



Legacy & Leadership

Paul Scharfman is president of Specialty Cheese Co., Reeseville, Wisconsin. Specialty Cheese produces Just the Cheese brand Crunchy Baked Cheese snacks and Frying Cheeses, Bharatma brand Indian cheeses, La VacaRica brand Hispanic cheeses, Rich Cow brand Arabic cheeses, as well as other specialty cheeses. The firm has 260 employees in one manufacturing plant.

Scharfman graduated with a bachelor's degree in Mathematics from Harvard College in 1977 and a Master's of Business Administration from the Harvard Graduate School of Business Administration in 1979. Prior to starting Specialty Cheese in 1991, he worked at General Foods, Oscar Mayer Foods and Louis Kemp Seafood Co. in a series of positions with increasing responsibility. Before that, he was the founder and president of N&N Enterprises Inc., a firm that served as a wilderness camp for children age 12-17. Under his leadership, N&N grew to a staff of 30 with more than 250 participants.

From 2008-2015, Scharfman was president of Getting Better LLC, a firm whose mission is to teach those who suffer from chronic illness and obesity skills to enjoy getting better. Since 2018, he also has served as the founder of the Rural Revitalization Fund, a building fund.

Scharfman is the author of *New Product Development* and has been awarded several cheese patents throughout his career. He serves on Wisconsin's Governor's Dairy Task Force 2.0, is the founding president of the Wisconsin Specialty Cheese Institute, and also has served as a board member on the International Chamber of Agriculture Entrepreneurial Council Dairy 2020.

Q How is the coronavirus pandemic affecting marketing messaging and positioning for dairy products?

A Cheese is perceived as a healthy indulgence. If one is trapped at home, cheese is a go-to comfort food for all occasions. It takes little convincing for consumers to add more cheese to more dishes and to add more cheese to their snacking occasions. Our simple, authentic cheeses have flourished in retail markets during this pandemic.

Q Please comment on your decision to repurpose a school for your growing company's headquarters and the impact that had on the local community?

A About 20 years ago, we were faced with a dilemma. Our company had tripled in nine months as we made snacks for the low-carb diet craze. We needed more space, we needed it close to our workforce and we needed it fast. We made an offer on the recently vacated local high school but dropped the offer after we learned that we were in a bidding war with the World Wide Wrestling company! Fortunately, they withdrew and we bought the building. A few months later, we had repurposed the building and it was baking our snacks with a crew of 100 people working 24/7. Sadly, the low-carb craze turned out to be a fad. Gladly, we were able to repurpose the building again and, today, it is greatly expanded and manufactures all our cheeses.

Q What has been one of the most consistently in-demand cheeses from your offerings of more than 35 varieties?

A We manufacture cheeses for America's ethnic minorities. As the general population becomes more adventurous in their culinary choices, we enjoy growth in our cheese categories. Hispanic, Indian and Arab varieties form the core of our business.

Q How has thinking outside the box served you well in establishing your company?

A "Trends are like horses. They are easier to ride in the direction they are already going." Our company likes to be on early-stage consumer behaviors that we hope will become a trend. By definition, "early-stage" means we bet on ideas that are outside the mainstream. We certainly don't get them all right, but we've been fortunate so far!

Q Please comment on the importance of giving back to your community, and how has this in turn helped to lend support back to Specialty Cheese?

A We have been fortunate to create financing packages in which our community's fresh water facilities were refurbished through state grants as our company added jobs. Additionally, our company's rideshare program allows community residents to have access to a job despite not having reliable transportation.

Q What is an example of a trend that you were at the forefront of in the industry, whether it be a product, service, packaging, etc?

A In 2001, a doctor called and asked if he could sell our recently-invented baked cheese snacks. He said he was telling his patients to try a healthy diet called "low carb." A few months later, a friend of his called. His name was Bob Atkins. He was a cardiologist in New York City. Soon, Dr. Atkins was selling our baked cheese in his clinic — then in his newly created mail-order catalog. In 2003, our company tripled in nine months! We bought a local school and converted it for baking. As above, the sad news was the low-carb craze fizzled. The good news is that the Just the Cheese brand product line is now among the most popular baked cheese snacks on the market.

Q What are some of the benefits and possible challenges that come with running a family business?

A The benefits are trust and feeling. Our family trusts each other completely and loves to be with each other — at home or in the factory. The challenge is honesty. It is difficult to give honest feedback to anyone and even more to a loved family member. Trust allows us honesty.

Q What is a valuable business insight you feel your generation has passed on to the next?

A "Days seem long. Years seem short." We don't run our business for the short term. We don't run it to build and sell it. We run it, together, for the long, long term.

Q Please comment on the importance of accuracy, product quality and reputation to the longevity of a business.

A Our company will have its 30th birthday in a few months. We have had ups and downs. We owe our ability to persevere to our commitment to being truthful, seeking to constantly improve our quality and being loyal to our customers and employees.

Q How do you encourage creative thinking within your organization?

A Emotional safety is the foundation of our company. We try to see the best in each other. That means we treat mistakes as a small part of each other. With a feeling of safety comes the willingness to take risks: to speak truth to owners, to venture new ideas in public forums. Creativity is born of safety.

Q They say "you learn from your mistakes" please share an example where this was relevant for you?

A As above, in 2002-3, we introduced baked cheese as a low-carb snack. After the fad fizzled, we worked for years to reformulate. My son relaunched the Just the Cheese brand three years ago as a mainstream snack, not a low-carb health food. The relaunch has been successful because our family learned from our mistakes.

Q What advice do you have for adapting in an ever-evolving marketplace?

A My advice is twofold. First, be loyal to one's team so they can be adaptive to the market. In practice, that means both training and assurance of safety for their efforts in a changing market. Second, invest in equipment that sacrifices some efficiency in favor of flexibility. I forgo "brittle" efficiency investments as I know markets are fickle.

Q What, in your opinion, does the dairy industry need to do to attract the next generation of leaders?

A Our company has been fortunate in the past few years to have gained a "next generation" of leadership. The key to this success has been letting the "old guard" keep our respect for them as the new generation teaches us "new tricks." Adapting to change brought on by those younger than you can feel difficult. Demonstrating respect for one another makes the process rewarding for all concerned.

Q Have you fostered certain habits throughout your career that have encouraged/promoted your company's success?

A My habit: Be unsure. The risk is being indecisive. The opportunity is to listen to others. Lots of others. I ask my customers, my lenders, my community and, above all, my veteran employees. I ask them both about their facts and their feelings. The first is easier and the second more rewarding. Over years, we built a creative team by making an environment in which they could feel safe in being unsure. In fact, we teach emotional intelligence to one another so we can feel safe in searching for facts in a changing, uncertain world. CMN