

Mr. Z's sale proves an abrupt transition

Written by MARK JAEGER

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Fund-raising company from Minnesota buys troubled Port business

Mr. Z's/Red Apple, the Port Washington company that has had a hand in countless fund-raising campaigns of clubs and schools throughout the Midwest for nearly three decades, has undergone an abrupt ownership change.

The company, located in the Port Washington business park at 1220 Bywater Dr., has been acquired by the St. Cloud, Minn., firm, The Chip Shoppe.

"We were in virtually the identical business. They were very formidable competitors with a similar business model, making customer service a top priority," said Rick Anderson, president and co-owner of The Chip Shoppe.

Anderson said the acquisition came together in a matter of weeks, as Mr. Z's struggled to remain financially solvent.

"Basically, we just acquired the sales force and name. We aren't involved in securing any of the assets," Anderson said.

He said the previous owners were trying to line up a business loan to sustain the operation, but that attempt fell through.

"They were in a position where they could not have continued to operate as they were. We came in as their last option," Anderson said.

"One of the first things we did was contact their vendors, some of whom weren't particularly happy. We managed to keep those relationships."

He said the company will continue to offer Mr. Z's frozen pizzas, Autie Anne's soft pretzels and Mrs. Fields cookies to schools and other groups holding fund-raising sales.

For school groups and other organizations with contracts, the transition should be invisible.

"As far as customers are concerned, they shouldn't even notice the ownership change," Anderson said.

However, there will be substantial internal changes. Anderson said the owners are looking at ways to strengthen the Port and Minnesota operations.

"There is some overlap in our territories and products, which we will have to look at, but our strength has always been in soup sales," Anderson said.

In conjunction with the purchase, Anderson said, the new owners have extended the lease on the Port Washington building through the year.

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“Hopefully, we will be able to continue in Port past that, but we will be there at least until the end of the year,” he said.

Anderson said the new owners will be looking at ways to improve efficiency at the Port facility and reduce operating costs, a move which he conceded may not sit well with some employees.

“I get it. Change can be tough. People get used to doing business a certain way, but for the most part we have been able to keep the people who wanted to work there,” Anderson said.

He said the new owners face the challenge of finding ways to economize.

“We have been trying to do what is right while still making business sense. The bottom line is we have been able to meet payroll. People have been able to keep their jobs, which is saying something in this economy,” he said.

During peak production, the company has a workforce of about 150 people.

Mr. Z's was founded in 1974, specializing in the sale of frozen pizza. It was originally located in the Town of Grafton, on a parcel on the east side of I-43.

The Chip Shoppe is quite a bit newer, having been in the business of servicing fund-raising programs since 2004. Its primary markets have been Minnesota, Wisconsin, Iowa, Illinois, North Dakota and South Dakota.

Starting with the sale of cookie dough, it has grown rapidly into “a multi-million dollar fundraising sales company” by adding gift wrap, candy, jewelry and festival rentals to its product line.