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NEWS

A father's dream is now his daughter's

For Julie Smolyansky, there is the dream, and then there is The Dream.

In the dream, the 27-year-old Lincoln Park resident is walking across the production floor at Lifeway Foods' processing plant in Morton Grove, past the ceiling-high stainless steel vats brewing up her secret family recipe and past the bottle-filling apparatus that readies the product for your local grocery store.

The plant is a lot bigger in her dreams, and "things are always moving very quickly," she says.

When you start to hear her tell it, you would swear that this is one of those anxiety dreams, the kind you get when you're working too hard.

But she swears it's not, that this is a good dream, and for that, you have to understand The Dream.

The Dream started with Michael Smolyansky, who came to Chicago from Kiev in 1976 with his wife, his 1-year-old daughter Julie, an engineering degree and the notion that through American capitalism he could turn the \$176 in his pocket into a great fortune.

Before he died of a heart attack in June at age 55, Michael Smolyansky had built Lifeway Foods from nothing into an old-fashioned success story: a small, publicly traded company with \$11 million in annual sales and a \$28 million market cap, his family owning more than half the stock.



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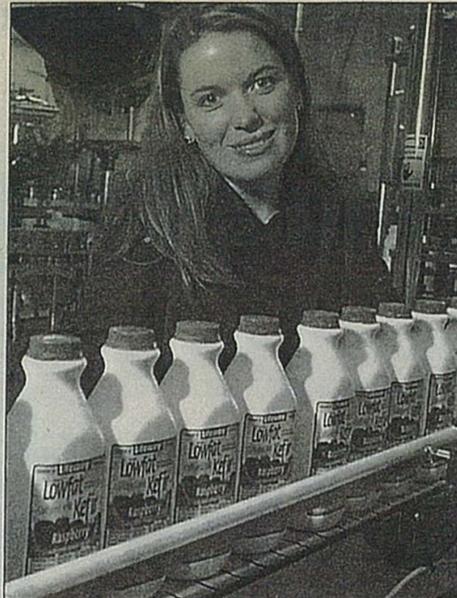
As Michael had wished, upon his death the company's board of directors promoted Julie to be Lifeway's new president.

That made Julie responsible overnight for all those vats and quart bottles filled with kefir, a drinkable yogurtlike product long popular in Europe and gaining a following here.

It also made her responsible for protecting the family fortune, for the welfare of 55 employees and for maintaining the confidence of investors who had placed their trust in the track record of her father.

But she swears it's not an anxiety dream that she's having.

My interest in this dream was simple curiosity, having become interested in kefir when it started showing up in the dairy case of the Riverview Dominick's in the mid-to-late 1980s. Michael Smolyansky started the company in



JIM FROST/SUN-TIMES

Julie Smolyansky is president and CEO of Lifeway Foods, which makes a drink similar to yogurt called kefir in suburban Morton Grove.

1986, making the kefir in his basement, then took it public in 1988 to raise capital to expand.

By happenstance, I noticed the initial public offering through some research at work and contemplated buying some stock, having grown fond of the drink by then. Naturally, I wasn't that smart. The stock, which initially sold for \$1 a share, is going for about \$6 today, down from a high of around \$11.

So when a public relations person pitched me that Julie Smolyansky was willing to discuss the details of the challenges she has faced as a 27-year-old woman taking over for her father, including conflicts with advisers who allegedly tried to take advantage of her inexperience, I jumped at the chance.

We met at the company headquarters in the 6400 block of Oakton, which strangely bears no outdoor sign even though this has been Lifeway's main location for four years. Lifeway investors needn't worry that the company is wasting money on furnishings for the offices, which are, frankly, kind of a dump.

The plant itself, on the other hand, is spic-and-span and state of the art.

Julie, wearing a black BCBG suit with a knee-length coat bearing dried kefir stains on

the elbows, proudly gives me a tour of the automated production system engineered by her father.

The kefir stains don't bother Julie, but they certainly weren't part of her plan while she was earning her degree in psychology at the University of Illinois Chicago. She was planning a career as a clinical therapist. In her last year at school, however, she decided to take a part-time job in marketing for Lifeway. She found out she loved it. That was five years ago.

One of the reasons she liked it is that she got to spend some time with her father, whose dedication to his business had left little time for family life.

"I always say I hardly knew my Dad until I started to work here," Julie said.

Her father quickly began grooming her as his successor, although there was never any hint in his health to indicate her takeover was anything but years away.

"Let me tell you what happened today. You should know this," he would tell her in the evening as the workday slowed down.

Many of those tips have proven useful in recent months, as she's done battle with advisers and suppliers with different notions of what her father would have done.

As it turns out, however, Julie has no interest in sharing with me the details of these internal battles, which only seems like the smart, businesslike approach.

She tells me this while seated in her office in front of a strange 6½-foot ivory statue of an ancient armored soldier carrying a lance, a piece bought at auction by her father. Julie and her brother, Ed, a recent Loyola grad who has joined her in the company, call the statue "The Guardian" because its bushy mustache reminds them of their father, even though he stood only 5 feet 4 inches tall.

Now Julie puts in the kind of hours that her father did, determined not to let him down.

"My father's dream was to get Lifeway kefir in every refrigerator in America," she said. "My goal will be to have two bottles of Lifeway kefir in every refrigerator."

"I guess because of the way he died so young I'm going to do this for him. I only hope that he is proud of it. I don't know," she added. "In my dream, he says, 'Don't worry about it. You're doing it just right.'"

I don't have the business expertise to advise any nervous shareholders whether Julie Smolyansky has everything it takes to lead her father's company into the future.

But I can assure them that The Dream is still alive.

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