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Jiffy Mix CEO: ‘Retro hip’ business was built on reputation

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Howdy Holmes runs a company with an estimated 65 percent market share in his category.

The *Wall Street Journal* calls his brand “retro hip.”

He opposes offering coupons or advertising for his products.

And he says his family business is stronger for not being afraid to talk about the tough stuff.

Holmes, CEO of Michigan-based Chelsea Milling Company, is the maker of [Jiffy Mix](#) and its 19 varieties of muffin, cake and biscuit mix. Known for its iconic blue and white boxes, the entire operation evokes a simpler time even as it evolves to meet future customer demands.

“As a leader, I want to be able to provide and meet the needs of the people that I serve,” said Holmes, who will speak in Sioux Falls March 31 at the annual conference of the Prairie Family Business Association.

“That’s what leaders do.”

A former race car driver, Holmes returned to his family business in 1987 to help lead it into the future as he honors the foundation on which it was built.

“The biggest reason we’re in business is to provide a service, and that service is to provide the highest quality ingredients at the best price,” he said. “That’s value to what we call working class America.”

Building a brand

A single father, 87 years ago, was likely to feel alien in the kitchen.

Mabel Holmes realized as much, back in 1930, when her twin sons asked if a friend could come over for lunch.

Mabel was reluctant to ask the boy’s father to pack a lunch for him but agreed to the invitation.

When the boy arrived, she looked at his lunch and compared the biscuit inside to a hockey puck. Impressed nonetheless that the father had attempted to bake, inspiration struck.

“My grandma invented the first mixed product ever, in April of 1930, called Jiffy Baking Mix,” Holmes said.

Touted as so easy even a man could bake biscuits with it and named because they would be ready “in a jiffy,” the brand went on to define its category. Customers embraced the convenience and low price of the products, and Jiffy became an international name.

Holmes estimates Jiffy has about a 65 percent share in the prepared muffin mix market and a 90 percent share in corn muffins, its most popular product.

Sustaining the presence, and modernizing the business, are a continual challenge, though.

But it's one that Holmes likely was born to tackle.

Enter the racer

At 16, Holmes was a self-described "grunt" in the Chelsea Milling operation.

"I cleaned out wheat silos and the inside of flour tanks, hanging with a rope on the bottom and spit flour balls for the next two weeks," he describes.

"I did all the stuff nobody wanted to do."

At age 10, though, he watched the Indy 500 and a dream was born.

So while the plan was to graduate from Eastern Michigan University with a business degree, Holmes left his senior year, ordered a set of tools from a catalog, and built his first Formula Ford racing car.

He went on to drive in six Indy 500 races in the 1970s and 1980s, start a marketing business, write a book and become a commentator for ESPN.

The plan always was to return to Chelsea Milling, though, which he did in the late 1980s.

"I loved it. It was my grandfather and great-grandfather. But I could have never achieved the turnaround necessary at Chelsea Milling if I hadn't gone away and learned all these other things," he said.

When he came back, working for his father, he was "scared to death" for the business, he said.

"What I saw when I came back full time was a great business with very loyal employees but absolutely no movement forward in the area of facilities, systems or people, and it scared me," Holmes said.

"And it's really awkward, because the guy in charge is my father, and I could see there would be a point we would have to go toe-to-toe, and I was not looking forward to that. Going toe-to-toe with my beloved, highly respected father, was because of the work he put into it though. And I wasn't going to let it fail because they didn't see what needed to be done."

He worked through some difficult family dynamics, though, modernizing elements including accounting, computers and training. He was named CEO in 1995.

Advice for businesses

Holmes points to several keys to Jiffy's success.

The first is what it doesn't do – advertise.

"The reason we don't do coupons or inserts or advertise or celebrities or billboards is that there's a cost associated with that," Holmes said. "And that cost is put into the product and passed on to the end user. We as consumers pay for the opportunity to be influenced."

By passing on promotion, Jiffy's cost undercuts its competitors, Holmes said.

"And our quality is good. But our price is significantly better. So when you put it together you get value, and people love value."

The business also is vertically integrated.

"We print our own boxes. We store our own wheat. We mill our own flour. Our packaging we do ourselves. That we can we affect quality and cost better. We produce a great, repeatable product in a size where you don't waste anything."

When it comes to balancing business and family, Holmes advocates having the tough conversations – about succession, governance and personal issues – and remembering "you don't make family decisions with your head, and you don't make business decisions with your heart. So if you can't figure out the difference and one is commanding control in the wrong environment, you've got a problem."

He will share his expertise with Prairie Family Business Association conference guests in a talk that likely will be unscripted, tailored for his audience and memorable for all.

"Howdy Holmes has such powerful insight for all of us," said Stephanie Larscheid, the association's executive director. "We are looking forward to welcoming him to Sioux Falls and learning from his extraordinary experience in business and life."

And when Holmes is done, he will return to Chelsea Milling, where he schedules his own appointments and where 1950s music plays when calls are on hold. He will wrap up a major modernization plan this fall, bringing new equipment and expanded capacity.

And he will continue to run his business in such a way that word of mouth is the only marketing he feels he needs.

"It takes a lot longer, but it's the best form of advertising there is," he said. "I don't get caught up in the silliness. Keep it simple. When I explain these things to folks, it's like, well, that seems pretty logical."

To learn more about the Prairie Family Business Association annual conference and to register, visit <http://www.fambus.org>.

The Prairie Family Business Association is an outreach center of the USD Beacom School of Business.

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