Emerging Markets Program
Department of Applied Economics and Management
Cornell University
Ithaca, NY 14853, USA

Glory Foods

Kenneth L. Robinson, Sudeshna Mitra, Enyinnaya Elekwachi,
Dolapo Enahoro, Emelly Mutambatsere, and Napamas Panyatrong

INTRODUCTION

Sitting at his desk in the Columbus, Ohio-based, headquarters office of Glory Foods Inc., Mr. Michael Brown, Director of Agribusiness Development, is making plans for his annual trip south to visit with producers, suppliers, and retailers. For Mr. Brown, his trek down south is one of the year's highlights. Despite the often hot temperatures and long driving distances between appointments, Mr. Brown is always anxious to meet with colleagues in the field, to find out what issues they are all talking about, and to learn the latest industry trends and practices. Though Mr. Brown's sentiments are consistent with Glory Foods Inc.'s vision of marketing quality foods, and improving economic opportunities for the communities where they operate, Mr. Brown finds himself each year having to ponder how to best position Glory Foods Inc. and its products for competing in the ever changing global marketplace. From Mr. Brown's perspective, the overriding question is: How does Glory Foods continue to meet the growing demands of various stakeholders in its supply chain, while both honoring the firm's commitment to linking urban consumers with small- and medium-sized farm enterprises and producer cooperatives, and promoting positive local development in the places where it operates?

In January 2005, a Cornell team ventured from Ithaca, NY, to seek a fuller, more in-depth understanding of Mr. Brown's question, and the underlying challenges confronting Glory Foods. The team, consisting of Cornell faculty and graduate students, followed Mr. Brown's tracks to the southeastern United States, to participate in a two-week field study of communities across Alabama, Georgia, and South Carolina, focusing primarily on those communities where Glory Foods operates. The purpose of the field study was to interact with various stakeholders and partners of Glory Foods, Inc., and to obtain firsthand experience of the impact Glory Foods is having on local communities and its contribution to economic development efforts in its areas of operation. Specifically, the field study

This case was prepared for the Emerging Markets Field Study Course in January 2005

provided opportunities to trace the company's supply chain from the farms where the raw materials for Glory's products are produced, to the shelves of grocery stores where Glory products are finally stocked. In general, the team found that Glory Foods Inc. operates through a complex medley of self-owned operations, on-contract agreements and co-packing facilities, and impacts communities across its entire supply chain.

This case study provides an analysis of the southeastern operations of Glory Foods Inc. It describes Glory Foods, Inc., as a firm operating in the highly competitive, processed foods market, and how Glory Foods operates in concert with producers, suppliers, and retailers along the supply chain to provide canned, fresh-cut, and frozen foods to the global marketplace. After examining those relationships, the study then explores how Glory Foods interacts with its partners and local stakeholders to contribute to the economic growth and development of local communities in the region. The study includes a SWOT analysis and presents several alternative strategies and recommendations for consideration.

GLORY FOODS: THE COMPANY AND ITS HISTORY

Glory Foods Incorporated was conceived to fill a void in the ethnic foods market. William F Williams, a co-founder of the company and its first president, saw the need to cater to the tastes of a growing population of African-Americans in the rapidly expanding urban cities of the North. Walking through the aisles of grocery stores, he had noted the varieties of ethnic brands available to Jewish, Hispanic and Asian consumers. Although African-Americans constituted a considerable market force - spending up to $70 billion on food annually - their particular tastes were going almost unnoticed by manufacturers of processed foods. There was a conspicuous absence on supermarket shelves, of the southern-style foods symbolic of the African-American culture. The realization of this market opportunity led to the birth of Glory Foods; co-founded by William "Bill" Williams and three former co-workers, Iris McCord, Daniel Charna and Garth Henley.

Glory Foods sought to offer products that duplicated the fresh taste of vegetables prepared with the flavor of southern-style cooking. By considerably reducing the long processing time that was associated with many of these meals, its products were instantly appealing to its primary target of African-American women in cities. Traditional soul foods like seasoned okra and collard greens were now more readily available as pre-seasoned heat-and-eat canned southern-style vegetables. While many food processors already sold canned vegetables, Glory Foods' established its niche by producing already-seasoned products. The company has since maintained its base of African-American consumers but has seen its products' appeal expand to an even broader group of consumers. It has also come to play an important role in the African-American community in general.

History

Glory Foods Inc., was launched in 1989. The company operated from an office out of Columbus, Ohio and used that city as a test market to develop its products. Product trials were subsequently carried out in Atlanta – a city that was thought to better represent the diversity existent in the larger cities of urban America. Successful trials in Atlanta would set the stage for subsequent national sales. In 1993, the young company acquired a credit line that enabled it to meet its first major order from grocery chain Kroger to supply its brand pre-seasoned canned vegetables to 40 stores. This marked the start-off of national sales for Glory Foods. Its then 17-product line was of canned foods and its operations consisted almost entirely of contracting with growers and with canning companies to grow and pack its product. By 1996, the company had penetrated up to 10 percent of the African-American consumer market, was distributing products to over 15 grocery chains, and had approximate net sales of $5 million. Its product line has also steadily increased to the more than 60 products available in 2005 and now consists of canned, frozen and fresh-cut food divisions.

Frozen foods made their debut into the Glory Foods line-up with the introduction of frozen entrees and side dishes in 1998. The company went beyond the initial arrangement of contracting all of its manufacturing to other companies, by investing in the creation of a $4.3 million manufacturing initiative called Siyeza, Inc. The year 1998 also saw the diversion of Glory Food's operations into fresh-cut produce. It introduced the Mound Bayou sweet potato in supermarkets in St Louis, Missouri. These branded sweet potatoes were grown through partnerships that Glory Foods made with farmers in Mound Bayou – one of the oldest black townships in the United States. Farmers in this partnership produced sweet potatoes for the canned and frozen foods lines, and for the new fresh-cut produce. The fresh produce initiative proved quite successful and was expanded to include wholesome, washed, ready-to-cook and freshly packaged greens. The company further extended its partnerships with farmers to include a network of family-owned farms that had the capacity to meet the growing production demands of a new fresh-cut produce division.

The growth and successes and contributions of Glory Foods may not have gone unnoticed. Some highlights of the innovations, achievements and recognitions include:

- The introduction of seasoned canned vegetables in 1992 that revolutionized the way consumers enjoyed traditional southern foods
- Profile of the company in Ebony Magazine in 1994 as an "extraordinary black food and wine entrepreneur"

  Recipient of the small business category award at the Greater Columbia Arts Council first business/arts partnership awards in 1994
- Named Black Enterprise Magazine's emerging company of the Year 1996
- Received joint nationally-recognized Social Compact Award for Corporate Leadership in 1999; for forming Siyeza Inc. with US Bancorp, General Mills, and Stairstep Inc.,
- One of Glory Food's entrees was nominated in Paris, France in 2002, for the Salon International de L'Alimentation Trade Show Award – an internationally-recognized award designed to honor innovative and commercially successful new food products from around the world.

Like is expected in many companies in the industry however, Glory Foods operations have not been without challenges. To note a few, the brand suffered setbacks from widely reported instances of recalls of company products in 1997 and again in 2002, in response to threats of possible food contamination from processing hitches. The company also faced a major challenge in the death of its president and co-founder, Bill Williams, in December 2001. Barry Huff was named the new president and resumed duties in 2002.

Glory Foods has a history of achievements that may be indicators of success in the future. The company has kept up traditions of innovativeness and responsive corporate leadership imbibed since its inception. Its recent introduction of direct online sales of its produce in February 2005 for instance, gives an instance of its continued commitment to innovative marketing. President Huff has also given indications of the introduction of a new line of desserts in the near future. The company maintains an organizational structure to accommodate the growth in business.

Glory Foods was incorporated as a Private Company. Its original staff of 18 at inception was charged with responsibilities for increasing awareness of the products of the company; initiating and coordinating arrangements with local produce growers and with manufacturing companies contracted for canning processes; and distribution of finished products to the grocery chains. Although Glory Foods pays primarily for produce delivered from the processors to the retailers, the company works closely with all the participants in the operations that are required to get produce from the farms to the store shelves. This close partnership ensures continued supply of produce and helps to guarantee that the finished products meet the specifications of the company. Glory Foods maintains business partnerships with farmers and firms in Illinois, Louisiana, Minnesota, South Carolina, Wisconsin and Georgia to grow, process and package its products.

Four vice-presidents head the company's major divisions in Finance; National Sales; Sales Promotion and Marketing; and Operations. The national sales unit coordinates the distribution of Glory Foods products from coast to coast. Sales are predominantly in the Mid-Western, North- and Mid-Eastern cities and generally weaker in the West Coast. The overall distribution network of Glory Foods' products currently covers about 14,000 retail outlets of 140 supermarket chains in 41 states. On the international scene, Glory Foods has presence in Costa Rica, the Dominican Republic and Puerto Rico. The marketing arm of the company is charged with raising awareness and sales of products. Glory Foods employs local newspapers and magazines, television and radio adverts, and food shows among other promotion drives. Food shows have however been the heart of the advertisement strategies since its days as a small company. A research and development division was introduced in 1999, alongside the mainstream company units, to facilitate getting products into the market at an even faster rate.

The addition of another 'specialized' unit in 2001, the fresh-cut produce division, was envisaged by Glory Foods as a means to address the specific and growing needs of the then newly introduced fresh-produce line. Beyond the activities coordinated by its major divisions however, Glory Foods is involved in other operations.

Affiliated Operations:

Manufacturing: The entry of Glory Foods into the frozen foods division in 1998 was facilitated by the partnership it entered into with General Mills, US Bancorp, and Stairstep. The birthed manufacturing company, in which Glory invested $1.5 million, manufactured Glory Foods' line of frozen entrees and side dishes under the brand name Glory Foods Southern Selections. Before this initiative, Glory Foods contracted out all of its manufacturing. Glory Foods also partnered with New Era Canning in 2003 to form Flint River Foods in Montezuma, Georgia. The processing plant, sited in premises previously evacuated by Bird's Eye Company, also secured an arrangement to package on contract, the McKenzie brand products that were previously produced by Bird's eye foods on the premises. The Flint River plant packages up to 40 million pounds in a year and is the largest producer of canned greens in the United States.

Development: Co-founders of Glory Foods created Glory Development Company. The vision of this group was to create opportunities that impact the brand expansions of Glory Foods, while promoting community growth and development. The Flint River Foods processing plant discussed in the preceding section was in fact an off-shoot of Glory Development Company.

Financial Performance

The initial investments made in Glory Foods by its co-founders did not begin to yield positive returns to the investors until after about five years, despite the co-founders keeping their day jobs and not drawing salaries from the company in the early years. Glory Foods as a privately-held entity is not required to make its financial records public, but estimates of the company's sales and revenues can be gathered from publicly-available information. At inception, Glory Foods set a sales goal of $5 million for its first year of operation and it is estimated that the company realized up to $3 million in sales in 1994 and $5 million in 1996. By 1997, the company's products were sold in 5,000 supermarkets and profits of about $800,000 were expected to have been realized on gross revenues of between $10 and $12 million. Further expansion of the company's operations grew the business to between $30 million and $35 million or more in sales by 2001. The company is also reported to have experienced a 13 percent increase in national sales in 2002. More recently, expansions by up to 120 percent in the Chicago area over the last year have possibly raised the national figures by a considerable margin. The management of Glory Foods envisages further increase in sales by 20 to 30 percent, and a doubling of the fresh-cut operations of the firm in the near future. Much of this expansion has been with little changes in the ownership structure of the firm.

Ownership

Glory Foods is listed as a private company incorporated in 1990. The first $20,000 capital in the company was raised from the personal funds of its original partners, who further invested an additional $50,000 each in 1993 to support expansion of the business. To raise additional capital, the partners, also in 1993, took a credit line of $300,000 and later agreed to sell up to 17 percent of their company to 40 investors made up of friends and relatives. By 1998, the original partners still owned up to 21 percent each in company equity. This strategy of building their company slowly and avoiding diluting of capital has allowed the co-founders and heirs to their estate to maintain significant control over the business. This may be of added advantage to the management in providing flexibility to pursue goals considered to be in the best interest of the company and of benefit to the community.

THE PROCESSED FOOD MARKET IN THE U.S.

Background

The process of industrialization of agriculture in the US, characterized by standardization, mass production and specialization, dates back to the beginning of the twentieth century and has progressed rapidly through the years. Among the first forms of industrialization were vegetable contract farming in California, and later on animal farming and chicken production. Production contracts and vertical integration began to characterize most agricultural enterprises in the later half of the century. In addition, the loss of farm land by smallholders and rapid urbanization, have also contributed to agricultural production becoming more concentrated. Technological progress, such as the development of new varieties, has also played a major role in the process of industrialization. Farming systems have thus moved away from small scale, labor based, toward large scale, mechanized production, although some enterprises such as vegetable production remain more labor intensive than other sectors. Labor profiles have also changed, and the use of immigrant labor in the unskilled farm operations has become the norm in the farming sector. With increased industrialization came the issue of concentrated market power in the input industry, partly supported by the adoption and enforcement of intellectual property rights, first through domestic legislature, and later on through international rules such as the TRIPS agreement. The input industry for crop production is currently dominated by major players such as Bayer, Monsanto, and DuPont.

The processing of agricultural commodities is one of the most significant progressive components of the industrialization process. Food marketing, for example, has experienced a shift from the sale of raw commodities to processed and preserved foods, and more recently, on-tray entrees. Through these developments, the processing industry has also become more concentrated, characterized by the development of global corporations in the processing and distribution of food products. Processing facilities have transformed into mass production units, and marketing has become more global, targeted at incorporating more services into the product to better meet the consumer's needs. As the percentage of working mothers increases, so has the demand for more services in food products. In the distribution industry, the rise of global food chains such as Wal-Mart (the largest retailer in the US), has played a major role reforming industrial organization and conduct. The global nature of these firms has allowed them to source produce from farmers located in different parts of the globe, and to establish processing plants outside of the US. This mobility of capital and goods has forced major reforms on the local markets, as local producers and processors attempt to compete with the foreign industry. Arguably, the concentration of market power into the hands of a few corporations at the processing level and retail levels has also centralized decision making backward to the farm levels, in turn driving farm sizes and production decisions.

The processed vegetable industry has developed from canned, to frozen vegetables, to fresh-cuts, although the canned products still account for the largest share. From this diversity of products emerged smaller processing firms such as Glory Foods, who have managed to identify and serve niche markets in the US, in a manner that give them competitive leverage in competing with bigger firms. One fast growing niche market is the organic foods market, and a significant number of small firms have taken advantage of this development. By remaining highly specialized, smaller firms have collectively managed to capture a substantial share of the market, and stay profitable in this highly competitive and dynamic market. Glory's niche market is in production of southern cuisine, with a minor focus on Mexican food production, through specialized vegetable and on-tray entrees products.

Industry Organization and Performance

The diversity of Glory products allows it to be classified under a number of different industries in the US. Based on the firm's core business - vegetable processing - Glory can fall under the vegetable processing industry, which in turn is often classified under a broader category that includes both fruit and vegetable processing. One could also classify Glory products based on the type of food processing, into alternative industries such as the frozen foods and canned foods industries: this classification also captures some of the firm's non-vegetable products such as meaty on-trays and sauces. Glory Foods products may also be classified under the regional cuisine or ethnic foods industry, describing the style of cooking for Glory products, as well as their target market. For the purposes of this study, the fresh-cut, frozen and canned foods classifications are adopted, although each of these industries is also briefly reviewed.

a. Canned Foods

The business of food canning dates back to the early 19th century, as the oldest way of food preservation Though currently growing at a decreasing rate, the canned fruit and vegetable industry has remained the largest outlet for farm produce in the US, and a big player in the contract farming arrangements between farmers and processors. As a result, farm produce is normally shipped directly to nearby processing plants within a few hours of harvesting, and from the processing plants, distributed to consumers through retail and a significant share through food service. The market for canned foods tends to be very diverse, with an established niche market in serving the military over the years. However, with the development of new packing materials such as glass and microwavable plastic materials in the 1990's, coupled with a growing frozen and fresh-cut industry, the shelf share of cans in the retails store has been decreasing. Canners have had to increase their product range, to include more value-added products such as ready meals in a can, incorporating glass containers to their packaging, nutritional labeling, reducing salt and sugar content in canned foods, and niche marketing, to try and maintain market share.

The market value of the canned foods industry reached $16.63 billion in 2003, and is growing at a rate of less than ½ percent per year. Canned fruits and vegetables make up only 36 percent of the total revenue from this sector, and the rest is accounted for by products such as fish and meat soup, ready meals and pastas, as specified in table1 below. The biggest player in the canned vegetables sector is Del Monte, with market shares of over 20 percent; equally big processors include Pillsbury and Hunt-Wesson. However unlike in other food industries, the major international companies do not hold substantial market power in the canned vegetable industry, as smaller firms have managed to enter and compete successfully in this industry. Companies such as Margaret Holmes and Glory Foods have collectively garnered significant market shares through time.

Table 1: Canned Food Market Segmentation: 2003

Category	Percentage
Canned fruit and vegetables	0.363
Canned soup	0.222
Canned ready meals	0.167
Canned fish, seafood, and meat	0.101
Canned pasta and noodles	0.026
Total	1.000

b. Frozen Foods

The frozen foods industry comprises both large and small firms, the large ones tending to be subsidiaries of even bigger global corporations, rather than private firms. Bird's Eye, the oldest producer of frozen foods in the US, still captures significant market share, although 'new' firms have been growing at a fast pace in this industry in the past decade. McCain Foods, the fastest growing firm in this industry in the 1990's had captured a market share of 9 percent by 1998.

The target market for frozen foods is the urban working population, and the distribution is mainly through retail, with a fast growing food service share. In 2001, frozen foods had captured more than 30 percent of the total food service sales in the US. To increase competitive edge and maintain market shares, firms in this sector have competed through (1) expansion of product lines with value-added products, and (2) targeted, demand driven response to changing urban demographics and consumer needs.

The US frozen foods industry developed as a strong competitor to the canned foods, experiencing major growth from the 1960's through the 1980's. Currently, overall growth in the frozen foods industry is on the decrease, with an average annual decrease in value of sales of about 1.5 percent. In 2001 overall market value for the industry reached $26.6 billion, of which frozen vegetables made up $2.9 billion. Although the frozen vegetable industry continues to grow at an average annual rate of about 4 percent, this growth rate is a drop from higher growth rates in the 1990's. The decrease in growth rate of frozen fruits and vegetables could be attributed to increased competition from the fresh-cut produce that has captured significant share of the market, in addition to the surplus production of fruits and vegetables that has contributed to driving market prices down. The frozen dinner and entrees sector is one of the new and growing segments of this industry, with a market value of almost $10 billion, about 39 percent of the frozen foods sector. Frozen meat and seafood entrees sales have grown, at almost 13 percent growth per year, and frozen novelties are not too far behind, with an average growth in annual sales of about 10percent.

c. Fresh-Cut Vegetables

The fresh fruits and vegetables industry in the US is a new and growing industry, involving the lowest amount of processing and the lowest product shelf life in commodity processing. Production in this sector is also done mainly through contract farming, and processing generally involves washing, cutting and packaging. Processed products are distributed through retail stores, and increasingly larger volumes through the food service sector, with fast foods chains such as McDonalds and Burger King increasingly absorbing large amounts of fresh-cut fruits and vegetables. The market value for fresh fruits and vegetables continues to increase at a pace of about 2.5 percent per year, and had reached $70million by 2003. The fresh vegetables sector makes up about 70 percent of this market value, and has been growing at a rate of about 2.2 percent every year. Chiquita, Dole and Pillsbury hold the largest market share, accounting for a total of about 17 percent among themselves.

Table 2: US Fruit & Vegetables Market Shares: % by Value, 1997

Company	% share
Chiquita Brands	7.0
Dole Foods	6.1
Pillsbury	4.5
Campbell Soup Company	2.7
Del Monte	2.2
Sunkist Growers	1.9
Glory	---
Others	75.6
TOTAL	100.0

d. Ethnic Foods

The ethnic food industry transcends all the above industries, to include canned, frozen and fresh-cut products. Under the canned foods industry, the ethnic sector is currently the fastest growing, acting as the industry's buffer against mounting competition from the frozen and fresh-cuts. This sector has grown at an average annual rate of 9 percent through the 1990's. Major brands in this segment include the Chinese La Choy and Chun King, Goya and Garcia targeted at the Mexican market, and Glory Foods producing southern soul food. Ethnic cuisine has also penetrated the market through pickled vegetables, vegetable sauces and salad dressing. Retail sales of sauces and dressings have been increasing at an average 2.7 percent per year. Ethnic frozen foods sales reached a market value of $2.2 billion in 2001, with the sale of Mexican frozen entrees increasing by almost 20percent annually around that time. Glory Foods, a major player in the Southern Cuisine niche market, has added sauces to its product line in expanding its market share. In this market, Glory competes with firms such as the Forge Mountain Country Foods, Southern Home, Bush's, Sylvia's and Southgate. Product differentiation has been used as the major marketing tactic, to include for example the sale of distinctly seasoning products, as is the case for Glory Foods.

Glory's Direct Competitors

Glory Foods is one of the youngest firms among its competitors in the food processing industry but with its unique "Seasoned Southern Style," Glory Foods has featured itself in a good position and captured a wide range of consumers nationwide for as new the company as it is. A number of its competitors are large companies with many other brands as well as product lines and most of them are international such as Del Monte, Dole, Unilever (Birds Eye), General Mills (Green Giant), Nestlé (Lean Cuisine), and Chiquita brands (Fresh Express). However, there are also similar-sized firms where most of them are family businesses that Glory Foods has to compete against such as Walter P. Rawls and sons (Rawls), Allen Canning (Allen's), Bush Brothers and Co. (Bush's Best), San Miguel (in California), and Sylvia's – a famous chef.

While some competitors offer as many varieties of products as Glory Foods (canned and frozen vegetables, frozen entrees, side dishes, and fresh produce) and some have a much wider selection, others specialise in fewer or only one product line. As each firm is distinctive in its own right, it is impossible to look at each one at a time. Hence, in this case study, four different groups of Glory Foods' main competitors are categorised and represented by four different companies: 1) Del Monte represents a big global firm which target an extensive scope of consumers; 2) Dole characterises an international firm specialising in one main product line: fresh produce; 3) Allen's represents a large-sized family-owned corporation which have been in the market for decades; and 4) Sylvia's as a small yet strong rival in the market.

a. Del Monte Food Co. (and Fresh Del Monte Produce Inc.)

Del Monte Foods Co. is one of the largest producers, distributors and marketers of premium quality, branded and private label food (and pet) products in the U.S. retail market, generating $3.1 billion in net sales last year (Apr. 2004). The company's products are sold nationwide, in all channels serving retail markets, certain export markets, the foodservice industry and other food processors. Del Monte Foods Co. has 16 production facilities and 15 distribution centres in the U.S., and operating facilities in Ecuador, American Samoa, Canada and Venezuela. Products include fruit, vegetable, tomato, broth, infant feeding, tuna and soup products, which are sold under many different brand names as well as private label products to specific customers. The company is one of the largest marketers of processed vegetables with 23% market share last year.

Although Del Monte Foods Co. is a parent company to Fresh Del Monte Produce Inc. and they still use the same brand, there is no affiliation between them any more due to the fact that the fresh produce business and canned fruit & vegetables were sold separately in 1989. Fresh Del Monte Produce Inc. engages in worldwide sourcing, transportation and marketing of fresh and fresh-cut produce. Its products are sourced from company-owned farms, through joint venture arrangements and through supply contracts with independent growers, primarily from Central and South America and the Philippines. The company transports its fresh produce to markets using its fleet of 23 owned and 18 chartered refrigerated vessels, and it operates 4 port facilities in the U.S. Through its vertically integrated network, the company manages the transportation and distribution of its products in a continuous temperature-controlled environment.

Comparing itself with Del Monte brand, Glory Foods should consider utilising Del Monte's leader position as a role model to benchmark rather than trying to compete against. Benchmarking is simple though costly. Time is the biggest cost as the first step is to study a better company's best practices and later implement those to solve internal problems as well as improve own company's performances. Del Monte brand leads in number of products, extensive distribution, consumer scope, economies of scale, and product innovation. These areas could be examined by Glory Foods to set goals for future achievements.

b. Dole Foods Co., Inc.

Dole Food Co., Inc. is engaged in the worldwide sourcing, growing, processing, distributing and marketing of fresh produce, packaged food and fresh-cut flowers. Dole's products are produced both directly on company-owned or leased land and through associated producer and independent grower arrangements in which the company provides production, distribution and marketing services, as well as financing through advances to growers of certain products. Fresh-cut fruits, salads and pre-cut vegetables are packed and/or processed directly by Dole for the most part.

In order to be competent in the market, geographical location and distribution coverage are very important. For products to be kept at a certain level of quality, the key is time: this means efficiency in transportation and services. Glory Foods could benchmark itself with international firms like Dole Foods on how they expand its factory base site, location of warehouses, and distribution effectiveness. Although Glory Foods cannot compare facilities capacity or numbers of employees, competence is something it can achieve no matter the size of the company.

c. Allen Canning Co.

Allen Canning Company has been in the vegetable business since 1926. The company is family-operated, which grows and packs a full line of canned vegetables for the retail food and food service industries under 11 respected brand names. Allen Canning Co. has kept expanding to cover more products and product lines with the addition of equipment, machinery, canning plants and new facilities to improve its operating efficiency. Its continuing update of all amenities, growing markets and adherence to HACCP (Hazard Analysis Critical Control Point) standards enhances the company's food safety and product quality. In the 1990s, it made outstanding revenues and started some community initiatives by sponsoring programmes like the "Feed the Hungry" and "Feed the Children." In 2003, Allen Canning Company purchases Veg•All, the Number-One brand of canned mixed vegetables, from Birds Eye Foods. Another area that the company have focused on is being a foodservice provider for more than seven decades with extensive Southern recipe collection.

Allen Canning Co. is one of many family-owned companies that started small and should feature as another great role model for Glory Foods in terms of its systematic growth and how it has modernised incisively over time. It demonstrates that a strategic development plan can turn a once-small family firm into a huge competitive one up to the point that the company managed to give something back to the public without cutting into its margins. With Glory Foods' community initiatives, Allen Canning has set a good example that to do so is not farfetched. Besides the company's strength in quality control, which is one of the most important elements in this kind of business, Allen's is also one of those firms that season their canned greens. This means that Glory Foods is not the only firm that specially pre-seasons its canned greens, which may result in higher-than-anticipated price competition in its higher-value thus higher-price products on shelves.

d. Sylvia's Soulfood products

Sylvia's Restaurant of Harlem in New York City is one of the most famous African-American owned businesses. It was Sylvia Woods' son who launched a line of Sylvia's Soulfood products in 1992. The line consists of all-purpose sauces, pre-seasoned vegetables, spices, syrup, cornbread, pancake mixes and several other items. Its packaged food is distributed nationwide. Sylvia's expansion includes its second restaurant in Atlanta, two cookbooks, and a line of Beauty products for Hair and Skin care under two different brands.

The strongest point of Sylvia's is brand royalty. Sylvia Woods is like a celebrity chef so it might be easier for the name 'Sylvia's' to be recognised when seen on shelves. The lesson from Sylvia's for Glory Foods is the importance of brand name, or advertising schemes. Although Sylvia's is not a big rival in the market, the products could even be priced higher or the labels do not have to be that catching and consumers still pick them due to familiarity of the name. But for Glory Foods, if its name is not yet recognised that easily, packaging and labelling are very important to distinguish the products to stand out on shelves. Strategies like colour study, research on cognition (play with people's minds), or surveys on current products' prominence could be utilised.

e. Other areas

With regards to brand names, supermarket-owned brands are also among those tough competitors in the market. With as good quality at lower prices, they tend to capture attention from a big group of their regular customers. With higher-priced products like Glory Foods' although offer some store mark-up like seasoning and home-cooked like, pricing may discourage some supermarket shoppers. Supermarket-owned brands would become a major rival if a mass market is focused though supermarkets are not the only distribution channels available.

Foodservice industry is another section Glory Foods is up and running in the industry. Quality and competence of both products and services are the fundamentals here. Customers would come in through word-of-mouth recommendation mainly. Most of Glory Foods' competitors also have had foodservice division so benchmarking those firms in leading position would help once again. Bigger firms have more experiences hence higher economies of scale therefore smaller companies like Glory Foods should try to acquire more by either benchmarking or 'trial and error.' Product innovation and R&D might be two other areas that small firms lack and these kinds of competence could also be achieved through yardstick processes for better performance.

RECOMMENDATIONS

Benchmarking leading companies in the industry could help Glory Foods to improve its business performances and hence achieve its ethical goals, which do not seem possible now due to not being able to compete economically. One of Glory Foods' community initiatives is hiring African-American growers but the problem is they are small in size. It is a lot easier for large growers to produce the amount of greens needed to meet the market's demand in a better quality at lower prices all year round. At this rate, in order to benchmark other competitors in the industry, the key is to learn more about those firms.

One way to learn about the competitive environment in the industry is by scanning competitors' advertisements e.g. TV, radio, newspapers, magazines, and billboards. Changes in another company's advertising message might reveal new product offerings, new production processes, a new brand, a new position in the market, line extensions and contractions, problems with previous schemes, recent marketing or product research, a new source of sustainable competitive advantage, new pricing/ promotion/ distribution strategies, budget allocation, segmentation and targeting tactics, or even movements like mergers or acquisitions. By knowing competitors' media scanning, it can also help the company to implement own media plan so they do not coincide. However, it is not definitive and additional information is needed before conclusions should be drawn.

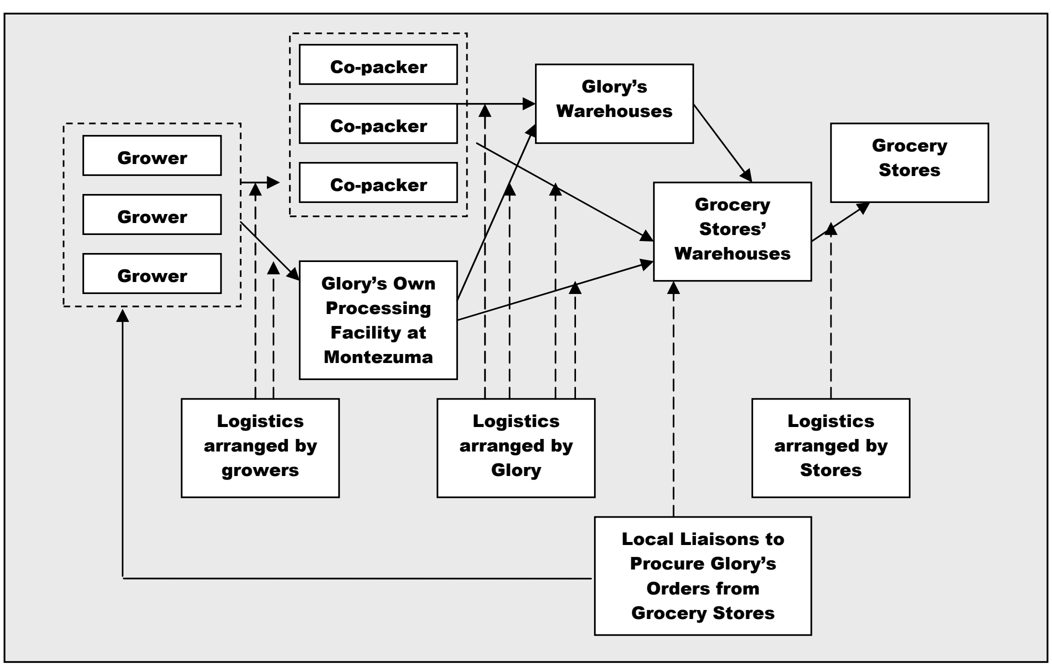
Other possible sources of corporate intelligence to know more about competitors include trade shows, patent filings, mutual customers, annual reports, sponsorships, programmes, and trade associations. According to Wikipedia, some firms even hire competitor intelligence professionals to obtain this kind of information.[17] Once scanning competitors' media strategy, Glory Foods can use the information to either benchmark or compare to realise opportunities and threats in the market.

In addition to analysing current competitors, it is also crucial to predict future competitive threats. Companies to look out for are those in related markets, using allied technologies, or with similar products from other geographical areas. New potential competitors may come in when they realize high profit margins (either now or future growth) in the industry, no major barriers to entry, or unmet demand is shown.

Glory Foods and Community Development

Glory Foods was established to fulfill the unmet market niche for southern cuisine. Its operations are geared towards understanding the consumers' tastes and preferences, coordinating with growers and then matching the consumption and production ends to create a product that caters to the specific palates of target consumers. In 1989, research revealed there was a void in the marketplace for food products targeting African American consumers. So, Bill Williams researched, tasted and tested for more than three years before introducing Glory Foods canned vegetables in 1992. "In our initial test of 400 people, we found that African-Americans were not being served by the grocery industry," said Bill Williams, President of Columbus, Ohio-based Glory Foods Inc. "Food items we prefer, like seasoned canned greens, were simply not there," From its inception, Glory's primary area of expertise has therefore been in the area of marketing and their ability to link producers to consumers.

It is essential to understand the company's core competency to understand the way it has structured its supply chain today and consequently how this chain impacts the communities where Glory's varius operations are located. The diagram on the next page provides a schematic representation of Glory's supply chain.



Glory's supply chain has been divided into three stages for further discussion:

1. Primary Stage- Arrangements with growers
2. Secondary Stage- Arrangements for processing of products (both co-packers and Glory's own processing facilities)
3. Tertiary Stage- Arrangements for marketing of Glory products

The Primary Stage

Glory maintains a list of preferred growers. It also has arrangements with co-packers, in terms of the supply volumes that they need for various products. Typically, Glory establishes a three-way understanding between growers, co-packers and itself, such that there is good working rapport amongst all players involved. Glory recommends their list of preferred growers to co-packers but does not make it mandatory for co-packers to work with one of the growers on the list. Glory provides growers with feedback regarding the type of produce that the market requires and also lays down stipulations regarding product quality, pre-cutting, pre-processing that needs to be undertaken by the growers at the farms itself etc.

The arrangement between Glory and the growers is primarily based on the grower agreeing to supply Glory with a bulk quantity of their produce at a certain fixed price. Since, Glory Foods products have to face stiff competition from competing brands on the shelves, the arrangements with growers depend heavily on the growers supplying Glory with bulk produce at competitive prices.

Impacts of the Primary Stage on Community Development

a. Barriers to entry for small-scale growers

While the above model makes business sense for Glory Foods, it does not lend itself to allowing Glory to have a meaningful relationship with small growers, who typically work with small volumes and are price sensitive, such that the prices offered by Glory Foods do not make business sense for them. For large growers, arrangements with Glory Foods have obvious advantages, since movement of volume is an important issue for them. Due to the bulk of goods that these growers have to deal with, they can offer competitive prices as long as they have the assurance of a market for the bulk of their produce.

We also met with Flint River Farm Cooperative formed by a group of small-scale African American farmers. Some of the farmers in the cooperative had previously had preliminary discussions with Glory Foods regarding potential business arrangements. According to them, they could meet Glory's volume requirements by collaborating as a cooperative. However, price remained the non-negotiable obstacle. Owing to their smaller volumes, they needed a price better than the one Glory offered. They currently supply to the local school system and to fast food restaurants in the area. They receive a substantially higher price than the price Glory offered. Further, they are exploring market niches for products such as seedless watermelons, as a cooperative venture. These niche products offer the potential for high returns, since they are specialty products. Further, the cooperative is investing in a basic food processing facility, so they may add value to their products and generate a better price. Given their high value consciousness, the difficulties associated with integrating them into Glory's current business model, become apparent.

Typically, Glory Foods provides specifications to the growers regarding the type and quality of the produce required. They undertake random site visits to assess if the produce meets the standards specified. The growers undertake preliminary processing of the produce primarily involving washing, trimming and cooling the produce down to temperature levels specified by Glory Foods that ensure longetivity of the produce. The responsibility of transporting the produce to the processing plants is that of the growers. Patrick Gibbs, one of the largest growers working with Glory Foods, owns his own trucks that he uses to transport the produce to the processing plants. The preliminary processing demanded and transportation of the pre-trimmed greens to the processing plants are examples of infrastructure capability that a large-scale grower can afford to maintain but which are difficult for smaller sized growers to organize.

Also the current system of arrangements that Glory establishes between co-packers and growers, works in favor of large growers who have an established network with growers or with brokers who play a fundamental role in establishing these complex and informal arrangements. Small growers or cooperatives of small growers may face an initial unacknowledged but real barrier to entry because of their lack of participation in such existing networks.

b. Impact on local employment

Large growers such as Patrick Gibbs primarily operate through seasonal farm-workers. Patrick Gibbs himself hires upto 500 farm-workers for a period of 9 months to work on his farm. 450 of his farm-workers are immigrant workers from Mexico. As per our discussions with him, he prefers to hire immigrants since there is a relatively regular supply of labor from this particular source and immigrant labor purportedly has a relatively higher capacity for the physical labor associated with vegetable farming. As per Patrick Gibbs, immigrant labor costs him higher per person, since he has to offer them minimum wages along with the cost of their temporary work visas and housing. As per his information, it effectively costs him $11.75 per immigrant worker per hour, while the minimum wages of hiring a local resident is to the tune of $5.15 per worker per hour. However, given the productivity that he achieves, he says that it still makes business sense for him to hire immigrant labor. The above is a specific example but an increasingly typical one in case of large growers. It is also particularly relevant where the farm produces vegetables, which is more labor-intensive. There are important socio-economic ramifications of this trend.

There is a growing section of the labor force, albeit in the lowest daily wage labor category, where immigrant workers are taking over jobs traditionally done by local residents. Over time, these immigrants gradually prefer to stay on in the US and join the regular workforce. Over time, these groups capitalize on their networks and existing opportunities to compete with the residents for more coveted employment opportunities. We discovered the trend to be still relatively nascent in most various areas we visited. It has still not translated into negative socio-economic neighborhood dynamics, except for certain neighborhoods in relatively larger cities such as Savannah and Charleston. However, it is an area of concern that needs to be addressed now, so that potential socio-economic issues are avoided in the future.

Although Glory cannot really influence the labor hiring strategies of their growers, the point is highlighted here because Glory's current model encourages large-scale growers and the above trend is more visible in large farms. The labor issues therefore emerge as indirect impacts of Glory's operations.

The Secondary Stage

The processing of Glory products is undertaken at Glory's own processing facility at Montezuma and across various facilities owned and operated by co-packers that Glory has arrangements with. We visited Glory's processing plant in Montezuma as well as Taylor Foods, one of Glory's co-packers. Glory places orders with co-packers based on market demand and usually provides them with a lead-time of one day for the orders to be filled. Transporting the produce from growers to the processing facilities and then to the shelves of stores takes up to seven days. The total shelf life of produce is usually fourteen days, so that gives stocks in grocery stores approximately seven days for movement.

Impacts of the Secondary Stage on Community Development

Based on our interactions with the owner of Taylor Foods, one of Glory's co-packers, we gathered that a large proportion of the workers on the actual processing floor were Hispanic immigrants. The processing floor is maintained at a relatively low temperature to maintain the cold chain. The conditions are sufficiently uncomfortable to make employment opportunities on the floor relatively unappealing to local residents. As a result, these jobs often end up being done by immigrants. These trends are similar to those seen at the farm level. The non-production floor employment is more demographically balanced and reflective of the local resident population. Again, similar to the Primary Stage, it is pertinent to note that the labor hiring strategies of co-packers cannot be easily influenced by Glory and therefore their impacts on the community need to be considered as an indirect impact of Glory's operations.

We also visited Glory's processing plant at Montezuma, Georgia, which it jointly owns with New Era Canning. The processing plant sources its greens from a 200-mile radius around it. The facility that originally started with 16 employees currently employs more than 270 persons. The demographic profile of the employees at the processing facility is reflective of the local demographic profile in the county, across line and staff functions. Approximately 60% of the employees are African-Americans, 15-20% of them are Hispanics and 10% of them are Whites. Our interactions with senior personnel at the plant revealed that almost the entire staff at the processing plant (95%) comprised of local residents. Glory's processing facility is one of the main sources of employment in the region. By drawing their employees primarily from Montezuma, Glory has not only accepted a strong sense of regional accountability but has also maximized regional benefits in terms of employment opportunities. Further, the firm is involved with promoting a variety of community activities in the region, including support of the Summer Youth Group, the high-school football team, contributions to the 'Relay for life' etc.

The Tertiary Stage

The third and final stage of the process involves the actual delivery of the finished products to the shelves. The processed products are transported from co-packing facilities or Glory's own facility either to the grocery stores' own warehouses or to Glory's warehouses to be further transported to the stores' warehouses. Glory Foods' products are available in over 14,000 major retail chains across 38 states in the country.

Impacts of the Tertiary Stage on Community Development

There are no direct impacts on Community Development during the Tertiary stage of the process. The products though primarily catering to the African-American palate offers many typical southern dishes and therefore attracts a much more racially diverse consumer base. Recently, the firm has started e-retailing thus removing barriers to access to their products across the country.

Alternative Solutions

The Dichotomy

The study tour, revealed that Glory Foods has limited business relationships with African Americans in its supply chain across categories such as:

- Growers
- Co-packers
- Distributors/Transporters
- Marketers/Delivery Outlets

The core of the problem is that Glory Foods and the black farming community are currently irrevocably polarized by the:

- Inability of black farmers to produce high volume of produce preferred by Glory Foods for reasons of scale economies
- Low prices offered by Glory Foods to high volume producers which are unacceptable to small black farmers

Thus, there are challenges for Glory Foods to meet its community development goals for the black community through a business relationship as stated in its vision statement. The dichotomy arises since the current business model of Glory does not lend itself to work with small-scale farmers. Due to historic, political and economic reasons, the majority of African-American farmers operate on a small scale. Glory's operations are relatively centralized with the produce being sourced from across 200 preferred growers and processed/ packed/ canned in a relatively few co-packing/ processing facilities and then distributed nationwide. Such a centralized supply chain constrains Glory Foods to work with small-scale farmers for the following reasons:

- A nationwide distribution network translates into multiple competitors that imposes a stringent price ceiling on the market, coercing Glory Foods to maintain relatively similar prices to remain competitive
- Ensuring product volumes while maintaining quality of produce, emerge as centrally important to the supply chain. This gives an advantage to large-scale farmers who can supply Glory Foods with greater volumes at low costs.
- Logistics assume an all-important role in the supply chain. Further, maintaining the cold chain adds to the overall production costs, which further depresses the price that Glory can offer to producers.

Large-scale farmers fit into the system effortlessly since they are in a position to offer several advantages to Glory such as:

- Large produce volumes
- Low prices
- Logistics support to Glory especially at the stage where the fresh produce is to be transported to the co-packers/ processing plants
- Pre-processing facilities at the farm

All these factors stack up against small-scale farmers making it difficult for Glory to integrate them within their existing business model. Discussions with the Flint River Cooperative, an African- American cooperative, during the visit, clarified that while small-scale farmers could potentially address the issue of volume by working together as a cooperative, the low prices offered by Glory Foods acted as the main barrier to any arrangements being finalized.

SWOT Analysis

A brief SWOT analysis was undertaken for Glory Foods to summarize the existing situation and match Glory's resources and capabilities to the environment in which it operates:

Strengths

- Glory good will
- Driven visionary management
- Loyalty/ name recognition
- African-American pride
- Current community activities
- Positive public perception
- Strong Southern culture
- Consumer preferences, convenience

Weaknesses

- High-cost supply chains and centralised processing
- Recognition limited to people of Southern descent
- No influence on growers' & co-packers' labour hiring strategies
- Low economies of scale: small compared to other competitors
- Weakly-organised local civil society

Opportunities

- Growing consumer demand for Corporate Social Responsibility (CSR)
- Existing active regional community development bodies
- Benchmarking other companies' best practices on community initiatives
- Diversity and changing consumer preferences to ethnic foods

Threats

- Price competition: a ceiling on market prices

- Worsening land-loss issues
- Decreasing demand for canned products
- Elimination of farm subsidies: possible higher competition for small farmers

Analysis Stage 1

As may be seen from the earlier section, price dichotomy is the main barrier to integrating small scale farmers into Glory's existing business model. In the first stage of the analysis, possible means of targeting the price issue have been considered. The price of Glory Foods products is affected by:

- Profile of Glory's products- Relatively high level of processing
- Competition- Products with a number of competitors that introduce a price ceiling
- High logistics costs involved with maintaining a cold chain and a centralized supply chain

Hence, some of the options that may be explored by Glory Foods include:

- Push up the price ceiling with High Value products
- Reduce processing costs – explore sale of bunched greens directly to food service outlets
- Reduce supply chain costs – decentralize distribution network

These options were explored in a more systematic manner in stage 2 of the analysis.

Analysis Stage 2

At the second stage the situation was analyzed in light of the Ansoff's Product Matrix. The Ansoff's Product Matrix is a well-known marketing tool first published in the Harvard Business Review (1957) in an article called 'Strategies for Diversification'. It is used by marketers with growth objectives. The tool explores the strategic choices available to achieve growth. The Ansoff's matrix is usually represented as follows:

ProductMarket	Present	New
Present	Market Penetration	Product Development
New	Market Development	Diversification

Considering that in this particular case, the discussion is regarding production rather than consumption, the Product Matrix was modified to explore the strategic choices available to Glory Foods. For the purpose of the current analysis the matrix was modified as follows:

Objective	Present	New
Present	Improve Farmers' Integration into Supply Chain	Introduce new High-value Produce
New	Facilitate Extension of Farmers' Existing Networks	Focus on Direct Community-Building Activities

Based on the above, four alternate strategies were offered to Glory Foods. The subsequent sections detail the recommendations.

Alternative 1

Continue with current business model but take on additional initiatives to improve small farmers' integration into the current Supply Chain:

- Invest more in building the capacity of farmers to circumvent volume constraints
- Provide technical, logistic and financing assistance, when and if necessary
- Harness existing grower networks that have developed between small farmers
- Partner with government and community-based organizations to strengthen the capacities of small farmers
- Utilize both advocacy and community empowerment options for capacity building

Alternative 1 offers the following advantages:

- No major restructuring of Glory's current business operations
- It allows the building of small growers' capacity – and hence emerges as a long-term sustainable alternative
- Partnering with existing community organizations precludes the need for Glory to 'reinvent the wheel' in terms of Community Development
- Consolidates brand-image and goodwill of Glory Foods

Alternative 2

Consider diversification into new product lines, which offer higher price ceilings, thus targeting the price issue through new high-value produce:

- Work with rural black farmers to develop linkages to urban consumers in niche markets (look at figure below for examples of high value produce)
- Spin-off a not-for-profit business group to focus on this area of diversification: the earlier initiative of Glory Foods in this direction in Mount Bayou clearly highlights that such an initiative requires a lot of intensive hand-holding support and therefore would require special attention. Also spinning off a not-for profit business group would ease the commercial performance pressures on this nascent area of business. It would also allow for separate budgeting and monitoring, thus allowing for effective program evaluation.
- Simplify logistics- decentralized operations: Connect local growers with local markets thus cutting down on logistics costs
- Networking with niche high value-paying consumers in local areas such as in Atlanta and the tourism in S. Carolina

Alternative 2 offers the following advantages:

- Eases price ceiling pressure
- Offers higher flexibility on the profit margin
    - Allows separate budget for the new business
    - Allows performance reviews
- Reduces operational costs

- Increase brand strength by marketing sub-brand of community-grown produce which may be marketed and branded separately (possibly with pictures and testimonials of the farmers growing the produce)

Herbs and Spices
Organic Produce
Specialty Fruits
→
High Value
Low Volume
Niche Products

Alternative 3

Does not introduce new products but explores new local, more decentralized markets and targets the price issue by facilitating the extension of the small farmers' existing networks

- Decentralize operations- simplify logistics and access local markets
- Cultivate relationships with local end-users such as restaurants; school, hospital and prison systems which would offer higher value per unit produce than grocery stores
- Promote producer networks
- Promote supply capacity augmentation
- Adopt bottom-up economic development approach by exploring existing networks and supplementing them

The advantages of Alternative 3 include:

- Reduces operational costs and hence offers more leeway in the profit margins
- Higher price potential due to different profile of consumers
- Long-term sustainable approach to improve community's capacity and promote economic development

Fresh-cut Bunched
Greens
←
Sell directly to
restaurants and
schools

Alternative 4

In this alternative, Glory's option of not trying to integrate its Community Development objectives and its business objectives is considered. This would mean a re-interpretation of Bill Williams original vision of 'black people… creating industries for each other'. In this alternative the focus is on Direct Community Development Activities such as:

- Investing in the African American community in terms of:
    - Education
    - Internships
    - Work Force Training and Development
    - Offer loans to complimentary businesses (African-American owned co-packing facilities)

- Partnering more closely with the diverse already-established organizations with effective development initiatives in the communities

Alternative 4 offers the following advantages:

- Allows Glory to separate business and community development objectives
- Creates independent budget for community development activities
- Allows performance reviews of funds spent
- Allows tax benefits to be availed
- Partnering with existing community organizations precludes the need to 'reinvent the wheel'
- Consolidates brand-image and goodwill

CONCLUSION

As Mr. Brown ponders the future of Glory Foods Inc. in the U.S. processed foods markets and how to balance market demands and the firm's commitment to local community economic development, the decision regarding the optimal strategic option for Glory Foods depends on certain key questions:

- How important an objective is 'Community Development' for Glory Foods?
- How does Glory interpret 'Community Development?'
- Is Glory interested in diversifying into new products?
- Is Glory interested in diversifying into new markets?
- Is Glory interested in decentralizing operations to meet its 'Community Development' objectives?

Glory Foods Inc.'s responses to the above queries are not necessarily static in time. As shown in this case study, Glory Foods is currently a fledgling business enterprise facing stiff competition across the nation. Its business performance reflects on the role that it has been able to play with regard to its Community Development objectives, especially with regard to local communities. Glory Foods Inc.'s role in community development activity would thus not only hinge on its stated vision statement, but also on the management's interpretation of them and ultimately on its overall business performance.