

Jiffy mix set to move into food service Firm may also become global player

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Compared to its first 100 years, the privately held Chelsea Milling Co., makers of Jiffy Mix, is moving faster than you can whip up a batch of corn muffins.

It took 10 years to introduce a second product after Jiffy Mix all-purpose baking mix made its debut in 1930. And after the pie crust mix was introduced in 1940, it took another decade to introduce the company's third product, corn muffin mix.

"We don't fit the business school mold in terms of frequency of introducing new products," Howdy Holmes, CEO and great grandson of the company's founder quipped. "We'd do one a decade."

So it seems like Jiffy Mix is now on the fast track, Holmes said. Consider this: Three new mixes – lemon cake, lemon frosting and oatmeal muffins – were introduced last year, along with a new 40-oz size of the all-purpose baking mix. The company revamped the design of its iconic blue box for a fresher look last year. Jiffy Mix sits on the verge of entering the food

service market. The company's first industrial-sized packages of corn muffin mix are in warehouses awaiting distribution. And, Jiffy Mix is moving toward becoming an international player.

"We launched four new products last year, when we used to launch a new product every 10 years," Holmes said. "It speaks to how the marketplace has changed. People are not baking as much as they used to."

The home baking mix industry has been flat to declining since 1991, Holmes said, with in industry-wide volume drop of 26 percent in that time. While the privately owned, family run company doesn't release sales data, Jiffy Mix hasn't been hit as hard as the rest of the industry, Holmes said. "We've outperformed the competition."

While the industry is struggling, Jiffy Mix's market share has risen. It owns 59 percent of the overall market, and can produce up to 1.6 million boxes of mix a day. Its numbers for the value market – where a box of mix



CEO Howdy Holmes has Jiffy mix on the marketing fast track.

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costs \$1 or less – are even more impressive. Jiffy owns 67 percent of that market. The value market is credited with 87 percent of sales, while the premium market (a box costs \$1 or more) accounts for a 13 percent share.

Still, Jiffy Mix needs to respond to the decline in home baking, Holmes said. "While it's never going to go away, I don't see a turnaround in home baking," Holmes said, "As a result of the volume drop, Jiffy Mix has decided to explore other channels of distribution." That includes various channels of food service along with exports.

While food behemoths such as General mills, Pillsbury and Continental Mills are multi-layered and can turn to other divisions

such as frozen and refrigerated food lines, Jiffy has always been strictly dried mixes. It holds a place in history as the first retail prepared baking mix ever. Jiffy Mix needs to look beyond the baking aisle for places to do business, Holmes said.

Jiffy Mix has been courting change for a decade, Holmes said. "We've had to arrange ourselves facilities-wise, systems-wise and people-wise. To change an organization, you just can't do that overnight. We've had the luxury to prepare."

For instance, the company has increased production capacity 33 percent since 1990 and personnel by 30 percent. It's also increased storage capacity. "We've gone from a day-at-a-time inventory to four, five or six days," Holmes said.

After a decade of preparation, the changes have begun. The company's top seller – corn muffin mix (Jiffy owns 92 percent of the corn muffin mix sales nationally) – will lead the way. One of the top four national food service distributors – Holmes doesn't want to name the company – has five-pound packages (two 2 ½ pound boxes banded together) of Jiffy corn muffin mix warehoused and ready for distribution in less than a month, Holmes said. Holmes hopes Jiffy Mix will find its way into restaurants, senior citizen homes, schools, and prisons.

There are other channels within the food service industry where Jiffy Mix will look, Holmes said. The company could look to supply ingredients for the frozen or partially-baked market, or even compete in these niches directly, Holmes said. "We have so many options. But we have to understand them first. We need to start from the ground up. That's what we're doing with food service. We don't have a 75 year history in food service or export."

While Jiffy Mix is moving into food service, it is also exploring exports. Research is under way. There are language and labeling issues (Jiffy Mix has prototype boxes in two languages other than English) for exports

along with the issue of import and export duties. There are also cultural taste differences to be explored. "What is popular here may or may not be popular in Mexico or Canada or San Juan," Holmes said. "We have to understand the different cultures."

While Jiffy Mix is at least a couple of years away from entering exporting, it is looking at possible markets, from Canada to Mexico and around the globe to New Zealand and Australia, Holmes said.

It's a long process. It would mean manufacturing Jiffy Mix at places around the globe, which would be a huge departure from its current operation. Jiffy Mix has always been made at the single plant in Chelsea. To export, Jiffy Mix could establish a strategic alliance with a local manufacturer or could establish an operation of its own, Holmes said. What couldn't happen he said, would be to manufacture the mixes in Chelsea and ship them around the world. "We couldn't do that because of the freight issues," he said.

The Jiffy Mix business model has always set it apart from its competition. The company doesn't advertise. They are vertically integrated, milling their own flour, doing their own packaging, even making their blue

boxes at a plant in Marshall.

"We don't grow our own wheat and we don't make our own shipping cases. But that's about it," Holmes said. And he is not ready to dismiss the possibility of seeing Jiffy Mix someday grow its own wheat through contract growers. Holmes said the company is more than 90 percent vertically integrated. "Most of our competitors are very different than that," he said.

But as Jiffy Mix looks for new distribution methods and venues, it will stay true to its founding philosophy, Holmes said.

We wouldn't go into the global market unless we have established ourselves as the value player. You won't see us served alongside escargot. You'll never see us come out with a lime, banana kiwi muffin mix. We're the staple supplier."

