

RetailMerchandiser

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STRATEGIES FOR GROWTH

Service Foods Inc.

Largest Home Food Service In U.S.A.

Chosen #1046, Inc. Magazine's

2008 Fastest Growing Companies

Club Comeback

BJ's went back to wholesale club basics in 2007, and it's reaping the rewards in 2008.

BJ's



Hungry for More

Decades of experience and a commitment to long-term relationships will feed this company's growth in the coming years.

People today are busy and don't often have the time to spend preparing a meal for their families to enjoy at home.

Service Foods provides an alternative to restaurants and grocers: it delivers high-quality meats, prepared meals, and brand-name grocery items to upper-middle class homeowners across the South.

Service Foods has operated in Georgia since 1981, but recent acquisitions have expanded the company's geographic reach. Under its two divisions, Blue Ribbon and Southern Foods at Home, the company now covers Tennessee, North and South Carolina, Virginia, and parts of Alabama and Mississippi.

Southern Foods At Home has been a food distributor to families and businesses since the 1950s. Just last September, Service Foods acquired the home-delivery half of that business after being a customer for over 15 years. That is a prime example of how the company operates, said Keith Kantor, CEO.

"Loyalty goes a long way in dealing with anyone, be they employees, vendors, or customers. Treating people well and getting to know them personally is going to positively affect your bottom line more in the long run than anything else," he said.

The company is currently negotiating the acquisition of a large food manufacturing and distribution company that focuses on distributing food to hotels, restaurants, and institu-

PROFILE



**Service
Foods**

Keith Kantor,
CEO

www.servicefoods.com

HQ Norcross, Ga.

Employees 100+

Locations 20 across the country; delivery anywhere in the continental US

tions, something Service Foods has never done before, but Kantor is confident this philosophy will carry Service Foods through.

Philosophy at work

About a year ago, the company implemented a CRM program to facilitate its customer outreach initiative. In it, the company reaches out to its customers four times a month in a variety of ways, such as video e-mails, print newsletters, and voice blasts. Kantor said these “touches,” as the company refers to them, can be as simple as thanking a customer for his or her business, or provide information on new products.

Some of Service Foods’ new customers under the Southern Foods at Home division are third generation patrons of the business, and Kantor said they were thrilled when the company introduced the new outreach program.

“The feedback has been positive; our customers like feeling they are part of a community,” Kantor said. “These touches get people talking about us, generating more referrals. We’ve literally received hundreds, and they are the best way to gain a customer.”

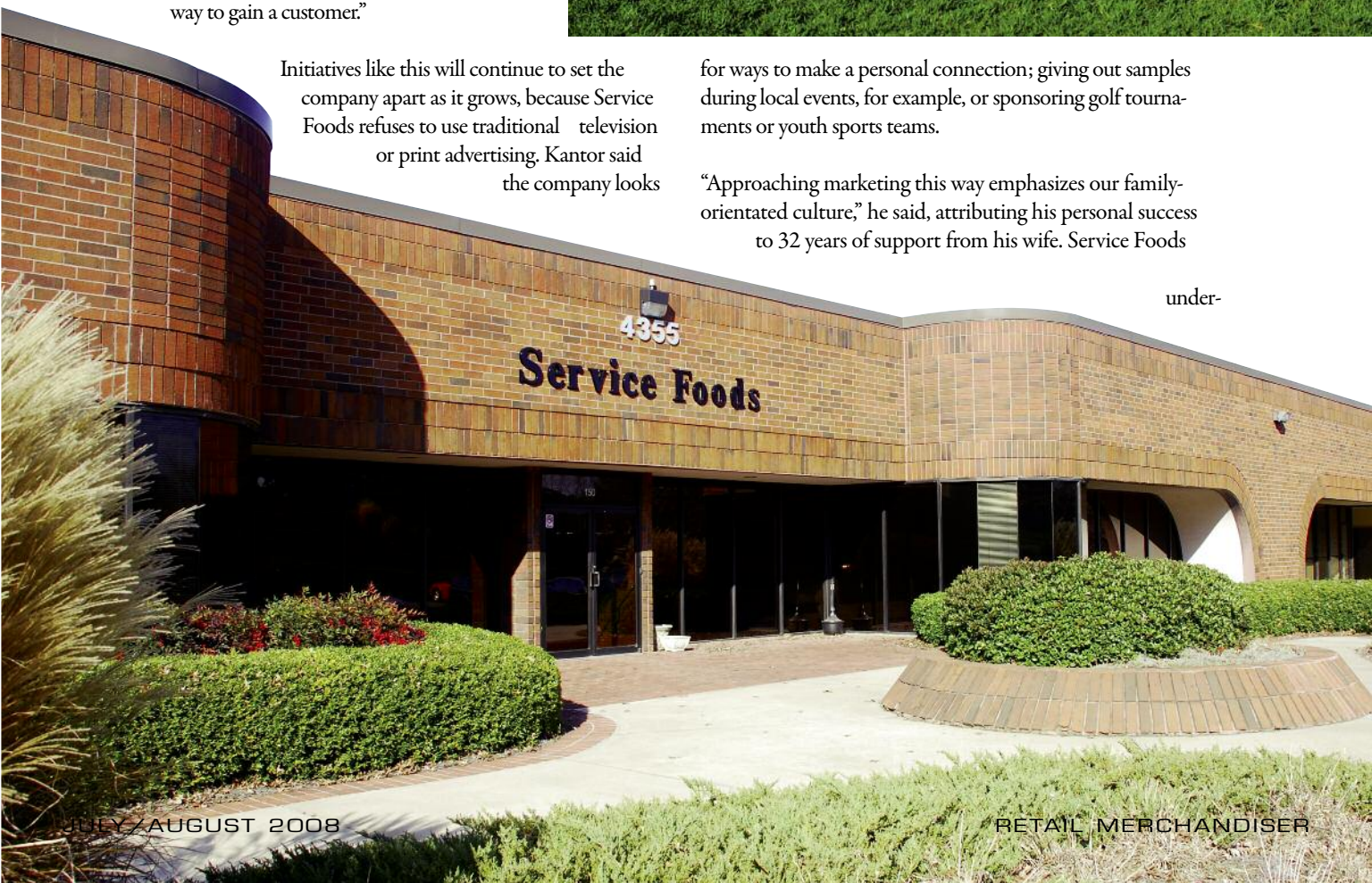


Initiatives like this will continue to set the company apart as it grows, because Service Foods refuses to use traditional television or print advertising. Kantor said the company looks

for ways to make a personal connection; giving out samples during local events, for example, or sponsoring golf tournaments or youth sports teams.

“Approaching marketing this way emphasizes our family-orientated culture,” he said, attributing his personal success to 32 years of support from his wife. Service Foods

under-



stands the challenges modern families face, he explained, saying that the first time someone places an order with the company, a representative sits down with the family to determine what menu and delivery schedule works for them.

Service Foods outsources repeat deliveries to larger, third-party distributors like FedEx, which can handle the rising cost of fuel and keep Service Foods' prices competitive. In the past five years, fuel prices have quadrupled, so although the company maintains its own fleet of trucks for initial orders, it has increased the number of orders it outsources. Kantor added that the company's drivers do a lot of backhauling, which means they get another company's load of product to ship back toward Service Foods' headquarters.

A happy house

While smart strategies like these have helped make Service Foods the largest home-delivery grocer in the country, Kantor says no success would be possible without good employees. "Great products and customer service are important to any company's success, but those will take care of themselves if you focus on hiring the best people and keeping them happy and motivated," he said.

Service Foods relies heavily on referrals for getting new employees as well as customers. All potential hires are measured against a detailed profile of what an ideal employee should be. Kantor said taking the time to establish guidelines at the beginning, and maintaining a commitment to only hire the best, results in success for that employee and for the company as a whole.

Once new employees get to Service Foods, they find an atmosphere of teamwork that the company has worked hard to cultivate. "My job is to share my vision for the company, give my people an idea of where we're going, and empower them to take ownership of their role in achieving that



vision," said Kantor, citing examples of employees rising through the ranks to management positions because they had the opportunity to create their own path.

Retention at Service Foods is phenomenal: the average middle-ranking employee has worked there for 10 years at least, which is long enough to recognize and find solutions to problems instead of waiting for direction from the top. That's why, for Kantor, it is far more efficient and productive to retain an employee than hire a new one. He said Service Foods owns all the buildings it uses, and the company works hard to make them comfortable and enjoyable places for employees to spend their days working.

"I firmly believe that, if a company has great employees that feel they are part of a team and feel empowered to contribute to the overall goal, that company will be successful," he said. ☺

—Meghan Flynn



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