

Former race car driver revs up Jiffy Mix firm

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Special to Crain's Detroit Business

March 29, 2020 12:01 AM



Chelsea Milling Company – The Jiffy plant in Chelsea.

When Howdy Holmes took the reins as president and CEO of Chelsea Milling Company, he implemented a multitude of changes that fueled growth and doubled the company's revenue.

The Chelsea-based company, which is located just west of Ann Arbor, is the manufacturer of Jiffy brand baking mixes. Its dry baking mixes for cakes, pies, muffins, brownies, biscuits and more come in iconic blue boxes.

Chelsea Milling Company was founded by Holmes' great-grandfather, Harmon, in 1887. Holmes' grandmother, Mabel, invented the baking mixes and started the Jiffy brand in 1930.

Last year, Chelsea Milling Company generated \$135 million in revenue. The company, which is on its fourth generation of family leadership, has 311 full-time employees and 55 temporary seasonal workers.



Holmes started working at Chelsea Milling Company in 1963, learning the company from the ground up during his high school and college summer breaks.

He left the company in 1968 to pursue a 20-year career in race car driving, participating in six Indy 500 races; he was crowned "Rookie of the Year" at the Indy 500 in 1979. After retiring from his racing career, Holmes rejoined the family business in 1987.

Holmes has worked in both advertising and business marketing, but he said his racing career actually brought an advantage to the manufacturing business.

"The relationships between racing teams and manufacturing are kind of twin sisters in the sense that you're always trying to improve something with the mechanical equipment," he said.

However, when Holmes returned to the family company, he said many saw him as "just a race car driver" and not necessarily someone who should be making major decisions for the company.

"My presence was met with a great deal of resistance," Holmes said. "I was all about change. It was that resistance to change which was a real struggle."

Holmes made a significant change to the company in 1988 when he began updating the company's manufacturing equipment and made sure it was put on a preventative maintenance schedule.

The updated equipment made it possible to weigh, measure and mix ingredients more efficiently.

"The equipment was dated, and we had frankly lost touch with improvements and innovation," Holmes said. "It's all about knowing the equipment, its performance and preventative maintenance."

The company makes those equipment parts in-house, which Holmes said saves the company about \$3 million a year.

By 2022, Chelsea Milling Company plans to replace all of its current retail equipment.

Another change that was important to Holmes was to put outside members into key positions. Holmes established a board of directors in 1991 that included both family and non-family members.

"It was important to me that we had positions that were occupied by qualified people, as opposed to just whoever had the most seniority," Holmes said. "There was a significant amount of nepotism, which is great, as long as qualifications are part of that formula."

At the first board meeting, Holmes proposed that Chelsea Milling Company hire an outside chief financial officer to manage the company's funds.

"My father is a very patient man and I love him dearly," Holmes said. "But he stood up at this board meeting and said, 'That's the most preposterous thing I've ever heard in my life. What would they do all day?'"

Nevertheless, Holmes persisted and hired a non-family CFO in 1991.

While the company was going through these transitions, they hired a business psychologist to help mitigate conflict among the family members and ensure they were all on the same page.

"One of the very difficult things in a business family is talking objectively with biological connections," Holmes said. "At the family level, there was disagreement amongst some. The only way that was going to get resolved and move forward was to get the subject matter on the table."

Holmes also met with the company's employees to inform them of the changes being made and allowed them the opportunity to discuss any thoughts.

"I had to prove my worth, and I had to find ways to get our personnel to trust me and for me to trust them," Holmes said. "If you include others, you get the chance to exchange ideas with other people and presumably end up with a better solution when there's collaboration."

Holmes' efforts paid off. He officially became president and CEO of Chelsea Milling Company in 1995. Under his leadership, the company doubled its revenue organically — from \$67 million in 1995 to \$135 million last year.

That revenue growth was also achieved in a declining market. Holmes said the market segment for home baking mixes hasn't grown since 1991, dropping 60 percent in volume.

With that data in mind, the company came up with a new plan for growth. In 2007, the company started selling to prisons under the entity name CMC Mixes in order to diversify its business.

"Eating at home was something that was kind of going south," Holmes said. "We had to figure out something that could sustain and grow our business for the next 50 years."

To test the waters, the company entered the prison market by using a 25-50 pound bagging machine, selling to just two prisons to start.

"We stuck our toe in the water and lo and behold, within five years, we were able to capture 40 percent of the market," Holmes said.

As a result, the company invested \$25 million in a 2016 expansion that included a new mixing tower, packaging plant and support building for the food service business.

"It'll take a while to get traction, but I think the food service business is going to dwarf the retail business," Holmes said.

Although Holmes said there wasn't much he didn't change about the longstanding company, it's important to note what stayed the same.

The company's signature blue box has remained relatively unchanged since 1930. Since the retro box remains well-known, the company spends no money on advertising dollars, which Holmes says allows the company to keep their product cost low.

"That's what people recognize," Holmes said. "You'd be out of your mind to try and change that."

With Holmes at the wheel of the company's innovation, he expects Chelsea Milling Company to remain profitable for years to come.

"Change is necessary to survive," Holmes said. "Our mission has always been to feed working class America. We're going to continue to be that provider."

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