

Fran Kysela

Subjective and Objective

When Fran Kysela tasted his first glass of wine at the age of fifteen, he was entranced. His father, who to this day maintains a cellar containing more than four thousand bottles, opened the door for Fran, bringing him along to tastings near their hometown of Cleveland, Ohio. Fran's own interest and passion would take him beyond the experience of tasting through a gateway into the vast and diverse culture and history that begins to complete the bigger picture of wine, not just as a taste, but as the product of civilizations that stretch back thousands of years. But it would be his entrepreneurial drive, keen analytical sense, and perseverance that would lead him to success in business, founding KYSELA Pere et Fils (KPF), a specialty importer of wine, craft beer, sake, and liqueur that is now 19 years old. KPF works with nearly 200 suppliers, has over one thousand active SKUs, works directly with suppliers in 13 countries, and this year will ship over 428 thousand cases for \$28 million in revenue.

"I am passionate about planning, building, and maintaining my business," Fran says, "but I love wine in particular because of the history and culture surrounding it. This business has allowed me to travel all over the world and to expose myself to so many different peoples and places. When I've visited these countries, I've seen their cultural heritage, their various foods and wines that match, and the lay of the land. These are the most unique experiences of my life."

Sometimes Fran is exposed not just to a region's cultural heritage, but also to their cultural present. "In the last couple of years, I've traveled four times to South Africa," he says. "The country has gone through and continues to withstand serious political strife. But it is an incredibly beautiful country, unlike anywhere else. Not just the topography and the lay of the land, but the culture's history and present nature add such

richness to the experience of the wine."

Anyone who has tasted wine is familiar with its potent allure. The first evidence of wine production stretches back earlier than 4000 BCE in the Balkans, and its evolution to the present day continues stronger than ever, thanks to the innovations of modern science and the exploration of novel wine-producing regions. "U.S. wines are fantastic," Fran says. "The last 35 years have seen significant improvement."

His interest extends beyond wine. "When it comes to craft beer, the U.S. is making some of the best and most interesting," he remarks. "Some breweries like to throw in whole peaches, cocoa, wood chips, etc. It can get a little wacky. Sometimes I think they'd like to throw in auto parts. Recently I had a beer that had cocoa and coconut marshmallows. Is that a beer or a dessert?"

Fran has also recently become fascinated with sake. He has taken educational sake courses and traveled to Japan to source his own premium sake. "The product is underappreciated in the US market, but it's definitely gaining interest," he remarks.

Despite his fascination with the taste experiences of these products, however, Fran has always maintained an essential self-discipline. He has had to perform a balancing act between his own subjective palate and appreciation for taste and culture on the one hand, and on the other the fiercely competitive, objective reality of the business world.

"When you start out with your business for the first time," he remarks, "you're headstrong and you don't take to other people's opinions much. But as you get older, you learn that you need to build consensus. That's something you learn through trial and error. You've got to be able to change gears quickly. You can believe in an idea, but you can't be married to it. If something



isn't working, you have to drop it. It's not about your agenda; it's about what works in the marketplace. I meet people in the import business who say that they won't sell anything that they don't personally like. That's a mistake. You can't like them all."

Fran speaks from experience. Years ago, he committed himself to developing his business in California. "I found that I could only get it running up to about \$3.2 million," he recalls. "The critical mass for our profitability is really \$4 million. I was so attracted to being bi-coastal, but at a certain point I had to shelve the whole thing. I sold off the pallet racking, moved all the wine out, and discontinued the business."

Fran says it was a tragic lesson, but an important one. "Just because I was attached to the idea of having a California operation," he says, "doesn't mean that the business conditions were right for it. There is a reality to business. Sure, I'm a wine lover, but if I don't run my company as a business then I won't succeed."

And Fran is no mere wine lover. Recipient of the Master Sommelier award from the British Court of Master Sommeliers, he is one of 129 individuals in the world who have received such an honor. And on the business side, KPF in 2011 was rated among the top five small importers by *Wine Enthusiast Magazine*. Indeed, walking the fine line between subject and object has allowed Fran to lead KPF in steady growth over its nearly 20 year history.

Fran credits his entrepreneurial instinct to his grandparents, who both ran their own businesses. "One grandfather ran an accounting service and an answering service," he says, "while the other did insurance and antique collecting and sales. Both invested in real estate." Today, Fran also has real estate investments, renting around twenty houses, and he traces his grandparents' entrepreneurial influence back to when he was 17, though he had already started thinking about owning his own business by that point. He made his first buck cutting lawns when he was 12 years old, but the real deal came when he first left for college.

When Fran enrolled at Miami of Ohio, his parents were willing to help pay for his education, but he would still need to earn the bulk of his tuition himself. So Fran, his younger brother, and a friend decided they would start a painting company. When they needed a work truck, it was

Fran's grandfather who sold it to them. "Back then," he recalls, "my entire college education was thirty thousand dollars, and we were able to make most of that through the painting company. We painted about seventy-two houses in four years."

Fran graduated from Miami of Ohio in 1980 with a Bachelor of Arts degree in biology and a focus in zoology. And although he had experienced his first taste of running a business, he was still focused on academia. "When I started grad school," he says, "I was still thinking of something in medicine." His father was a dentist, and Fran had inherited his analytical approach. But just as his father had first introduced him to the taste of wine, so would he introduce his son to the business of wine. "My father was on the lookout for a job I could work while I was in grad school," Fran recalls. "He connected me with two gentlemen named Jerry and Larry Goodman, who were looking for a wine salesman. I gave it a try and I immediately liked it." Before long, the wine business became all-consuming, and Fran left grad school altogether.

"I was 25 years old," Fran continues, "and I just realized, wow, this is what I want to do. I had been experimenting with wine tasting, and I found some of the tastes so intriguing. And as soon as I came to understand wine, I began to grasp that there was a human and cultural component to it. When that clicked, it was the eureka moment I needed. Beyond that, I could see that this was a good business. There's cash flow. There's potential here. It took another decade or more for me to fill in the broad strokes. You really have to fill those in as you go."

Fran worked for the Goodmans for about a year as a sales agent selling a wine portfolio to restaurants. While there, he started as a sommelier at a restaurant and eventually transitioned into full-time there. Then, one day, he received a phone call asking if he wanted to sell wine for a company called Bauer and Foss, an international wine distributor, in Ohio. He accepted and worked for the company for five years, performing as the top sales person for most of that time. Following Bauer and Foss, he spent another five years working for an importer that saw an average of four million dollars in sales per year. Altogether this experience totaled 14 years, and Fran thinks it was all essential before he finally started Kysela Pere et Fils in March of 1994.

"By that time I was 37 years old," he says,

“and I think I reached a pinnacle in terms of my energy, experience, and skills. When you’re 37, you’re ready to go out and do something. If you’re going to be self-made, you need to be ready to nail that down sometime between thirty and forty-two. You need the seasoning not to make the wrong moves, but you don’t want to start too late, either. Some people tell me they want to get into the wine business, and the first two things I ask are their age and their experience. In wine there is a sweet spot between vitality and experience.”

According to Fran, when he first started KPF there were 18 wholesalers in Virginia, and today there are closer to 70. But that didn’t make Fran’s job any easier. “Eventually we gained favorable reviews,” he says, “which helped open doors. But initially I had to open those doors myself. I had to be persistent. My ability to hustle and to manage the small amount of money I had was what made it work for me.” Since starting the business, Fran has seen steady growth with only a mild, temporary downturn during the nadir of the financial crisis in 2008. And although he’s still smaller than some in the region of Virginia, Maryland, and D.C., his value comes from the subjective attention he is able to give to his wines.

“Our producers are typically more artisanal—more hands-on, and more niche,” Fran explains. “We are generally the sole source for any wine that we purchase. We purchase wines that are unique, and our selection is diverse. No one else has one thousand SKUs of diversity.” KPF is also focused on value. “We focus on bang for your buck,” Fran affirms. “We sell mostly twenty dollar bottles or less. We do sell some very high-end wine, but most bottles are under twenty dollars.”

In considering KPF’s size, Fran remembers a conversation he had with one of his father’s acquaintances when he was younger, a

wine enthusiast who had been a vice president at GM. “Long before I started my own business, I was at his house with my father, and he spoke about a small business he had started and grown since leaving GM,” Fran recalls. “His advice was that there is always room in business for a good, small company. I feel like I have realized that advice.”

Fran’s own best advice is a natural expression of his own experience, and begins with passion. “Find something you’re going to like right away,” he says, “and stick with it. If you start moving around a bunch, you’ll run out of time to get in on the ground floor of what you really want to do. You’ve only got so much time on this earth. Find your passion and stick with it.” And as a natural companion to passion, Fran continues with a final reminder to never forget the objective reality of business. “Always put everything in writing.”

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– By **Gordon J. Bernhardt, CPA, PFS, CFP®, AIF®**

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