

Tops in Chops

Calumet Diversified Meats uses modern technology and old-fashioned values to corner the chop market

By Heidi Parsons

If "The Graduate" were re-filmed today, the advice Dustin Hoffman's character receives from the family friend at the cocktail party would be "niche marketing," not "plastics." The term allows considerable room for interpretation, but niche marketing generally means becoming a bigger fish in a smaller pond; doing one thing or serving one group's needs so well that no one else can come close.

Chicago purveyor Calumet Diversified Meats has found its niche in a limited line of top quality, portion-controlled pork products quarterbacked by a rookie player: the center cut chop. The remarkable thing about this item's leadership role is how it got there.

Larry Becker, executive vice president, says that about 3 years ago, a couple of Calumet's restaurant chain customers decided to add pork chops to their programs, and they asked Calumet to supply them.

"They showed us what they wanted, and we produced what we thought was a great pork chop," Becker explains. "They told us it wasn't so great, but they kept working with us until we achieved a superior product. I think they were willing to do that because we were willing. We're small, we're here all the time (5AM to 5PM), and we offer a lot of personal attention."

Calumet landed one of its largest customers, a national HRI account, for similar reasons. "They asked us to bid, and we initially lost them based on price," Becker recalls. "But their supplier was inconsistent, and they came to us from time to time when they couldn't get what they wanted else-



Operations director Stan Tokarz holds a box of portion control pork chops, cut to exact weight by the APC behind him.

where. Eventually, the management changed, and they rebid the contract. We got it, even though we weren't the lowest bidder."

As flattering as that kind of respect may be, Becker and Calumet President Jerry Klein say no firm will ever have more than 20% of their business because they don't believe in relying on only one customer.

Not resting on laurels

In the 14 years since they founded the company, Calumet's management has learned not to take anything for granted. The firm supplies the nation's top 50 foodservice distributors, and "they need to be assured that once the product is sold, it's sold," says Klein. "So we go a step beyond the Meat Buyers Guide specs. We don't have returns because of inconsistency."

"Even though we deal in commodity-type product, our further processing of the product makes it special," Becker argues. Calumet buys top quality, specially trimmed product—for which they pay a premium—from the major pack-

ers, then does "the tedious custom work, such as fat trimming and cutting back the chine bone, that others don't do because they lack the time or the motivation," he says.

Klein adds that Calumet has extra QC people on its production lines to see that product is inspected at each point in the process. Grading and sizing are done on every item. The firm processes, packages, and freezes all fresh product that comes in each day by the close of business that day, "even if it requires overtime, which is a killer [cost-wise] in this industry," notes Becker.

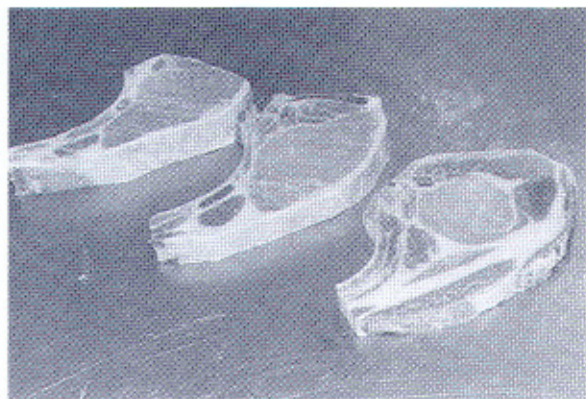
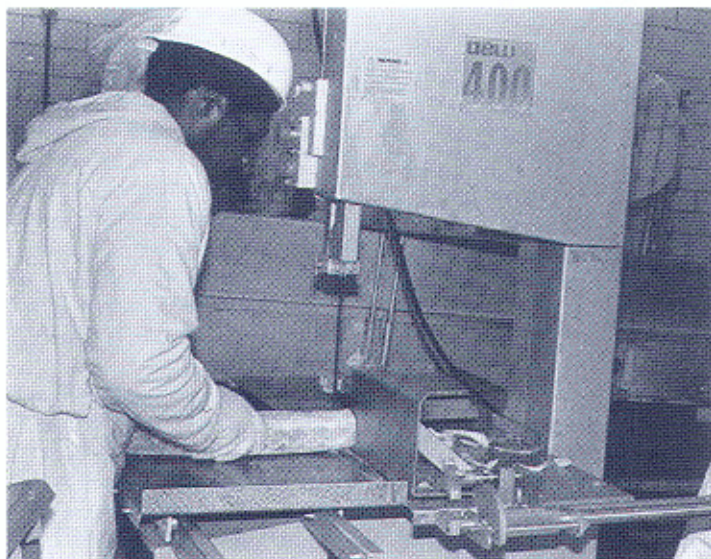
After prepping and before slicing, pork loins are overwrapped twice in heavy plastic film, then frozen in a blast freezer that the firm recently built itself. Converted from a holding freezer, the blast freezer can handle 60,000 lbs. in 16 hours. All boneless product is vacuum-packaged on a Tiromat.

"We're constantly upgrading our equipment," Klein says. "We've gone to computerized weight control, order taking, and bar code scanning." Yet, the firm's QA standards require that every invoice is also manually checked for correct pricing and weight.

Quality control extends all the way to the boxes in which product is packed. When an employee packs a box, he marks his code number on it so it can be followed through distribution in case a question arises. Boxes are delivered to Calumet daily to prevent them from collecting moisture, dust, and insects, "which is inevitable if they sit around in storage for any time," notes Becker. "The box is the first thing the chef sees; it's his first impression of our product, so it has to communicate our quality."



At left, employees remove tenderloins and trim fat cover from fresh pork loins. Above: After trimming, loins are wrapped in plastic film prior to freezing.



Left: Bandsaws are used for prepping the loins before slicing in the APC, and to fill in should a large chop order come in unexpectedly. Above: These pork chops came from three different loins loaded into and sliced by the APC at the same time. Although the loins they came from had distinct configurations and the chops are different thicknesses, they all weigh 4 oz.

This indirect communication with the chef is especially important to Calumet because the company sells to food-service distributors, not to individual restaurants. "We don't want restaurants to call us," Klein says. "We don't compete with our customers. The only restaurants we deal with directly are national chains that have their own distribution networks."

And as few restaurants in Chicago fit that description, Calumet does little business on its home turf, according to its principals. That's quite a change for a company that started out as a rib specialty house catering to local restaurants and barbecue houses.

"We started the pork boning operation in 1983, when we saw the major packers getting into ribs and servicing our customers," says Klein. "Rather

than try to fight them, we diversified."

Although it worked out in the long run, that strategy was not successful overnight. "We had some learning years that were very lean," Becker recalls. "In any new venture, you have to crawl before you walk. So you go out and buy products you've never bought before, and you don't know that you can bargain on some and pay over on others. It takes years to learn who has the best yields on which products."

Savvy shopping

"The boning business is treacherous; it's totally controlled by overhead and labor," Becker continues. "Our profit is in smart buying."

One particularly smart buy Calumet made recently was an APC Automatic Portion Control system—the first one

off the production line—from AEW North America. The APC cuts chops to a constant, pre-programmed weight, regardless of size or shape; or it can cut a constant thickness (from 2½ mm to 3 inches), catch weight product. Uses include pork or lamb chops, steaks, and other items, yielding 150 to 180 portions a minute.

With annual sales of about \$18.5 million and 95 employees, Calumet is not a particularly large company, and the APC is not an inexpensive piece of equipment. But in the few months since its installation, the APC has already allowed the firm to develop new products and cultivate new accounts, in addition to providing several more basic advantages.

"This machine is slicing 20 lbs. of

bone-in pork loins per minute with one operator," notes Klein. "That's the work of six bandsaws, and operating the APC requires a lower skill level. It's safer than a bandsaw, provides a more uniform weight, and affords us a lot of flexibility. We're now running our third specification of chop this morning with no changeover time. We just change the specification code on the computer control panel."

Although he was impressed with the machine's abilities, the safety factor was more than icing on the cake, Klein explains. "We're extremely safety-conscious here. If someone reports to work without their safety equipment, they are sent home," he says. "So for us, one of the most attractive things about the APC was that it's virtually impossible to injure yourself on it. You can't open any door other than the product loading door or the machine will automatically shut itself off."

Michael Strauss, AEW vice president, notes that the APC took 7 years to develop, but once the firm announced it was ready to go into production, "everybody wanted the first one. We chose Calumet just as they chose us.

We wanted to have a good example to show to other potential customers."

To reduce costs and facilitate modernization, Calumet will move out of Chicago this December to a new \$2.5 million, 33,000-square-foot production/freezer facility in the Lake View

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President

Corporate Park, Pleasant Prairie, WI. Utility rates will be significantly lower at the new facility. Klein says he's in-

vited employees to move with the company, but he doubts many will leave Chicago or make the 60-mile drive each way. He expects to hire 100 people within 6 months of the move.

The firm currently owns a 15,000-square-foot building on W. 47th St. and rents another 9,200 square feet of space in two other buildings nearby. This means meat must be transported among the buildings, which is expensive and inefficient, Klein notes. The move not only consolidates Calumet's operations, but also gives the firm room to grow, in terms of capacity and sales volume. Anticipating that, Klein says he has already begun discussions with AEW about purchasing a second APC machine in the near future.

"We cut more pork chops than anyone, and without our method of prepping a center cut loin in combination with the exact portion control of the APC, no one can create a chop like ours," says Becker.

"Our ultimate goal," Klein explains, "is to have end-users go to their distributors and not say, 'I want a pork chop,' but rather, 'I want a Calumet pork chop.'" □