



A taste for the marketplace

As I see it Archie Campbell

*Senior VP and Chief Operating Officer, Golden Boy Foods Ltd.
Burnaby, British Columbia*

The private label business is one of the largest growth areas in the food industry. Over the past 10 to 15 years, major grocery chains have realized they can sell their own private label brands right alongside national brands, creating a new, strong revenue stream. Think Safeway Select or Loblaws' President's Choice and No Name brands. Golden Boy Foods Ltd. is a private label producer of snacking nuts, baking nuts and dried fruit. It is the number one private label peanut butter producer in Canada and third largest in North America. It has further entrenched itself with the recent acquisition of another peanut butter producer.

Much like the sector itself, Golden Boy is on a growth trajectory and is pursuing organic growth as well as mergers and acquisitions where the fit is right. "We are definitely in growth mode," says Archie Campbell, Senior VP and COO of Golden Boy Foods Ltd. "But growth just for itself is meaningless. It's not about topline smoke and mirrors. It's about how much money are you making on the bottom line. It's difficult to grow profitably but that is what matters."

As I see it Archie Campbell

Senior VP and Chief Operating Officer, Golden Boy Foods Ltd.
Burnaby, British Columbia

Tahir Ayub

Canadian Private Company Services
Leader, PwC

604 806 7502

tahir.ayub@ca.pwc.com

www.pwc.com/ca/private

And that is what Golden Boy Foods is focused on—and achieving by keeping a close eye on the competition and keeping cost structures down. “The days are gone when you can assume you can keep doing what you are doing without worrying about the other guy,” says Campbell. “You have to stay ahead of your competition and the only way to do that is to truly understand the business you’re in.” To that end and to continue to grow profitably, Golden Boy Foods hired its own direct sales force. This is something it did not have in place prior to 2007 when the entrepreneurial, family business was purchased by Vancouver-based private equity group Tricor Pacific Capital Inc., which has a longstanding reputation for buying solid businesses and growing them.

“You have to build a relationship with your customers, call on them, figure out what your competitors are doing that you are not,” says Campbell. “You have to listen to them, understand and solve that pain. Do they have demand for a product you haven’t thought of yet? Can you create that product and be first to market with it?”

At the same time, says Campbell, you have to look at your competitors not just as competitors but as potential acquisitions down the line. “This is a way to grow the business and eliminate the competition at the same time. There is no one strategy for growth. You have to look at growing the business in multiple ways.”

If one of those avenues is to grab market share, the key will be to keep costs down. “Lower price points are the new norm,” says Campbell. “In our business we have seen unprecedented levels of requests for proposals where businesses are starting to use electronic auction companies to grind down input costs. Traditionally, customers did not do that. They did not chop and change. Those days are gone. Customers today want quality at the best price. That will not go away. The only question is how low can you go? Ultimately, suppliers like us have to make money. Grinding costs out has always been part of business but now it is more important because the guy who figures out how to get the price down to where customers want it and still be profitable wins.”

This is the new paradigm as Mr. Campbell sees it. “We see growth as a circle. The shopper wants quality items at the lowest price on the shelf. It’s our job to drive costs out of our business in order to give those savings back to our customers who in turn will come back to us and drive volume for our products. It’s the Walmart model. That is how they have grown their business and become the biggest retailer in the world. Ultimately, it is a model everyone will have to adopt.”