

PROJECT 4a:
CASE STUDIES ON SUCCESS TRAITS

Heritage Frozen Foods

CHEEMO



About the CAPI Processed Food Research Program

Food processing is one of the country's largest manufacturing sectors and an essential channel for Canadian agricultural products. Yet the rising trade deficit is signaling deteriorating performance. CAPI has launched a research consortium to galvanize a new approach. CAPI is not only focused on the problems but how to move forward to address them. This case study is part of a project to isolate company traits of success and what we can learn from companies to inspire change which includes a cross-case analysis.

Project 4a: Food Processing Company "Traits of Success": Despite the challenges confronting the sector, many individual companies are doing well. By collaborating with several business schools across the country, 13 case studies on diverse food companies were undertaken to isolate how companies are succeeding and positioning themselves to do even better. The individual case studies are based on in-depth interviews with company CEOs or senior leaders. This project is accompanied by a cross-case analysis.

PHASE 1 Diagnosis

- 1a. Diagnosing the trade deficit
- 1b. Reasons for the trade deficit
- 2. Explaining the trade deficit
- 3a. Food manufacturing performance
- 3b. Plant openings, closings & investments

PHASE 2 Inspiring practices

- 4a. Case studies on company success
- 4b. Cross-case study analysis
- 5. Consumers and markets
- 6. Innovation insights

PHASE 3 Competitive advantage

- 7. Conclusions
- 8. Implications for policy & strategy
- 9. Dialogues on outcomes

All completed projects, along with supporting material and data, can be found online at www.capi-icpa.ca.



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EXECUTIVE SUMMARY

SITE: HERITAGE FROZEN FOODS

This case focuses on Heritage Frozen Foods (HFF), and specifically the Cheemo Perogy Brand, a family owned frozen food manufacturer since 1972. Heritage produces perogies in a variety of flavours for the Cheemo brand and some private label food service. HFF is located in an industrial park in the northwest quadrant of Edmonton, Alberta.

PHENOMENON AND RESEARCH QUESTION

Cheemo is a well-recognized brand consumers have come to know and associate with perogies in Canada. The company began in Edmonton, Alberta in 1972 by Walter Makowecki, an entrepreneur who knew as much about consumer trends as he did perogy recipes. Walter began with a small production facility not bigger than a family garage, and a belief that families should be able to eat a healthy meal for under \$5. Today, the production facilities could fit multiple family *homes*, but the \$5 promise and the Makowecki family leadership remain intact with Walter's son Joe. This growth has not come at the expense of the \$5 promise, nor has there been any compromise to what made Heritage successful in the last four decades. The question of interest for this case is: *"how has this company been able to build its business and reputation, without facing the normal pitfalls that often are associated with growing a business."*

FACTORS OF SUCCESS FOR HERITAGE AND CHEEMO

In an interview and production facility tour, Heritage Frozen Foods' President and CEO Joe Makowecki provided insights into what has made Cheemo perogies a Canadian processed foods success story. Heritage has followed a steady growth strategy for most of the 41 years in business with a single-minded drive forward in the frozen food product category. Three areas of importance were identified as success factors for Heritage Frozen Foods: 1) Managing Stakeholder Relationships, 2) A Complete Marketing Mix, and 3) Sustainable Growth Strategies.

Managing Stakeholder Relationships

Private family ownership has allowed for focus on relationships with important stakeholders, rather than having to answer to investors.

- *Focus on the customer* – believe strongly in developing strong relationships with retailers and food service clients.
- *Supply Chain* – managing local suppliers through establishing sustainable long-term commitments while efficiently delivering the final product to the customer.
- *The end consumer* – staking their belief in the consumer's rights to quality and affordability and delivering a consistent offering that satisfies needs.
- *Industry and Government* – active involvement in public boards and government committees has shown industry leadership and advocating issues relating to company interests (e.g., dissolution of the Wheat Board).

A Stable Marketing Mix

HFF has created a comprehensive marketing mix consisting of solid and reliable strategies in all of the 4Ps – Product, Price, Place and Promotion.

- *Product* – creating new line extensions while staying away from extending the brand to places where there is little chance of success
- *Price* – keeping the \$5 promise through a company culture of driving down costs while maintaining standards of quality in the production process.
- *Place* – developing a keen understanding of the challenges of frozen food processed food through logistics and store decisions that serve to maintain market position.
- *Promotion* – eschewing the traditional promotional channels by focusing on in-store activities and relationships.

Sustainable Growth Strategies

Creating the necessary infrastructure to build growth steadily over 40 years has allowed HFF to develop into a significant player in the processed food market in Canada.

- *Execution of safe bets* – focusing on growing the core business of perogies has allowed for investment in infrastructure and development of capital.

- *Measured Export Strategy* – growing steadily from Western Canada to Eastern Canada to the Eastern U.S. created markets and the potential for sustainable growth.
- *Steady Leadership* – the stability of the Makowecki family leadership and involvement has created a stable environment in which the company has achieved measured growth.

COMPANY HISTORY AND DESCRIPTION

Joe's father Walter Makowecki started Heritage Frozen foods in 1972, when he was an Anthropology student at the University of Alberta. Before it was popular to do so, Walter analyzed consumer trends and saw back then what is still true today: families are time starved. The early 1970s saw women entering the workforce in greater numbers and mothers re-entering after their children headed off to school. Walter was interested in making food, and he thought of perogies, a foodstuff that was a staple of his upbringing. He needed machinery, so he looked to the ex-Soviet Union, where he purchased a machine. He modified to the extent that he was able to patent a unique manufacturing technique for perogies.

Walter Makowecki used his patented production technique to produce perogies at an advanced rate. But it was not just volume that Walter was concerned about; he knew he had to price the product to ensure that consumers would try it. This is where the \$5 promise came from – a family of 5 should be able to eat a healthy meal for no more than five dollars. And perogies would be an affordable part of that meal. Now Heritage Foods needed to get those perogies on the consumer's plate.

Heritage Frozen Foods grew steadily, not spectacularly, during those early years. Joe Makowecki and his siblings worked in the family business because the family was not rich, despite perceptions of a rich cash flow coinciding with greater sales. But Heritage Frozen foods was executing their business systematically and deliberately, increasing product lines and customers in line with production capabilities. As Joe Makowecki noted about this steady growth "we've kind of been following that the last 40 years."

Joe Makowecki has been president and CEO of Heritage Frozen Foods for the past 16 years. He has not spent his entire career in the family business, spending some years in Toronto in banking. Joe brought back the business acumen learned while in banking, but he never lost the company's fundamental approach: slow and steady wins the race.

Today, that steadiness has led to more than 3 million perogies being produced at Heritage Frozen Foods every single day. There are new flavours and different sizes of packages, but every decision made to move forward is a calculated one. Cheemo perogies is a staple in most frozen food sections in Canada, thanks to a family that always remembers how it got to where it is today.

SUCCESS FACTORS FOR HERITAGE FROZEN FOODS AND THE CHEEMO LINE

MANAGING STAKEHOLDER RELATIONSHIPS

The title of Heritage Frozen Foods' Cheemo Perogies website (cheemo.com) is: "A Family Business with a Personal Touch." This title speaks volumes to the approach taken by the Makowecki family over the 40 plus years in business as a frozen food manufacturer. There is a sense of connection with all the important stakeholders in the Cheemo family, an understanding of how each stakeholder group operates and what they are looking for from Heritage Foods.

The Customer

Often during the interview, Joe Makowecki referenced the customer as the retailer, not the end consumer. There is a sense of the importance of managing their retail partners, given the defined and confined space for processed frozen foods. The category of frozen foods allows for only as much freezer space as a retailer chooses to provide. Joe believes in communicating clearly with the retail customer: *"we're always communicating with them. It's really that ongoing, we're in their offices all the time, and we're discussing what is the category doing, and what other categories are doing. Because we're competing with everything."*

The goal Joe is building towards with his retail partners is building long-term relationships. There is a realization that since freezer space is limited; it is unlikely that retailers are going to deviate from established practices that have brought success in the past. The only way to be part of that limited space is to start the conversation and hope it evolves from there: *"You have to also partner with your customer right, and you have to say 'here's what we're thinking, what are you guys thinking, what are you thinking about your trends, would you guys be interested in this?' You have the relationship with your customer."*

In this relationship, Joe ensures his customers do not switch to competitors by continually interacting with them to ensure needs are met. By providing a consistently, locally sourced product that delivers consistently to consumers, Heritage can build the relationship via consumers opening up the freezer door at a grocery store and buying Cheemo perogies. That, along with Heritage's constant presence at retail locations, makes for a solid and sustainable foundation for a relationship.

Supply Chain

Heritage takes great pride in the local aspect to their supply chain. Potatoes come from a local co-operative just outside Edmonton. Flour and canola oil come from Southern Alberta. Even the backup suppliers are local, keeping shipping and transportation costs low.

The logistics of distribution are a little more complicated. In the early days of Heritage's growth, distribution was done on a local scale. A retailer like Safeway would have separate offices in the Prairie Provinces and British Columbia. If a company wanted to sell a product in Alberta, it would have to reach out to that office and then a firm could only sell in that province until you were ready to move on. This slow growth allowed Heritage to grow alongside the distribution of the product. It allowed them to amortize their growth over years.

Today, however, Joe believes this model does not exist. If a food processing company wants a listing with a large retailer, it will be a national listing. Requiring more resources and more risk: *"You need \$20 million if you want to be country-wide and this product better work. And your investors better be very patient, because it's not going to make money right off the bat, it's going to take a while. Then you have to break into the market and it has to be a winner."*

Joe stated there was a 90% failure rate for new products that come out in the frozen processed food category. He believes the need for that \$20 million to develop the infrastructure to get product on store shelves is a big reason for such a high failure rate. New entrants are challenged by the expense relating to building, taxes, infrastructure and regulatory requirements. And then there is the marketing needed to build those relationships with retailers to get the product on the shelves for the end customer. These factors have any new entrants trying to scale a sizeable wall: *"The reality is that they are always capital starved. They're just trying to keep their heads above water the whole time."*

The End Customer

The \$5 promise resonates as Heritage Frozen Foods – the promise of a father being kept by his son. There is a strong belief in maintaining a relationship with the end customer by knowing something about their lives.

Researching the market is important in understanding the consumer and their needs. Heritage gathers information about consumers and decides on issues such as new product development by asking whether the consumer is truly interested. And often that interest comes down to price: *"They are walking down the aisle, and you've got to get them to stop. How are you going to get them to stop? It's got to be the price."*

There is a belief that engaging the customer involves keeping the customer interested. The Cheemo website provides consumers with ideas for meals and appetizers using perogies. Videos are created showing consumers how to utilize the perogy food stuff in innovative ways to keep things 'fresh'. In the end, though, it is about providing tools to keep costs down for the consumer, and to keep the \$5 promise.

Industry and Government

Joe Makowecki has been involved in a number of roles on boards and in leadership positions in industry and government. He was the Chairman of the Alberta Food Processors Association for multiple terms, he was asked by former Alberta Premier Ralph Klein to be part of the Alberta Economic Development Authority in the early 2000s, and was the Chairman of the Alberta Livestock and Meat Agency for three years.

These positions led Joe to believe in a need for a simultaneous hands off and hands on role for government. An example of hands off is provided by the dissolution of the Wheat Board in Canada, a move that Joe felt was a step long overdue: *"Dissolving the Wheat Board made us very competitive. More competitive than we were last year. The reason why is that I can now hedge flour more than six months. I can buy out a year or two years, my competitors around the world can do this all the time."*

The importance of hands on was provided by the Accelerated Cost of Capital Allowance introduced a few years ago. This provides an incentive to make capital investments, like the one Heritage made recently on a new flash freezer for the production line. Joe believes this to be a key move to make the lives of food processors a little easier: *"...that is the smartest thing they've ever done for food and manufacturing in general. It keeps bureaucrats out of the way and lets businesses succeed just by creating the proper tax environment."*

While the spectre of government involvement seems to be a theme with the above examples, Joe does believe there needs to be government led focus on processed food. Specifically, Joe feels there needs to be a national food strategy, one that puts the Canadian food industry in the context of competing with global suppliers. The belief from Joe is that Canada has to state a desire to be a leader in food. In stating this, Joe believes, Canada can then make better decisions on aspects such as supply chain management and promotion. Joe believes the leadership has to come from the top, with the Prime Minister's office. He feels someone needs to stand up, *"To say 'this is what Canada is to succeed at, we're going to be agriculture, we're going to be food, and here's all the things we need to do in order to facilitate that. There's got to be investments in that, there's got to be regulatory review, we got to build logistics in order to supplement this. Somebody has to take this on. They talk about this, because it's a warm and fuzzy but they don't get around to doing it."*

A STABLE MARKETING MIX

Heritage Frozen Foods relies on a consistent and reliable set of strategies around marketing that allow them to keep the same level of consistent service year after year. Along with the \$5 price promise, HFF also ensures a stable product mix, sensible distribution strategies, and a promotional strategy that is singly focused.

Product Mix

Cheemo and perogies are intertwined, and the vast majority of product that leaves the Edmonton production facility includes a doughy dumpling with a variety of fillings inside. Everything from the classic potato and cheese to a pizzarogy, the perogy is the very much the staple of business at Heritage Frozen Foods.

Regardless of the varied types of perogies, there is always one consistent ingredient: potatoes. Unlike some competitors that may use potato flakes, Heritage uses the locally sourced potatoes and has them cleaned and processed before hitting the belts at the Edmonton production facility. While these ingredients could be sourced from other companies, it is the high quality standards and the strong focus on relationships that make Heritage's raw material sourcing a real competitive advantage.

HFF has tried other products, including cabbage rolls and soup concentrates. But Joe stated that HFF does one thing well: perogies. There is not an appetite to expand beyond the perogy: *"...if you have multiple things you are trying to do and multiple product lines, you're probably not executing any of them very well."*

Joe also believes that concentrating on one particular product provides a barrier to entry for competitors. IF HFF can make Cheemo synonymous with perogies, freezer space for that product category is going to be limited. *"Somebody wants to come in to the grocery store. I spend between \$5-6 million in the grocery stores. Try to get into that business right now. Go ahead. And at the price we're selling it at. You begin to narrow the opportunity for other people to break into the market."*

Price

Much has already been said about the \$5 promise, going back to the days of Walter Makowecki in the early 1970s. This promise has led to a strong focus on keeping costs low.

In the frozen processed food category, Joe believes there to be a 'sweet spot' in the \$5 range where competitors lurk and customers are willing to pay. It is about being in the same price range as pizzas and French fries, and Joe believes that if Cheemo perogies were more expensive than that \$5 range, it would likely shrink the perogy category resulting in potentially catastrophic consequences to the business.

In the end, the \$5 promise has created a company with a very strong cost cutting focus. This does not have to be done by compromising quality or cutting corners, but rather through the maintenance and management of relationships. Heritage buys its potatoes from a group of local farmers, the Edmonton Potato Growers, which allows him to focus more on the potato than on transportation or marketing costs. There is a 4 minute video on the Cheemo website showing Joe Makowecki pulling potatoes from the field of a local farmer.

While locally sourced is a good promotional tactic, Heritage still focuses on the decision based on a culture of value framed by keeping costs down. As Joe emphatically noted: *“You are constantly driving down costs, it becomes a culture and you build a culture of driving down costs. Try putting a price increase around here, we’re tenacious about it, we have to be. The reality is that that is the sweet spot, live or die competing with every other product that is out there. It’s a question of survival.”*

Place

Distribution of frozen perogies does bring with it a certain set of obstacles. Transportation costs in a country the size of Canada is always going to be a challenge, and trying to manage the various costs and systems across Canada and across borders can make for some challenging circumstances.

To mitigate these issues, HFF has created a hub and spoke system in Canada. This requires a set of hubs, including Edmonton and Toronto, from which ‘spokes’ are created as traffic routes to deliver the product. The key for HFF is to act like a local company no matter where their customers reside. This goes back to the close relationship with retailers, and the need to share information in order to be successful: *“So if someone call up and says ‘I need 5 cases of...’, you need to have the ability to supply it. We’re carrying all of their inventory, the reality is that they want timely deliveries according to whatever is going on, because they have live store information going on so that’s how the orders are coming through.”*

Energy costs are an issue in the industry, and HFF tries to hedge costs as much as possible so as to not be too reactionary to market changes. Fuel sub-charges that can rise up to 50% of cost, meaning that if HFF can hedge on prices of gas and power, he will take that opportunity. However, hedging in a free market like Alberta allows for the flexibility, but different systems in Ontario and the Maritimes result in having to make adjustments as things move across provincial borders.

In the end, HFF takes a very deliberate route to achieving logistics success. It is about the customer, about being in touch and making the right decisions to meet the needs of customers. As Joe summarized the topic: *“And so logistics also means the ability of the customer to have the right facilities to receive the products in a timely basis.”*

Promotion

While there are numerous new means in which to communicate with the end customer, HFF focuses squarely on a tried and true method: in-store advertising. Joe believes that due to the busy lifestyle, the same one identified by his father four decades previous, consumers will not take the opportunity to look for advertising on television or print.

Joe was pointed in his assessment of traditional promotional media: *“Traditional marketing doesn’t work anymore because there (are) so many multiple platforms in order to access people. Radio, television, newspaper – used to be the classic (tools)... So what’s happened now, in my mind, is a complete and total waste of money to do any of those mediums – it is the dumbest thing, period. What you need to do is that you have to realize this is where you connect with consumer is when they are shopping.”*

In-store advertising accounts for the vast majority of money spend by HFF to promote the product to consumers. Joe reasons that consumers have so many options, from the traditional television to the more innovative mobile technologies through cellular phones. A time when the consumer may not be distracted is when they have their hands on a grocery cart: *“It’s got to be in-store advertising. They are walking down the aisle, and you’ve got to get them to stop. How are you going to get them to stop? It’s got to be the price. And it’s going to be the in-store advertising. So what we did is we focused all our money on in-store advertising.”*

Joe also sees money spent on in-store advertising being as a barrier to entry into the market. He mentions how large multinationals will spend millions of dollars of advertising within one chain of grocery stores. Joe realizes the need to spend on advertising to keep his shelf space in the frozen foods aisle at a grocery store, and he does so in a way that he hopes keeps competitors away.

Keeping costs down to achieve a set price guarantee is a constant and consistent theme in all aspects of the marketing mix; be it product, place, or promotion.

SUSTAINABLE GROWTH STRATEGIES

Safe Bets

There is a reason why HFF is known for perogies, that is their niche and they stick to it. The company has achieved significant market share in frozen dumpling market, and see the need to focus on what they are currently doing in order to maintain such dominance.

Such is the basis behind safe bets. This is a business strategy that begins with looking at the core business and building from there. If there is a feeling that the core business

might be threatened by external forces like competition and regulation, then the core business should be protected.

At HFF, the core business is making perogies to meet the needs of retailers and end customers. Joe believes this is something they are good at, as does the rest of his team – from management staff to front line personnel.

Following this belief at HFF is the concept of stable growth. This ties back into the core of the business, and whether or not a company can support any potential growth. Joe believes that growth happens when you can fulfill the requirements presented by your core business. *“Growth happens when you execute, but the execution has to be real. You have to take the time to make sure that the growth is stable, and then you can say that’s tangible growth; that is a core part of our business. This is where companies get into this philosophy, this fictitious philosophy of constant growth. But did you capture it and it is really part of your core business, is it sustainable?”*

With this steady approach to growth comes the challenge of managing risk. And on that front, HFF is like a conservative long-term investor: *“I think when you’re building a business you think of it as a mutual fund. With a mutual fund, I think the reason you buy it is that you’re risk adverse. So you say ‘I like getting a reasonable rate of return and this is how it is’.”*

This cautious risk approach applies to borrowing as well. Joe has Heritage take a pragmatic approach to budgeting, and to invest in a new market or infrastructure, there has to be a reasonable expectation of return. Joe provided this example: *“You’re balancing things, and you need a plan. So here’s how much budget allocation to plan. Here’s so much for growth. I need an extra \$2 million in the US, but all of my infrastructure is here. We look at it on a pragmatic basis because if we’re going to grow, we have to execute. Growth happens when you execute, but the execution has to be real. You have to take the time to make sure that the growth is stable, and then you can say that’s tangible growth, that is a core part of our business.”*

Joe understands his retailer customers well and knows that they are not looking to take on too much risk either. He noted: *“The reality is that all those items are good sellers already, and they take very little risk. They are generating good margins in those areas. You have to also partner with your customer right, and you have to say ‘here’s what we’re thinking, what are you guys thinking, what are you thinking about your trends, would you guys be interested in this?’ You have the relationship with your customer.”*

Measured Export Strategy

The stable growth and lower risk tolerance has not lead HFF to remain within the confines of the Western Alberta market. Cheemo perogies are sold in all provinces and territories in Canada. HFF has been working in the United States market for the last 20 years, albeit without the familiar Cheemo name.

When asked about the move to the Eastern United States market, Joe described a deliberate and focused approach. *“We are doing private label. We are not a big enough company with deep enough pockets to challenge international companies, we’re just not. So the reality is we just happen to luckily grow in Canada for 40 years so that we are a brand. In the US, we don’t have a presence in that market. The whole world is trying to sell there (US). We want to be in the US. It’s difficult. It’s one of the toughest markets in the world.”*

In order to build their reputation in the US market, HFF has relied on building those ever-present customer relationships. Joe says the company looks to build a strong relationship with a well-known US retailer, and then hope to build what he calls ‘copycats’ who will see what HFF is doing and want to be a partner.

What often attracts potential business partners is not only the low price of the product, but the quality ingredients. The ability to offer a quality product with quality ingredients, while also keeping the final retail price low for the end consumer, is often a winning combination in creating new business relationships.

Joe provided a recent example of HFF’s partnership with Wegmans, a regional US supermarket chain. Here is how he describes their export strategy: *“We sell to Wegmans for years, probably the nicest grocery stores in North America. We do their private label. Our strategy is that we do Wegmans business. How would like us to develop your category the way we did Wegmans’? In fact one company in Wisconsin say ‘hey that’s a great idea!’. We start doing that, it’s a slow process around execution, so we don’t take on multiple projects.”*

Joe sees smaller companies struggling to enter new markets because of undercapitalization and the need to satisfy growth expectations from varying sources. Joe has noticed that in meetings with government, small processed food manufacturers are given advice to grow by starting with farmer’s markets. But if a small company wants to get into the retail market, they can be challenged by the need for capital. He sees expense in the areas of *“land, building, taxes, and regulatory requirements.”* These financial challenges means these smaller companies are capital starved and looking to just keep their business operations afloat.

A Steady Leader

Joe Makowecki has helped carry on his father's legacy. Heritage Frozen Foods continues to be what it has been for four decades: a family business delivering a consistent product to a price sensitive market.

HFF has found its niche, and has no intentions on letting go of its place in the market. If that means at the expense of rapid growth or risky line extensions, then so be it.

The words most often mentioned by Joe were: price, execution and relationships. He is a pragmatic businessman, running a very successful business by shunning conventional pressures to continually grow.

Joe sees a need to build relationships with his 'customers' (retailers) and consumers (end customer). He sees the need to engage at a regulatory level, as seen by his involvement in numerous government and industry boards and committees. Building relationships in these areas is also important: *"You need somebody advocating. You need common sense approach from the regulators, to the government. You need people advocating all the time about what is going on. Because you need to be communicating with these government folks on an ongoing basis."*

Joe Makowecki has a nice but non-descript office at Heritage Food headquarters. You would not immediately know this is a president of a large food manufacturer. There are no clear indications of the multiple awards from Ernst & Young for Entrepreneur of the Year for the Prairie region of Canada, nor evidence of him being on Alberta Venture's 50 Most Influential List in 2009. Joe understands his business, and understands what it takes to make it successful. He speaks with clarity and conviction, and does not rely on jargon or hyperbole when describing the reasons for his company's success.

Forbes magazine once noted that a CEO mindset involves having a "finger on the pulse of the organization at all times"¹. Joe Makowecki knows his business very well, and knows what it takes to be successful. The success factors he identifies are tangible and achievable for firms willing to take the long-term approach. *"The greatest growth you can get, the best growth you can get, is with your existing customers. You can get that, you can do that, if you're communicating properly...It's very stable in the end if you can build a model like that. But, it's not very sexy."*

Famed business leader Peter Drucker provides the best viewpoint on the leadership shown by Joe Makowecki: "Leadership is defined by results, not attributes."

¹ <http://www.forbes.com/sites/infosys/2011/12/16/business-leadership-bte/>

CONCLUSION

While there is a long list of success factors provided to answer the research question that was posed at the start of this case; a lesson can be taken from the above quote from Peter Drucker.

While the success factors (attributes) mentioned in previous sections are all very important, we can distil Heritage Frozen Foods' success to a few results-based areas:

- Consumer-friendly price point (\$5 guarantee)
- Long-term relationship focus with 'customers' (retailers)
- Focus on execution of existing business (perogies)

Heritage Foods has been able to avoid the normal pitfalls of growth for growth's sake by sticking to the above three areas. This has not meant that Heritage has not been willing to move forward and into new markets. However, these three areas show a deliberate and sole focus on remaining true to delivering an affordable product that is produced in a consistent way to a willing retail partner and a satisfied end consumer.

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