

Baking & Snack

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**HAVE A
PIZZA DAY**



Have a

PIZZA DAY

Since changing ownership, MaMa Rosa's works to rebuild market share in value stores and innovates to expand into new retail segments.

BY SHANE WHITAKER

After experiencing double-digit sales losses each of the three years prior to being purchased last year, MaMa Rosa's LLC, Sidney, OH, looks to turn around its fortunes by concentrating on the market it best serves as well as by venturing into new territory. The company makes and markets the No. 1 branded refrigerated pizza, and it has recently started producing a new, health-orientated frozen pizza as part of a joint venture.

Plaza Belmont Management Group LLC, a private equity firm based in Shawnee Mission, KS, acquired MaMa Rosa's last October from ConAgra Foods, Omaha, NE. John Stout Jr., c.e.o. of Plaza Belmont, said the group saw a lot of potential with MaMa Rosa's.

One of the key characteristics the firm looks for in

a business it acquires is the people. "When we went through the plant, we were amazed at the people here in production," he said. "They had a great attitude, a very entrepreneurial attitude."

However, many major components of the business such as quality assurance, research and development, sales, distribution and purchasing all had been outsourced for the most part, and the company would have to rebuild these teams. Tim Cranor, general partner at Plaza Belmont, was named c.o.o. of MaMa Rosa's and was responsible for rounding out the management team. His first hire even before Plaza Belmont had closed on the acquisition was Bill Mackin, who was named president of MaMa Rosa's. Messrs. Cranor and Mackin had worked together at Interstate Bakeries Corp., Kansas City, MO. "I would say that coming up on our 1-year anniversary that the people are as solid throughout the company as could possibly be obtained in one year," Mr. Stout said.

Plaza Belmont also looks for a point of difference in the companies it purchases. "This company makes 70% of the pizza sold in the refrigerated section of the supermarket, and when you look at that, that is unique," Mr. Stout observed.

▲ Bill Mackin, president of MaMa Rosa's, has led the pizza manufacturing company since it was taken over by Plaza Belmont in October 2006.

Another attractive feature was the plant. "We were getting a good facility that was running at less than 50% of capacity," Mr. Stout noted. "When you are buying an asset and can double in size before you spend appreciable capital, that is amazing."

The facility presented itself nicely as far as being clean and neat, added Mr. Mackin, who participated in walk-throughs of the plant prior to the acquisition. "We could see as we walked the place that ConAgra had invested in the capital and had done a good job with most of the equipment," he observed. "Some of it has a little age, but in general, we thought the capital expenditure outlay over the next four or five years would be minimal, unless we were looking to do something really creative."

Plaza Belmont was confident the inside operation was solid, Mr. Mackin said. And the fact it did not have a lot of distribution in certain channels presented an excellent opportunity for the company. "We knew it was going to be like a garden that hadn't been tilled for years, so we knew it was going to be a challenge," Mr. Mackin pointed out. "We were going to have to go out there and meet with the customers and see what they wanted and needed."

HISTORICAL PERSPECTIVE. MaMa Rosa's was founded in 1979 by Mike Gilardi as Gilardi Pizza Co. in Sidney, OH. Mr. Gilardi had a brilliant concept in building a product designed for the refrigerated section of the supermarket, according to Mr. Mackin. "It was there that he found pizza could be a complementary item for the meat department," Mr. Mackin noted. "Through his innovation and creation, he took products that once needed a 5- or 7-day code and was able to change to a 21-day code. That was huge."

Mr. Gilardi built the company's business by customizing pizzas for retail accounts and by being extremely flexible with sizes, toppings, flavors, pre-pricing and date coding. When Mr. Gilardi sold the company to ConAgra in 1998, it had more than 350 SKUs.

Gilardi Pizza Co. expanded several times during its first couple of decades under Mr. Gilardi. In fact, the company produced products in eight different plants through the years, including production facilities in Virginia, California, Oregon and even a European plant. When ConAgra purchased the company, it was operating in four plants at Sidney and Troy, OH; Oklahoma City, OK; and Peoria, IL. ConAgra closed the plant in Peoria soon after buying the company, and in 2000, it moved the equipment from the Oklahoma City facility to Sidney and closed that plant. ConAgra still owns and operates the pizza plant in Troy, which mostly makes pizza for food service accounts.

During the time ConAgra owned the company, it rationalized more than 90% of the SKUs, and when Plaza Belmont purchased the company, it produced only 35 different products. "ConAgra streamlined the operations, but they probably went too far in that they really didn't

introduce many new products and hadn't brought innovation into it," Mr. Mackin said.

INNOVATION REVITALIZATION. MaMa Rosa's has returned to introducing new products. "We are not going to add 300 SKUs, but we are building some line extensions under the MaMa Rosa's umbrella and we will introduce some new platforms," said Patty Phlipot, senior vice-president, R&D.

Ms. Phlipot, who has been with the company for 20 years, said MaMa Rosa's developed six new SKUs in the first year under new ownership. These new products include two new Mexican-style pizzas, two Lean Lifestyle products and two new 5-in. varieties made with real cheese and packaged in a pouch-style bag.

MaMa Rosa's has recently partnered with Street Smart Cuisine LLC, New Lexington, OH, to introduce the Lean Lifestyles brand. In September, the company



▲ Nicole Akers, QA technician, collects a sample of pizza sauce for testing.

began making two new Lean Lifestyle varieties: a Low-fat Cheese and a Turkey Pepperoni Pizza. (See "Lean Lifestyles" on Page 48.)

When it comes to new product development, MaMa Rosa's has leaned on some outside sources for assistance. The company has an excellent relationship with the Food Industries Center at The Ohio State University, Columbus, according to Mr. Mackin. He said that Valente Alvarez, FIC director, has been to the plant on a couple of occasions to assist its R&D efforts and has done sensory testing on products at the university.

In addition to this relationship, the company also works with its suppliers to develop new products and improve processing efficiencies. "We have an open-door policy with our vendors where we invite them to come



► Only seven employees are needed to run this pizza shell line, one of three bakery lines in the plant.

in and look at our format," Mr. Cranor said. "We place a lot of faith in our vendors. We say, 'You come look at this, and you tell us what you think we need to be doing.' Or we ask them if they have ideas."

Mr. Stout added, "We have been amazed with how the suppliers become partners if you just encourage and let them. We have learned a lot from our different suppliers and would continue to encourage those relationships."

Lean Lifestyles allows MaMa Rosa's to extend its product reach into certain retail markets where it previously encountered difficulty. "I think our portfolio was too one dimensional, and I think that is something we recognized," Mr. Mackin said, when talking about adding Lean Lifestyles to its portfolio of products. "I don't think any business wants to be just one thing, unless it is just so innovative and so creative."

While MaMa Rosa's is a value-oriented brand sold mostly in value retail chains, Lean Lifestyles is a higher-end product that should give it access to more upscale supermarkets, he explained. However, the company also is focused on growing its core business in places it indexes the best. "That is what got us here, and our penetration is nowhere near where it needs to be in terms of distribution," said Mr. Mackin about value products that include the MaMa Rosa's brand, as well as Mama Angelina's and Our Old Italian brand names.

Mr. Mackin wants the MaMa Rosa's brand to have



Lean Lifestyles

When Joanne McGonagle first considered developing a retail pizza, she thought about making a low-carb product. But that dieting trend was waning, so she believed that the best market to target with her health-oriented pizzas would be diabetics. That's the reason she started Street Smart Cuisine LLC, New Lexington, OH and eventually teamed up with MaMa Rosa's to create the first line of health-oriented pizzas to be certified by both the American Diabetic Association (ADA) as well as the American Heart Association (AHA). Joanne McGonagle is the majority owner of Street Smart Cuisine, and with her partner, MaMa Rosa's, they began the roll out of health-oriented pizzas last month under the Lean Lifestyles brand.

Bill Mackin, president of MaMa Rosa's LLC, said that he is pleased with the opportunity to team up with Ms. McGonagle and that its R&D team has been able to create a line of great-tasting pizzas that are good for you. "The American Heart Association certifies Lean Lifestyles pizzas, and we are proud to display the AHA certification on the Lean

Lifestyles brand," he added. "We will wave that as loud and as proud as we can."

The pizza meet AHA guidelines for low fat, saturated fat and sodium. "It took just the right mix of ingredients to achieve a great-tasting, low-fat product," Ms. McGonagle said. "You wouldn't even know it is low sodium when you taste it."

The first shipments of Lean Lifestyles pizzas left the plant last month. "We are trying to be the first to market with this product idea," Ms. McGonagle pointed out.

Because Lean Lifestyles is a woman-owned business, Mr. Mackin said the company will be able to access accounts and channels that it probably would not otherwise.

"The other thing Lean Lifestyles does for us is open up a new distribution point in stores," he said. "It is a frozen pizza, and we have never played in the frozen section before."

Lean Lifestyles could add between 10 and 20% to the company's sales once it gets going, Mr. Mackin added.

100% distribution in value-orientated stores. "We are probably only 50% of the way there now," he added.

MaMa Rosa's also would like to diversify the channels in which its products are available. Currently, the majority of its products are sold in supermarkets and some mass merchandise stores, but Mr. Mackin said he wants to see the company build its business in convenience, drug and club stores. "We like where we are positioned," he observed. "It is just a matter of growing and having a little bit of diversification on that platform."

The pizza processor is also continuing to look for co-packing opportunities that would allow it to reach new retail markets and channels.

CAPITAL OPPORTUNITIES. While ConAgra did an excellent job of capitalizing the plant, the company's sales and distribution software needed improvement, according to Mr. Mackin. To that end, the company purchased a new software program in the months after being acquired by Plaza Belmont, and the new Great Plains software has helped the company to better track its inventory and sales.

Prior to installing this new software, the company employed four people in logistics, and now it only requires one person to oversee this task. Mr. Mackin said this person did not understand the economics of the total transportation dollar until this new software was installed. "For the first time, she is able to calculate a per case cost and can look at how much we're spending and how much we shipped and can graph it for us," he explained. "It shows us where we're effective or are not effective."



▲ After being topped with cheese, these 12.5-in. pizzas are ready for topping with pepperoni from this automatic slicer.

The plant ships approximately 40 truckloads of finished product to retail centers each week, and nearly every single load is full from front to back. MaMa Rosa's also has focused on reducing the number of times product is touched before being shipped to its final destination.

When ConAgra was running the plant, 60% of the product went through six or seven mix centers before being shipped to the retail center, according to Mr. Mackin. He wanted it to have a 1-touch distribution. "What does that mean?" he asked. "It makes you a lower cost distributor and a more environmentally friendly distributor, and there are fewer opportunities for goof ups. We went from 60% multiple touches to 0% multiple touches."

Additionally, MaMa Rosa's invested capital to improve its packaging capabilities during the past year. It purchased packaging equipment to allow the production

► These 5-in. pizzas were flash frozen after being topped and are moving toward the packaging area.





► Dough from this 1,300-lb mixer is divided into two troughs and each will be lifted to a hopper that divides the dough.

of a pouch-style bag for 5-in. pizzas that will be packaged with a microwave susceptor disk. Also, it retrofitted machines to allow it to place a cardboard sleeve around its new Nacho and Nacho Beef pizzas, as well as the Lean Lifestyle products. "We invested in a couple of Doboys," Mr. Mackin said. "We are fortunate to have engineers on staff who can retrofit older equipment. What would have been a million dollar investment, we were able to do it for around \$200,000. It was a really good job of those guys being innovative and creative."

PERFORMANCE INDICATORS. In April, Vince Jolly was hired as vice-president of operations. He also had worked at IBC, most recently as a director of manufacturing overseeing operations at a half-dozen plants in the Midwest. Coming to MaMa Rosa's presented an opportunity for him to return to his hometown region and to work with Messrs. Cranor and Mackin, whom he knew and was comfortable with from his years at IBC. He said his goal is "to enhance programs and procedures in place" prior to his arrival.

Mr. Jolly has been extremely impressed with the workforce. "These folks are always striving to improve upon their performance and are open to change," he said. "They want to see the plant be successful."

The plant has approximately 250 employees, and many of the workers have been with the company for a lot of years. In fact, some have been at the plant for more than 25 years, according to Ms. Philipot. When the company hires new employees, it generally does this through local temporary staffing services, which allows the company to better evaluate individuals before bringing them on as full-time employees, according to Mr. Jolly.

While MaMa Rosa's invested in new sales and distribution software during the past year, the plant already had an operations software system in place — shop floor control. The system tracks daily order requirements for each of the production lines and finishing rooms, ingredient usage, hourly line performance, preflight information, raw material usage/disposal information and quality assurance information — all accessible in real time.

This information is then shared with employees throughout the day. Each bakery line and finishing room features a bulletin board labeled "Continuous Improvement Process" that is like a scoreboard and lets the workers see how well their line is operating for the day. "It's



important to let people know how they are performing as a group," Mr. Jolly said.

MaMa Rosa's normal production schedule is two 10-hour shifts four days a week (Monday through Thursday), and a third shift performs daily sanitation and maintenance. Because the plant manufactures meat-topped pizzas, it is examined daily by a U.S. Department of Agriculture inspector.

The plant also is extremely proud of its safety record, according to Mr. Jolly. "Our safety index is as low as low can be," Mr. Mackin added. Before every shift, employees receive a five-minute safety talk from safety coordinator Jim Placie. These talks focus on a variety of safety issues within the plant.

OPERATIONS UNVEILED. The MaMa Rosa's plant is a double-pressed pizza operation, and it features six processing lines — three bakery lines for producing the pizza shells and three topping/finishing rooms. The products are then packaged on the back end of the topping lines after the pizzas have been flash frozen in spiral freezers on each line. The facility has more than 20,000 sq ft of cold storage to stage ingredients and products before they are shipped.

"We certainly believe we are one of the low-cost operators in the business," Mr. Mackin said. "We have a lot of competitors, and some make shells, some top, but very few top and produce shells in the same place. Certainly Schwan's and Kraft do that, but as you start to get into the second wave, there are fewer and fewer. We have the synergies to do that efficiently."

Line No. 1 of the bakery is unique in that it does not directly feed one of the finishing rooms. Instead, it gives the plant greater flexibility by producing a variety of shells that are used on all the topping lines. In fact, the topping rooms run at greater speeds than the bakery lines, so shells have to be supplemented into the lines being fed

Employee benefits

On the day after *Baking & Snack* visited MaMa Rosa's in September, the company held its annual health fair. The fair provides an opportunity for employees to undergo a variety of health screenings such as cholesterol, spirometry and bone density. The fair also features a variety of health care providers who share information with employees, as well as a massage therapist.

The plant hosts a special employee appreciation day each year under a big tent to recognize their hard work. The plant also participates in programs with the United Way, the American Cancer Society and the Community Blood Center with biannual blood drives at the plant.

On-site day care is available to employees and the public. The center is open from 5 a.m. to 6 p.m. daily.

directly by one of the other two bakery lines for those lines to run at their top speeds. "If we slow one of the pizza topping lines down, there is a lot of labor involved," Mr. Jolly said. "We have to run at maximum speed."

As one might expect, topping room No. 1 is not directly fed by a bakery line. However, bakery line No. 2 feeds topping room No. 2, and the same for line No. 3 and topping room No. 3. The equipment for line No. 3 and topping room No. 3 was relocated from the Oklahoma City plant.

The facility has four 100,000-lb flour silos located outside the plant. Flour is pumped directly to the mixers using pneumatic conveyors from the Fred D. Pfenning Co.

Line No. 2 begins with two 600-lb horizontal mixers that alternate making doughs for the 12.5-in. pizza crusts. An AMF dough divider portions the dough, which runs under an oil stream before being deposited on a pan. Only seven employees are needed to oversee this bakery line, and two are located where dough pieces are deposited on pans. They make sure the dough is in the middle of the pan before it is pressed for the first time. Next, the dough relaxes for five minutes on a spiral conveyor before being pressed again. Another employee makes sure that the dough

has been stretched to the proper size after this second and final press. The dough goes through the proofer for 15 minutes before being baked for four minutes in a 560°F direct-fired oven. The pizza shells are removed from the pans using an Alto depanner and cooled on a racetrack conveyor before moving on to the topping room.

As the crusts move into the topping room, additional shells are placed on the line to maximize speeds in the topping room. Sauce is first added to the crust using a waterfall system. The pizza sauce is mixed in the separate sauce room. Jake Montgomery oversees sauce production, using giant crates of tomato paste, which is mixed in a slurry tank for for 10 minutes with 51% water plus a variety of spices that are added by hand. The sauce room houses three Marzan pump tanks that feed sauce to the waterfalls in each of the topping rooms. The tank that feeds room No. 2 is a 650-gal tank, while the tanks for room Nos. 1 and 3 are both 800-gal tanks.

Blocks of cheese or imitation cheese are shredded directly on the topping lines, and the cheese is placed on top of the sauce using a Raque depositor. Raque depositors also are used to put on crumbled meat or meat-and-vegetable-combo toppings. Grote slicers add pepperoni on top of the pizza. The pizza then travels through a double-spiral freezer for 12 minutes, and upon exiting the freezer, it passes through a Safeline metal detector.

Topping room No. 1 features processes similar to those in room No. 2. Dawn Pense, who has served as a production line supervisor at the plant for nine years,



► MaMa Rosa's began production on the Lean Lifestyle products in September.



◀ Mama Rosa's recently began production on Lean Lifestyles pizza, displayed here by (from left) Joanne McGonagle, managing member, Street Smart Cuisine; Vince Jolly, vice-president, operations, MaMa Rosa's; and Nancy Kolley, R&D technician, MaMa Rosa's.

oversees both rooms Nos. 1 and 3. She said the people are the most important asset of the facility, but she also noted that it is imperative for equipment to be maintained so it is efficient.

Room No. 1 has 18 line workers for the first shift, and this line also produces the new Nacho and Nacho Beef pizzas. Unlike room No. 2, this room and room No. 3

have spot melters, from C.H. Babb, which can be used to help set the toppings on a pizza before they enter a blast freezer.

Topping room No. 3 also has a spot depositor; however, the plant currently does not use it because it doesn't produce any products that require this type of sauce depositing. Bakery line No. 3 features a Pick 'n' Place de-panner, and the lines use a wide vari-

ety of pans from American Pan.

MaMa Rosa's pizzas are packaged using a shrink wrap with a sticker placed on the packaging, and many of its products are sold as multipacks. The company has two Shanklin flow wrappers, 10 Doboy wrappers and seven Shanklin shrink tunnels along its packaging lines.

In its first year under new ownership, MaMa Rosa's has undergone a number of changes. While it is not looking to completely reinvent itself, the company is innovating and introducing new products to the marketplace. It has unleashed a well-trained sales force to help it build its volume with both its value products as well as with new products geared to a more upscale audience.

MaMa Rosa's is tilling its ground and trying to get its soil right to be able to continue to grow in the years to come. ■



▲ Dough pieces are conveyed into pans on bakery line No. 3.

MaMa Rosa's At-A-Glance

Ownership: Plaza Belmont Management Group, LLC

Location: Sidney, OH

Employees: 250

Plant size: 157,967 sq ft

Brands: MaMa Rosa's, Lean Lifestyle, Our Old Italian, Mama Angelina's, private label, co-packaging

SKUs: 36