

A BUSINESS BRIEFING FROM FIRST TENNESSEE • SUMMER 2010

EXECUTIVE highlights

THE NEW WORKFORCE

The changing demographic means new management challenges — and higher productivity

INSIDE: Meet Service Foods' Keith Kantor, a driving force for a healthier, leaner America



profile

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Living Lean and Green

Focusing on all-natural products and eco-friendly practices has produced multiple dividends for Georgia-based Service Foods.

Keith Kantor is a man on a mission. The 55-year-old CEO of Service Foods in Norcross, Georgia, thinks solving the nation's health care crisis begins with rethinking the way we eat.

"We can talk about health care reform, but the bottom line is [that] our kids are obese and we are very unhealthy," says Kantor, a retired Marine Corps officer who bought half of Service Foods in 1994. "What we give customers, besides great-tasting, all-natural food, is the ability to get helpful, personal advice from our professional team—doctors, registered nurses, dietitians, chefs, fitness experts—so they can lead a healthy lifestyle."

When Kantor joined Service Foods, the company was strictly a shop-at-home service. While the products were top-of-the-line, nutrition wasn't the focus. As the nation's obesity, diabetes and cancer rates climbed, Kantor realized that Service Foods could provide healthier options. He invested his time and energy in reinventing the company as a trusted source for healthy foods, menu planning, and wellness information.

His first step was to earn a master's degree in nutritional science and, recently, a doctorate. Then Kantor orchestrated the transition to all-natural foods, requiring stringent certification

from the United States Department of Agriculture (USDA). Today, all Service Foods' meat, poultry and seafood are labeled USDA all-natural, with many all-natural prepared items.

In addition to healthier food, Service Foods assembled a team of experts, including dietitians to help with meals and recipes. Customers can call or email questions and see free audio, video, Web and social media health content from Service Foods.

"We have diets for people with diabetes, Celiac disease, ADHD, heart disease, cancer, arthritis and allergies," Kantor explains. "Registered nurses on staff help with customers' medical questions, as well as doctors, and certified all-natural chefs and fitness experts."

Green is Golden

Service Foods provides free delivery in the south via freezer trucks, and by FedEx to most states in

Company Snapshot

Service Foods

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the continental United States, excluding the far Northwest. The company's three brands—Service Foods, Blue Ribbon Foods and Southern Foods at Home—employ about 300 people. All brands offer a full line of top-quality foods free from growth hormones, chemicals, preservatives, dyes and colorings. Options include grain-fed, grass-finished, top choice and prime USDA beef, Grade A poultry, super-select pork, the finest veal and lamb, sashimi-grade seafood, and prepared items such as lasagna, pastas and chicken cordon bleu.

Kantor says the company seeks customer feedback and regularly asks how Service Foods products or services can be improved. Two years ago, customers started asking if the company was "green." He had begun several eco-friendly practices, including biodegradable packaging and reusable totes, but Kantor wasn't sure if Service Foods met the highest standards for environmental responsibility. He asked Verus Carbon Neutral (www.verus-co2.com) to conduct an audit of what Service Foods needed to do to become 100 percent carbon neutral.

"We were doing a lot of things already, but they gave us a few recommendations," Kantor says. "We switched to compact fluorescent lighting from incandescent, make sure all computers are off when we leave, and have a service that shreds and recycles paper. Another service picks up cardboard for recycling; we recycle glass, plastic, paper and cans. All food waste from our plant is recycled."

Service Foods' protein items are packaged in vacuum-sealed biodegradable Iolon film, instead of plastic and Styrofoam. The company estimates that this system eliminates 1.8 million Styrofoam trays per year. Recycling over 100,000 cardboard boxes a year reduces annual CO2 emissions by another 8.6 metric tons, says Kantor. The reusable totes save about 120,000 more boxes, he says, eliminating 103,200 kg of CO2 emissions. To help negate the company's remaining carbon footprint, which Kantor reports is about 1,000 tons of CO2, the company purchases offsets through Verus Carbon Neutral. The money helps support a forestry project in Georgia and is verified through the Chicago Climate Exchange, which operates North America's only cap-and-trade system for all six greenhouse gases.

Kantor admits he first thought going green would increase costs and reduce market. What happened, though, was a pleasant and profitable surprise. Despite the recession, Service Foods has achieved a three-year revenue increase of 306 percent and added 60 new jobs in the Atlanta area.

"If other businesses truly understood what a powerful marketing and sales benefit 'going green' provides, more would be doing it," he explains. "The response from customers was so good that the additional volume actually offset any cost and made our product slightly *less* expensive. I was happily surprised that what I thought would be a 5 percent increase ended up being cost-neutral or even making costs go down 1.5 percent, which in the food industry is impressive."

A Healthy Corporate Culture

Service Foods has a corporate culture that promotes health, wellness and environmental responsibility. *Atlanta Business Chronicle* included

the company on its 2009 Best Places to Work, ranking the city's most employee-friendly firms in terms of employee engagement, benefits, work environment, the corporate culture, empowerment of employees, and ensuring employees know they are the company's top priority.

To promote the benefits of health and wellness, Service Foods offers

a Health Equals Wealth program, a quarterly incentive for all employees. Participants' blood pressure, glucose and cholesterol levels and inches lost are measured quarterly, with prizes for people who have made the most progress since their previous screenings. Employees who quit smoking or achieve other healthy milestones also receive awards. Employees can receive free consultations from the Service Foods health and fitness experts and have monthly meetings with a staff dietitian.

"We really have the best employees in the industry," Kantor says. "They are hardworking and loyal. We have no turnover, even in our phone room, where the average length of service is 16 years. Employees don't feel intimidated at all to make suggestions. I get yelled at all the time for not turning off lights or for throwing a can in the garbage instead of recycling it. I have never worked for a greater group of people in my life." ■



Above: All-natural food products offered by Service Foods.