

SNACK FOOD & WHOLESALE BAKERY

Strategies, Formulation and Production for a Changing Industry

Snak King
"King of Snacks"

*2006 Snack
Manufacturer
of the Year*

Rebuilding the
Kingdom



From left: Ron Jones, president and COO; Barry Levin, chairman and CEO; and Joe Papiri, vice president of sales and marketing, provide the entrepreneurial spirit behind Snak King's success.





Rebuilding the Kingdom

Throughout history, times of turmoil have defined the character of born leaders. When disaster struck Snak King in 2004, the company's entrepreneurial spirit provided the backbone of survival ... and the motivation to reconstruct its kingdom.

As soon as Ron Jones heard the crash, the new chief operating officer of Snak King ran out of his office in the City of Industry, Calif., factory to see what had happened.

"Initially, somebody thought there was an explosion in the plant," he recalls.

Instead, a 12,000-sq.-ft. chunk of the roof had collapsed, apparently weakened by the torrential autumn rains that had pummeled normally sunny Southern California for several weeks in October 2004.

Although no one was injured, the collapse could not have happened in a worse place — directly over three tortilla chip lines, a baking oven and a microwave dryer in the heart of the plant. One of the facility's air-pollution devices was smashed into a fryer. And to make mat-

ters worse, two high-pressure, fire suppression water lines had burst. Although the water was turned off within 15 to 20 minutes, the plant was already flooded.

Talk about a royal mess.

"There was oil everywhere, because the water had actually gone down into the fryer and pushed out oil all over the floor, so it was slippery," says Jones, who had joined the company just 10 months earlier.

Barry Levin, Snak King's chairman and CEO, was on his way to a trade show in Las Vegas when the accident occurred. He high-tailed it back to Los Angeles after the normally unflappable Jones called to tell him what had happened.

"Ron's pretty calm and easy-going, and [by the tone of his voice] I thought, it must be a big roof collapse," Levin explains. "It was significantly worse than I ever envisioned."

The disaster shut down the entire

Photos courtesy of Snak King



In October 2004, a 12,000-sq.-ft. chunk of Snak King's West Coast factory collapsed.



plant. Levin knew the implications would be quick and severe.

“Our entire life was on the line, 100 percent,” he says. “We had a tremendous amount of pressure, because it’s a food product, and every day you’re not on the shelf, your competitors are gladly taking your place. Time was precious.”

Within hours, Snak King began removing debris.

“The whole team jumped in,” Jones says. “We had managers and employees and firemen all working together.”

To add further disruption, the plant’s second air-pollution device on the remaining roof of the plant caught on fire just days later. Snak King employees located the first device — buried in the rubble of the collapse — cleaned it, and relocated it to the roof in just 12 hours’ time.

“Our guys were amazing,” Levin says.

In less than a week, the company got its pork rind line fired up. Although the department had been only minimally affected, the company needed the U.S. Department of Agriculture to make sure the product would not get contaminated. By the end of that same week, the management team had put together a plan of attack for the rest of the facility’s functions. Basically, there were two options. One was to take the insurance money and walk away. For Levin, leaving 300 people unemployed and throwing away nearly a quarter century of work was never a consideration.

The only viable choice was to rebuild.

“From day one, we knew we were going to get back up and running as soon as possible,” Jones says. “Our survival was at stake, and we knew that. We

worked 24 hours a day, seven days a week, and we had the plant back in operation within about three weeks.”

Return of the King

Today, the entrepreneurial spirit is alive and well at Snak King. Production, albeit jerry-rigged into tight spaces, is running full tilt as the company remodels and reorganizes its 177,000-sq.-ft. plant. To say that the business is in a state of transition would be a major understatement, but change is something Snak King has grown accustomed to over the years.

“Some organizations are afraid to change,” Levin says. “We’ve grown up with having to change, having to adapt, having to figure out how to do things that we shouldn’t be able to do.”

True entrepreneurs like Levin “don’t see the possibility for failure all the time

as much as they see the possibility for success,” Jones says. “That mentality, that culture, permeates Snak King.”

However, maintaining a sense of normalcy, especially with customers and consumers, hasn’t been easy.

As Snak King goes through its period of reconstruction, the company’s three brands — *El Sabroso*, *Jensen’s Orchard* and *Granny Goose* — continue to offer consumers throughout the West Coast, and even on a national level, a variety of snack food products, including tortilla chips, popcorn, caramel corn, cheese curls, cheese puffs, pork rinds, pork cracklins and nuts. (See “An Innovative Empire,” for details.) Snak King

Loyal Subjects

When it comes to producing standout products, “we’re looking for that cult following,” says Barry Levin, Snak King’s chairman and CEO.

Case in point: On a recent flight to Oakland, Calif., Levin was talking to someone on the phone about Guacachips when a college student sitting nearby overheard him and yelled, “Guacachips are rad!”

It’s consumers such as this that Snak King craves.

“It might be a smaller population group that really adamantly loves our products,” says Ron Jones, the company’s president and COO, “but that fits us better than having something that’s a generic product that everyone is okay with, but that no one truly loves.”





Snak King got its start producing pork rinds, a product the West Coast-based manufacturer continues to offer consumers through its Mexican-inspired *El Sabroso* brand.

also maintains a private label/co-packing business.

Immediately following the disaster, times were trying, at best. In addition to focusing on the cleanup of the plant, for example, Snak King made sure to constantly communicate what was happening to its clients.

“Our customers were trusting and understanding at the same time,” Levin says. “We committed to be running on a certain day, and we were.”

Snak King also experienced an understanding, and generous, snack food industry. The manufacturer received numerous phone calls from colleagues offering advice, capacity, co-packing capability, spare equipment and additional assistance. At Levin’s request, one supplier even air-freighted seven packaging lines from overseas.

“It was a very positive experience,” Jones says.

It was surprising how the industry came together to support us, Levin adds.

From Rinds to Royalty

It’s not as surprising that the industry came to Snak King’s aid during a time of crisis when you consider the goodwill and good reputation the company had built up over the years. Its management team, for instance, has been actively involved in the Snack Food Association, with Levin serving as chairman of the group in 2001. And Snak King has long been known as a snack food innovator.

The company got its start back in 1978 at the hands of three investor groups — a pork rind/pellet manufacturer, a distributor and a manufacturing facility. At the time, one of the investors, Mike Levin, suggested that his son, then recent college graduate, Barry Levin, run Snak King’s pork rind plant.

“Frankly, I didn’t even know what a



pork rind was,” Barry Levin says. “I had never eaten one in my life.”

But Levin learned the business quickly. “I was the machine operator, the fork lift driver, the truck driver, the bookkeeper,” he says.

After about a year, “I wasn’t sure I wanted to make pork rinds for the rest of my life,” Levin continues. But instead of going to graduate school, he decided to purchase one-third of the company ... and the balance of it, shortly thereafter.

In 1982, Snak King left its original



At a Glance

Company: Snak King Corp.

Location: City of Industry, Calif.

Products: Tortilla chips, extruded snacks, corn snacks, popcorn, caramel corn, nuts and pork rinds. Producer of conventional, Kosher and organic products.

Brands: *El Sabroso, Granny Goose, Jensen’s Orchard*, private label.

Employees: 270

Plant: 177,000 sq. ft. Kosher certified, Organic certified and USDA inspected.

Key Personnel

Chairman & CEO: Barry Levin

President & COO: Ron Jones

V.P. Sales & Marketing: Joe Papiri



1,200-sq.-ft. facility for a 50,000-sq.-ft. space, where it initially occupied 20,000 sq. ft. At first, the main focus was private label/co-packing, but within a few years, Snak King had decided to come out with a brand — *El Sabroso* (“The Tasty One”). The name was submitted by an employee during a company-wide contest.

El Sabroso became the first of three brands to eventually fall under the Snak King umbrella. Although pork rinds remain an integral part of its business, the company added popcorn and caramel corn to its line in 1984. It then expanded into cheese puffs and cheese curls before purchasing Jensen’s Manufacturing, a nut producer that had been around since the 1930s. Lastly, in 2000, Snak King acquired Granny Goose, a well-known West Coast-based snack producer. Since then, the snack manufacturer has become the king of creating unique products that only a forward-thinking industry leader can.

An Innovative Empire

Snak King relies on innovative shapes, textures and flavor profiles to bolster the presence of its distinctive *El Sabroso* and *Jensen’s Orchard* brands and to differentiate them from the competition.

“Instead of doing topical seasonings, we wanted to make the product different, more three-dimensional,” says Joe Papiri, vice president of sales and marketing. “We play with the base material, different blends, ingredients.”

The ultimate goal requires the creation of proprietary products that are “completely different from anything that’s on the marketplace,” adds Ron Jones, president and COO.

The *El Sabroso* brand accomplishes just that, and in several ways. Although it initially offered only two products — pork rinds and cracklins — the line now encompasses traditional Mexican-oriented snacks, such as chili-and-citrus-seasoned Churritos. It also includes a variety of tortilla chips with great mass appeal, such as the top-selling Guacachip (“a savory corn snack with the buttery, rich flavor of ripe avocados,” according to company literature), Jalapeñitos (a combination of fire-roasted jalapeños, stone-ground corn and Manchego, Asadero and Cotija cheeses) and Salsitas (made with real tomatoes, avocados, stone-ground corn, and a touch of lime, and seasoned with tomato, onion, garlic, avocado and jalapeño spices).

About 40 to 50 stock-keeping units (SKUs) now make up the *El Sabroso* brand. The traditional Mexican snacks are sold nationally and internationally.



All the King’s Men

“We’re a very entrepreneurial company ... and I think that has a lot to do with our success,” Levin says.

Such entrepreneurship stems from the strength of Snak King’s management team. In addition to Jones, Levin’s loyal round table includes 16-year Snak King veteran and Vice President of Sales and Marketing Joe Papiri.

Together, the three have nurtured Snak King’s suc-

cess, which lies in its ability to develop innovative, premium and often Mexican-inspired snacks that complement, rather than copy, what’s already on the shelf.

“We rely on Joe’s strength, from a creativity standpoint,” Jones says. “He’s really good at using not only his own person-

al ideas, but ideas that he sees in the marketplace, ideas that are on other products that aren’t snack foods, concepts, things that are hot, things that make sense. He’s able to throw out some ideas, and as a team, we’re able to pull those together





Brands of Opportunity

To reach as many consumers as possible, Snak King targets almost every trade channel, including convenience stores, grocery/supermarket, mass, club and vending. In some cases, different snacks find homes in specific parts of the market. The *El Sabroso* Guacachip, for example, has had great success at the grocery level. Consumers who shop traditional club stores also can find Snak King's unique offerings.

"Your traditional club store is looking for innovative products that kind of challenge or provide a treasure hunt for their members," says Joe Papiri, vice president of sales and marketing for Snak King.

The manufacturer sometimes provides product samples — a tactic that's "highly encouraged" by club stores — to entice consumers to purchase and to spread word of mouth, Papiri adds.

In another effort to further its business, Snak King is updating much of its packaging to better reflect the quality and ingenuity of the product.

Last, but not least, Snak King will soon appeal to the diverse throng of baseball fans in the Los Angeles area through a new branding agreement.

"We just signed a deal sponsoring the L.A. Dodgers as part of our local marketing effort to get our authentic tortilla chip bags out there," Papiri says.

El Sabroso tortilla chips will be served along with nacho cheese throughout Dodger Stadium this baseball season. The *El Sabroso* brand also will be plastered on menu boards and billboards throughout the stadium.



Nuts are among the snacks offered by Snak King's *Jensen's Orchard* line of all-natural, organic products.

and ... take a look ... at what makes sense for us."

As chief operating officer, Jones initially focused on the operational and financial sides of the business, but he was promoted to president and began overseeing all daily operations just one year later.

"Ron's brought a lot to the party," Levin says. "He has more of the professional manager experience that we need at this point in our growth cycle.

"Over the last few years, I've been trying to professionalize many parts of the company," he adds. "As you get bigger, you have to have more controls, the right controls, the kind of controls that help you deliver consistency and quality on a regular basis ... but not so much control that they stifle innovation and creativity."

To that end, Snak King recently strengthened its sales and operations

team. As a result, the company has been running better than ever, Jones says, with higher levels of efficiency and quality, and consistent sales gains.

"We focused on what we could do to shore up some of the weaknesses — the consistency of the product, some of the professionalism on how we go to market," Jones says.

The new management structure also has allowed Levin to "get out of the details of the day-to-day ... and spend more time on the big picture," he explains.

Keys to the Kingdom

The big picture has changed greatly since the disaster in 2004.

After Levin and his team were sure they were going to survive the tragedy, they started considering the future of the Snak King facility. They decided to take the opportunity to rebuild the plant for the better by investing in a new roof, a new floor and new equipment that would enhance their efficiency, consistency and capacity.

By the end of the year, the company plans to showcase its crowning glory: an operation that features some of the most automated, state-of-the-art systems in the



industry. (See "Making the Best of a Royal Mess," for details.)

"It's easy to spend money, but it's another thing to spend money wisely," Levin says. "It sounds easy to build a plant, but it's usually a multiyear project."

"Especially if you're not prepared," adds Jones, noting that Snak King had to start over "from ground zero."

Despite the struggle, Snak King has proven itself a survivor. By July of this year, the company will have rebuilt its kingdom and refocused on its mission of delivering both tried-and-true and truly original products to its loyal consumers.

"There are a lot of things on the drawing board, once we get our capacity back," Papiri says. "We have some innovative concepts that we're looking at for late 2006 into 2007."

With its eyes on the future, Snak King soon will reign again. **SF&WB**





Making the Best Of a Royal Mess

By Dan Malovany

Less than a week after disaster struck in October 2004, Snak King restarted production of its pork rind line, which was only slightly affected by the partial collapse of its roof, subsequent flooding by its fire suppression system, and a fire in one of its two environmen-

tal emissions devices.

In just a few short weeks, employees cleaned up and relocated the company's tortilla chip line and began cranking out the signature products sold under its *El Sabroso* and *Jensen's Orchard* brands, as well as its private label offerings.

About 18 months later, production today at the 177,000-sq.-ft. facility reflects the old adage that necessity is truly the mother of invention. As Snak King continues its \$30 million remodeling, reorganization and upgrading of the plant,



Snak King's tortilla chip line produces 3,000 lb. of product an hour. Inset photo: Snak King's Barry Levin and *SF&WB's* Dan Malovany check out one of the plant's new scaling systems.



it's not surprising that operations are anything but normal. How could they be? The collapsed roof knocked out some 40,000 sq. ft. of production space.

Despite the tight quarters, the City of Industry, Calif., plant is running at full tilt, cranking out a wide variety of snacks that are sold across the country. In addition to the sheer determination to get production up and running as soon as possible, Snak King relied on its employees' improvisational thinking, even if it meant jerry-rigging lines and shoehorning systems into almost every nook and cranny.

"The design today doesn't make much sense," acknowledges Ron Jones, Snak King's president and COO. "We had to put things where they could fit. Sometimes, that meant fitting equipment into different angles and into any other space possible."

To relocate the tortilla chip line, for instance, Snak King cut its nut roasting area in half, squeezed in its four scale/baggers and placed a temporary wall between the two production areas to eliminate any allergen cross-contamination.

The tortilla chip line produces upwards of 3,000 lb. an hour in a space that would normally house an operation half of its size in capacity. Production runs in a giant U-shape around the edge of the room, with packaging systems flowing into the open area in the middle.

Specifically, after mixing corn flour, the batch is sheeted out, roll cut into triangles and fried. After traveling through a three-tier cooler, the tortilla chips flow along a vibrating conveyor into a seasoner/salter station. From there, bucket conveyors take the products up to one of four new automatic scalers that exactly measure out products to form/fill/seal (f/f/s) or to other packaging machines. The high-speed packaging systems can produce up to 140 single-serve size bags a minute.

Pork rinds and other meat snacks are produced in another walled-off area for inspection by the U.S. Department of Agriculture. The line produces about 1,200 lb. of product per hour. After frying and salting in one room, the snacks

Snak King's plant produces a full line of products, including extruded cheese snacks (top photo) on a new line and (bottom photos) pork rinds in a USDA-inspected department.



The *El Sabroso* line includes a number of Mexican-inspired products, including tortilla strips.

are conveyed to a second room, where three seasoners, scales and f/f/s baggers produce 35 to 80 packages a minute, depending on their sizes.

Yet another area houses a caramel corn line that produces 1,800 lb. an hour and a popcorn operation with a 1,000-lb. capacity. In addition, Snak King wedged in two new versatile extruder lines that bake or fry 1,200 to 1,400 lb. of cheese curls, cheese puffs, hot fries, angel puffs and other corn products. Although it's not the best of situations, every inch of space is being used to its maximum potential.

The next trick for the improv artists will be to keep production running smoothly as it upgrades the facility. If all goes well, the refurbished plant should be fully up and running some time this summer, says Barry Levin, chairman and CEO.

Except for pork rinds and roasted nuts, which must be produced in separate areas, most production will run in a straight line



from one end of the plant to another. In the main production area, there will be two tortilla chip lines producing 8,000 lb. per hour and four extruded snack lines, in addition to existing popcorn and caramel corn lines. The two additional extruded lines will boost combined capacity of those snacks to 2,500 lb. an hour.

Some operations, such as its caramel corn line, will be refurbished with new controls, piping and platform supports, Jones says. New packaging systems also are being installed to provide greater flexibility and to serve a wide variety of distribution channels.

In all, Jones estimates that about 80% of Snak King's equipment will be new and provide much-needed capacity, improved efficiencies and potentially greater versatility to produce a variety of

new products.

Already, many of the systems have been delivered and are sitting at a nearby warehouse, waiting to be installed. To prepare for their installation, Snak King has built a new wooden roof where the previous one collapsed, but the company still needs to install fire suppression systems, new floors, new utilities and repaint the walls.

The goal, say Levin, is to transform the facility into a showcase operation in the salted snack industry.

"When you come back, it's not going to look the same," he explains. "It won't look like [the same plant] at all." **SF&WB**

Editor's Note: Stay tuned for part two. Snack Food & Wholesale Bakery plans to revisit Snak King's plant when the refurbishing is completed later this year.

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