



AIME Success Story:

Skjodt Barrett Foods, Mississauga, Ontario

Company Profile

Manufacturer of jams, jellies, pastry fillings, sauces, and pie fillings

- **Country of Ownership:** Canada
- **Year Established:** 1985 (Key contact: Dan Skjodt, President)
- **Exporting:** Yes
- **Primary Business Activity:** Manufacturer / Processor / Producer
- **Products:** Jams, jellies, pastry fillings, sauces, and pie fillings, canned fruits, vegetables, preserves, pickled fruits & vegetables, seasonings and dressings.
- Flavoring extracts and flavoring syrups
- **Total Sales (\$CDN):** \$10 – 20 million
- **Number of Employees:** 75 - 100

Background

Skjodt Barrett Foods started business in 1985 manufacturing a single jam product, and today has food products in over 20 different categories with annual sales of close to \$20 million.

The company positions itself as the premier supplier of custom fruit fillings, icings, glazes, sauces, marinades and caramel to the Canadian food industry. Their success has been built on their knowledge, technology and innovation.

An example of that innovation came five years ago when they decided to diversify through entering the caramel category. At that time, the company had no particular experience in that market niche. They researched and developed a high fibre, high protein sugar-free caramel product that today represents 33 percent of the company's sales. Introducing new products and processes is critical in the food services industry. A commitment to continuous innovation is vital to stay ahead of the competition.

Several months ago one of Skjodt Barrett's customers asked the company to consider developing a hot pouch packaging process to replace the traditional tin can processing that the company had been providing to them.

Hot pouching, a relatively popular technology in Europe, offers more flexibility for users and is a preservative-free methodology that provides extended shelf life for food products. In hot pouch processing the food is cooked inside the pouch in a pressure cooker as opposed to being cooked in vats then cooled and poured into cans as it is in the traditional cooking method. While the food industry is quite familiar with cold pouch processing, for products such as fruit drinks, hot pouch processing has not yet caught on in Canada.

If Skjodt Barrett were to implement this innovative technology, they would be one of the first in Canada to offer this new capability. The technology required for hot pouch processing is much more labour intensive than traditional tin can processing and the start-up is costly with expected costs of between \$1.5 million and \$2 million. However Skjodt Barrett feels that the benefits of reduced shipping costs, a more flexible cooking process and a significant lead on their competitors would be worth the investment.

To Train or Not to Train

Pal Shah is the VP of Research and Innovation at Skjodt Barrett. He has been with the company since it started 24 years ago. Pal knew that hot pouch processing, agreed this was the way to go for the company but recognized that

they didn't know enough about the technology to feel comfortable about gambling \$2 million on getting into this specialized business.

Under Pal's leadership and implementation of the caramel line five years earlier, the upfront investment wasn't nearly as significant as would be implementing the hot pouch packaging. Previously they had relied on gaining their understanding of the caramel business through trial and error rather than extensive training along the way. Developing a successful hot pouch processing capability was going to be a long hard struggle and this time they couldn't afford to learn the hard way.

Yves Landry Foundation Introduces AIME

The Yves Landry Foundation (YLF) understands that, while manufacturers may recognize the need to remain innovative in order stay competitive, they may be forced to sacrifice the employee training aspect of their innovation initiatives when faced with economic hard times.

In response to the dramatically deteriorating conditions for manufacturers in Ontario, YLF launched the AIME (Achieving Innovation and Manufacturing Excellence) initiative in the fall of 2008. AIME was developed by YLF and funded by the Ontario Ministry of Economic Development & Trade to support manufacturers in Ontario who were facing the kinds of challenges for employee training that Skjodt Barrett was facing.

Pal discovered YLF and the AIME initiative at a manufacturing seminar in Oakville about the same time he heard about a hot pouch process training seminar being held in Florida. The content and timing of that training program met the requirements for the AIME program funding.

The amount of money needed for training by Skjodt Barrett was very small compared to what the company was prepared to invest in developing a hot pouch manufacturing process. However the five thousand dollars for a four-day training seminar in Florida was seen as being a questionable expense given that the country was in the midst of a recession and the company had gone through the process of introducing their caramel product without much training. In the end, given the availability of the funding and the importance of the project, Skjodt Barrett decided to enroll Pal in the training program.

Leverage Provided Through Training

Skjodt Barrett Foods is betting on gaining a huge edge with its competitors through the introduction of hot pouch processing. They are projecting a 25 percent increase in sales one year after the equipment is operational. In addition they are expecting to hire about 30 new employees for their Mississauga operation. Subsequently, training has become an ongoing way of doing business at Skjodt Barrett. In addition to the company's intranet that is used for updates and learning by employees, the company runs an internal school for staff to attend at regular intervals. The company's commitment to continuous skills upgrading is key to maintaining its leadership position in the industry and the incentive that has been provided through the AIME program has reinforced that commitment.

In the words of Pal Shah, "Would we have gone ahead with the hot pouching project without the training? Yes most likely, but the training I received through taking advantage of the AIME funding program has made us feel much more confident about the decisions we are making in taking this dramatic step at Skjodt Barrett. Our customers are now coming to us for advice on hot pouching and we are able to give them solid direction based on our understanding of the technology. It has definitely put us ahead of the pack in the Canadian market."

For more information about the YLF or AIME, contact:

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