

# FOOD and DRINK

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## Good Fortune

Panda Restaurant Group grows its market share in the fast-food sector.

Panda Restaurant Group, page 14\*

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● BROOKS FOOD GROUP

WWW.BROOKSFOODGROUP.COM

2007 SALES: \$102 MILLION

HEADQUARTERS: BEDFORD, VA.

EMPLOYEES: 300

SPECIALTY: FROZEN FOODS

ALAN KOLODY, VP OF FINANCE AND

OPERATIONS: "[OUR CAPABILITIES]

GIVES A LOT FOR THE

CUSTOMERS TO

LOOK AT."

Brooks Food Group produces frozen onion rings and chicken-based appetizers for customers in the fast-food and casual-dining sectors.

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BROOKS FOOD GROUP

# Successful Sides

Brooks Food Group serves national fast-food and casual-dining customers with high-volume frozen food products and up-to-date technology. **BY CHRIS PETERSEN**

**PEOPLE CHOOSE FAST-FOOD AND CASUAL-DINING RESTAURANTS** for many reasons, chief among them being speed, convenience and familiarity.

For major chains, those are some of the same reasons they turn to Brooks Food Group to provide many of their menu items. Based in Virginia, Brooks Food Group produces frozen foods for customers in the fast-food and casual-dining sectors, specializing in chicken and appetizers.

Vice President of Finance and Operations Alan Kolody says even though Brooks Food Group competes in the same arena as giants such as Tyson and Pilgrim's Pride, its capabilities make it a more attractive partner. "We're more of a niche player," he says. "We actually have unique processing [capabilities] because we can do the appetizers and the chicken, so it gives a lot for the customers to look at."

In addition to entrée items such as chicken fingers and country-fried steak, Brooks Food Group produces sides, desserts and breakfast items.

These include french toast and cheese sticks. Along with its 90,000-square-foot headquarters and facility in Virginia, Brooks Food Group also maintains a second, 78,000-square-foot facility in North Carolina.

Kolody says the company's configuration and devotion to state-of-the-industry equipment allow it to meet customers' needs for high-volume production and low costs. Both manufacturing plants are set up for big production runs.

## STATE OF THE ART

Kolody says Brooks Food Group is uniquely equipped to handle the demands of its customers, who demand not only large quantities of product but also speed.

The company has spent millions in recent years to upgrade its equipment and add capacity. For example, the company recently purchased a new \$2 million spiral freezer that has sped up production significantly.

The previous model used was more than 25 years old and ▶



**"[The prices of] all of our ingredients for batter and breading have significantly increased, two- and three-fold in some cases."**

ALAN KOLODY



▶required much more maintenance to keep production moving. "The difference is that with the old [freezer], you actually had to stop production to defrost the coils," Kolody says. "So, you actually lost time whenever the refrigeration system had to be down for defrosting."

The new model does not have this limitation, making it possible for the company to process and freeze food at a much higher volume. A new batter mixer has also made it possible for Brooks Food Group to produce different kinds of batters for fried foods.

Continuously updating the company's equipment is essential because it works so closely with customers on new products, Kolody says.

"We have an R&D department, so a lot of times we'll get very involved with them," he says.

The stakes are high for Brooks Food Group because customers typically go through quarterly menu revisions that can eliminate their need for a particular product.

Customers also often compare a particular menu item they buy from Brooks Food Group with a similar product made by a competitor. All of this adds up to the company needing to stay on the cutting-edge.

"If you're looking at our two top customers, they have a set menu and they go through a rigorous process to decide what goes on the menu," Kolody says. In many cases, Brooks Food Group helps the customer develop the products, such as recently when the company helped develop an onion ring. The customer ended up not going through with the product, but Kolody says it shows how strong the relationship between Brooks Food Group and its customers is.

#### A CLOSER EYE

Beyond customers' demands for speed, convenience and price, Kolody says Brooks Food Group is making efforts to meet their other concerns, as well.

Ever since 9/11, fears of bioterrorism have motivated restaurant chains to ask more of their suppliers.

They want to be able to know exactly where their orders have been every step of the way and exactly who has been in contact with them.

"They also want you to chase it backwards and forwards through your vendors and your customers," Kolody says.

To that end, Brooks Food Group has made improvements to tighten security.

These include camera systems at its facilities and more accountability through institutionalized systems. Kolody says these systems have made it easier for the company to keep track of each order.

The company's technology platform includes tracking for the entire process, from order entry to production.

#### TIGHTENING THE BELT

According to Kolody, this is a challenging time to be in the food industry. Not only is the shaky economy causing most people to

tighten their belts and eat out less, but some big changes in other areas are squeezing Brooks Food Group's margins, as well.

"The toughest [challenge] is in our commodity pricing, between commodity pricing and fuel," Kolody says. "All of our ingredients for batter and breeding have significantly increased, two- and three-fold in some cases."

For example, Director of Purchasing Libby Lawrence says wheat prices have risen from an average of \$6.36 per bushel in 2007 to \$10.95 per bushel this March. Corn prices have risen from \$4.85 a bushel in January to \$5.95 in April, she adds, and the rise in demand for biofuels has driven the increases.

"Since January of last year, when President Bush came on with his State of the Union speech and talked about ethanol, from that day on, corn has just been unbelievable," Lawrence says.

Prior to 2007, Kolody says, Brooks Food Group didn't contract very far in advance for the soybean oil it fries in. But prices have risen from 30 cents a pound in 2007 to nearly double that - 58 cents - this year.

### **LOCKING IT DOWN**

Lawrence says the company is working on locking in long-term contracts while prices are still relatively low. This provides a buffer for the company from any price increases that may occur during the length of the contract.

In the case of poultry, Brooks Food Group has been fortunate to have a long-term contract in place, Lawrence says, keeping prices consistent for 2008.

This couldn't have come at a better time, she says, as the

price of corn has impacted more than just those products made directly from corn.

Feed prices have made the cost of raising a chicken from an egg much more expensive than in years past, she says. On the other hand, ingredients for batter and breeding are still fluctuating, she says. "We really have no choice but to say, 'This is what we can do and this is what we can do it for,'" she says.

### **PAST AND FUTURE**

Despite the pricing challenges, Kolody says Brooks Food Group is looking forward to a bright future where it will continue to be a valued partner for its customers.

He says the company is focused on the manufacture of unique appetizer products with fresher, functional ingredients. Some of the company's recent efforts in developing new products appear to be winning big with customers.

Lawrence says the company has seen big numbers from its new french toast products, which bodes well for the future of Brooks Food Group.

"We've seen double digits [in sales increases] over just the last six months," she says.

Brooks Food Group's roots begin with McCormick Foods' purchase of a manufacturing operation in Bedford. McCormick merged its Bedford operation with another plant in California to form Golden West Foods, which produced beef, poultry, vegetable and bread products.

This operation was purchased in 1995 by Frank and Robin Brooks to create Brooks Food Group. 🍷