufacturer, we were very into process, rigor, accuracy," she says. "The deli had a different style. We didn't see the value of being in the ZCoB with them. We just wanted the deli to buy our bread and pastries and leave us alone."

In 1996, Emberling left the company when her husband took a job in Denmark. In 2000, Frank Carollo, managing partner of the bakery, asked her to be his co-managing partner, and she returned to Ann Arbor with her family. "By the time I came back, it was a different company," she says. "They'd managed to implement ZCoB very well. There was a partners group that met regularly. And they'd done an incredible job of building a common culture. I don't know if they realized what they were doing when they did it, but they definitely got it right."

In her new role, Emberling not only makes bread and pastries but, as an owner, has major responsibility for the present and future success of the business. "I love it here," says Emberling. "I don't make as much money as the investment bankers I went to school with, but I make enough, and I'm never bored. We face the same questions that big companies face, without the stock-market worries, and there are so many interesting people to talk to. It's very stimulating and challenging."

THERE'S A CONCEPT taught in ZingTrain's seminars concerning the mastery of a skill. When you know absolutely nothing about a skill, you are unconsciously incompetent—that is, you don't know what you don't

know. As you learn more, you become consciously incompetent: you know what you don't know. With training and practice you can become consciously competent, while total mastery makes you unconsciously competent, meaning that you use the skill so effortlessly that you're not even aware you're doing it.

Here's the kicker: in order to teach a skill, you have to go backward, from being unconsciously competent to being consciously competent. Until you can teach it, moreover, you don't really know what you know. That concept helps to explain the process Zingerman's went through that earned it a reputation for management equal to its reputation for food.

The catalyst was ZingTrain, which was launched in 1994. Over the years Zingerman's had received numerous consulting requests, mostly from other specialty-food retailers interested in emulating the deli's culinary acclaim and customer service. Maggie Bayless, ZingTrain's cofounder and original managing partner, wanted to offer training instead.

"Rather than figure out what someone was doing wrong and trying to fix it, we'd show people what worked for us," she says. At the same time, ZingTrain would provide training for ZCoB managers and staff.

First, however, ZingTrain had to come up with the language to explain what Zingerman's did. That meant distilling various practices into easily understandable, and teachable, concepts and principles. "We already had the 3 Steps to Great Service," says Weinzweig, referring to a maxim applied at Zingerman's since its early days. "We just kept building from there." One by one, the handy rules of thumb emerged: the 5 Steps to Handling Customer Complaints, the 4 Steps to Order Accuracy, the 3 Steps to Great Finance, the 4 Steps to Productive Resolution of Differences, and on and on. Each rule was more a set of talking points than a rigid formula—a way to get people to focus on a subject and remember it afterward. Some rules simply codified

practices Zingerman's had been using for years. Others expressed management ideas that Weinzweig believed in but had never fully implemented. Still others were developed in response to issues that arose as the company evolved.

At some point you have to roll your eyes at the sheer number of rules. "Ari talks about the 18 Steps to Calming Amy Down," says Emberling. ("I guess I forgot to tell her the 8 Points of Talking to Journalists," says Weinzweig.) Yet each rule does contain a nugget of management wisdom. To give good service, after all, you really do have to "1. Figure out what the customer wants. 2. Get it for them—accurately, politely, enthusiastically. 3. Go the extra mile." What's more, it's important for employees to know that.

Soon Weinzweig and his colleagues began applying the same thinking to more challenging and sophisticated aspects of management, such as leadership, training, and organizational development. A voracious reader of business books and a prolific writer, Weinzweig turned out long papers on Zingerman's application of concepts like *stewardship* and *entrepreneurial management*. He then worked with the ZingTrain partners to





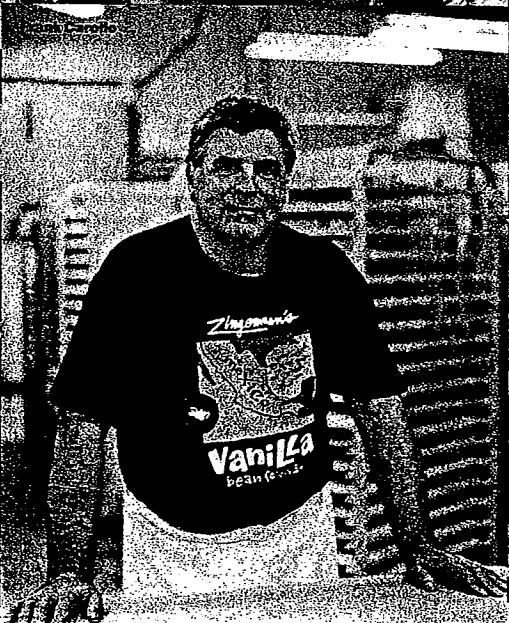
Todd Wickstrom



Amy Emberling



Paul Sagnier



History in the Baking

- 1982 Zingerman's Delicatessen** offers "flavorful, traditionally made foods...in an entertaining, educational, and service-oriented setting"
- 1992 Zingerman's Bakehouse** produces baked breads and pastries for the deli and other customers
- 1994 Zingerman's Training Inc.** shares Zingerman's expertise in training, service, merchandising, specialty foods, and staff management with the public and ZCoB members
- 1996 Zingerman's Mail Order** sends foods across the country and around the world
- 1998 Zingerman's Catering** provides food for small parties and large events
- 1999 www.Zingermans.com** allows customers to buy Zingerman's products on-line
- 2001 Zingerman's Creamery** produces handcrafted fresh cheeses, gelato, and other dairy products for the deli and other customers
- 2004 Zingerman's Roadhouse** features a menu of American regional cooking
- TBA Mexican Restaurant** (name and opening date not set)

break down those concepts into a series of steps, points, and definitions, thereby turning ideas into management tools for both ZCoB's employees and ZingTrain's customers. "What we look for is elegant simplicity," he says.

Through that process, ZingTrain got a steady supply of material for its seminars, which began to fill up fairly regularly. ZingTrain's curriculum, in turn, had a huge effect on ZCoB itself. Employees who took the courses were challenged to wrestle with management philosophy in all its complexity. As people were baking bread, selling cheese, or making gelato, they were also studying business, not to mention the history and sociology of food, another part of the curriculum. As a result, the company became a kind of school—the University of Zingerman's, people called it.

The result was a culture both intellectually stimulating and unifying. "All those three-step things really do work," says Emberling, "but they also gave us a language to talk to each other. Everyone in the different businesses had the same vocabulary, which helped create the culture in the community as a whole."

Other factors also contributed to a common culture. The deli, for example, had long used distinctive lettering and cartoons on its signs and printed material. Following the formation of ZCoB, those design elements were standardized across the businesses to ensure they all had the same look and feel. "The more common themes you have throughout, the more effectively you can build the community," says Weinzwieg. "We want to leave a lot of flexibility while providing enough structure for people to be successful. That way, the ZCoB doesn't become a collection of businesses that have nothing in common but ownership."

MUCH HAS CHANGED at Zingerman's in 10 years. The company has been adding businesses at the rate of about one every 18 months, and the pace shows no signs of slackening. Altogether the businesses employ 334 peo-

ple, up from about 125 in 1994, when the company consisted of just the deli and the bakery. With the new businesses have come new partners, new language, and new opportunities for employees, as well as energy, passion, and excitement that was missing a decade ago. That was, of course, what Weinzwieg and Saginaw had in mind. A little more than halfway to 2009 it appears likely that the company will meet the goals laid out in its 1994 vision statement.

Yet for all the changes, what is most striking is how much Zingerman's has remained the same. It's still a local, independently owned business with extraordinarily close ties to Ann Arbor and its environs. Last year, on the 20th anniversary of the company's founding, 13 local not-for-profit organizations put up a giant plaque next to the Zingerman's Delicatessen saying, "Thank you for feeding, sheltering, educating, uplifting, and inspiring an entire community." One organization, Food Gatherers, was actually started by Zingerman's in 1988. "We don't like to advertise our work with nonprofits," says Saginaw, "but it's fair to say this would be a different community if we didn't do what we do."

Meanwhile, food critics keep raving about Zingerman's, and the raves are often for products and services coming from the new companies—bread from the bakery, cream cheese from the creamery, and just about everything from the mail-order house. Both Zingerman's Bakehouse and Zingerman's Mail Order have received industry recognition.

Inside the company, questions about the future remain, but they seem to be manageable. "We've realized the value of living with ambiguity," says Emberling. "When something comes up, it's not always clear what the right answer is. You just have to go with the process and have faith. Mutual trust and respect play a big role. You have to operate in a world of integrity. There's a lot of integrity in this company at all levels—from the financial statements to the croissants."

That integrity and resilience will surely be tested in the years to come. Although Zingerman's has always been profitable on an operating basis, its margins have been squeezed recently by, among other things, a change of management at the deli and the expense of launching the new businesses. "There's no reason we can't earn 10% profit before tax," says Ron Maurer, "but it won't be easy. The question is, How far can we go without damaging the culture?" Right now the company has a goal of donating at least 10% of its operating profit to charitable causes, which is laudable, but it can't help affecting financial performance.

Then there's the problem of generating the cash that will be needed to buy back the stock of departing partners. All the partners say that they're not going anytime soon, but the day will come. As for the founders, "currently, our exit strategy is to die," says Saginaw.

The company could, of course, be sold. Weinzwieg notes that the Zingerman's brand could be very valuable if, say, a major grocery-store chain wanted to set up its own specialty-foods department or subsidiary. But he isn't interested in going that route. "People keep badgering me about an exit strategy," he says. "But I don't want to get out. We've been in business for 20 years, and I look forward to coming to work even more now than I did in the beginning. I'm having more fun, and I'm more at peace with the realities of life. So why should I leave?"

He pauses and flashes a lapsed-anarchist smile. "Success means you're going to have better problems," he says. "I'm very happy with the problems I have now."

Bo Burlingham (bo.burlingham@inc.com) is *Inc's* editor-at-large. He is also the author, with Jack Stack, of *The Great Game of Business* and *A Stake in the Outcome*.