

## Looking for the right mix

### Changing food habits challenge Chelsea Milling

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When Howdy S. Holmes was going through his father's desk after his death in 2001, he discovered a bulging manila folder labeled "Let's Dance." Inside were letters from dozens of corporations and financial institutions, each offering to buy the Holmes family company - Chelsea Milling Co. - and its famous brand of baking mixes, Jiffy Mix.

Today, Holmes has amassed his own collection of purchase offers. And, like his father before him, he has no intention of responding to any of them.

But Holmes is also facing a much more challenging marketplace than his father, grandfather and great-grandfather ever imagined. Though he says Jiffy Mix is more than holding its own against the giant multinationals that make up most of its competition, Americans are abandoning the kitchen, leaving Chelsea Milling looking for new markets.

Fortunately for the family business, Howdy Holmes is a former race car driver who loves a challenge.

#### **Not sold on selling**

"Our brand, Jiffy Mix, is really an extension of our personal philosophy," said Holmes, explaining that his family's business has always been about a lot more than making money.

For Holmes, Jiffy Mix is about providing value to the customer and a solid livelihood to the company's workers.

"I think the very first thing a new owner would do is raise our prices and advertise," he said. "It's not just our employees who would lose out."

The privately owned firm does not disclose revenue or net income figures. But according to Holmes, Jiffy Mix is the "value leader" in the baking mix market, offering 19 products ranging from the company's famous buttermilk biscuits to banana nut muffins. He says Jiffy Mix owns 65 percent of the value market - the market for lower-cost mixes - and 56 percent of the overall market for such products, producing 1.6 million boxes of mix each day.

It is a market that Holmes' grandmother created when she introduced the nation's first pre-prepared baking mix in 1930. And it is a market that Jiffy Mix has remained on top of, despite a total lack of advertising, merchandising or other brand promotions.

"I think what the customers like about Jiffy Mix is that our quality is as good as anybody else, but our pricing is better," Holmes said.

Holmes says providing that sort of value - and providing jobs to 350 workers, many of whom have worked at the company's landmark plant in downtown Chelsea for decades - is worth more than whatever he could get for Chelsea Milling.

"That's too easy - and it's selfish," Holmes said. "It isn't selling out the company. It's selling out the culture - a belief system."

#### **A family tradition**



Howdy Holmes, president and CEO of Chelsea Milling Co., in the company's warehouse in Chelsea.

That culture began when Holmes' great-grandfather acquired the mill in the early 1900s and gave his grandfather the job of running it. Initially just a flour mill, the company changed its focus after Holmes' grandmother, Mabel, invented Jiffy Mix.

It all started with one sorry-looking biscuit.

One day, when Holmes' father and uncle were just boys, they brought a friend home for lunch. The lad, who lived alone with his father, left his own sack lunch with Mrs. Holmes. While he dined on the repast she had prepared, she snuck a peek into the boy's lunch and saw the worst looking biscuit she had ever seen in her life.

Right then and there, Mabel Holmes vowed to figure out a way to reduce the art of biscuit making to a task so simple that even a man could master it. After two years of trial and error, she had come up with a solution and decided to call it Jiffy Mix.

"It made sense," her grandson said. "Quick. Easy. That's it."

Ultimately, Holmes' father and uncle took over the mill. He started working there as a teenager in the 1960s, but left for a career as a professional race car driver. The six-time Indy racer returned in 1988 and began dragging Chelsea Milling into the modern world.

"There are those who would use the 'R' word. I prefer the 'E' word," Holmes said, referring to the line between evolution and revolution.

#### **A family tradition**

Unfortunately, the modern world had gotten tired of baking - even the hassle-free sort offered by prepared mixes.

While Holmes said Chelsea Milling's share of the baking mix market continues to grow steadily, industry observers say the overall market for products like Jiffy Mix has declined steadily over the past 13 years. According to Josh Sosland, editor of Milling & Baking News, a trade magazine based in Kansas City, Mo., the popularity of low-carbohydrate diets has accelerated that decline.

"There's no reason to believe it's going to start growing again," Sosland said.

Holmes believes the solution lies in new markets.

One of the most promising is the food service market. After receiving reports from retailers that Jiffy Mix was being bought up in quantity by restaurateurs, Holmes and his team decided to repackage it in larger boxes and market it to them directly.

A few weeks ago, the first restaurant packs appeared at select Sam's Club stores as part of a test-marketing campaign. The retailer is popular with small eatery owners who do not do the volume to justify contracts with major food distributors - which Holmes hopes to sign up, too. He would also like to market Jiffy Mix to the institutional food service market.

"Those are very competitive markets," noted Sosland. "They have the product and the know-how; it's just not going to be easy."

But he said Chelsea Milling's brand recognition could give it a leg up in this new arena.

"There's brand equity there," Sosland said.

While Holmes is wary of taking on too many new initiatives at once, his firm is also exploring ways to sell its products internationally - particularly in countries like Mexico, where home cooking is still the norm.

"We have developed some products for the Mexican market," he said, adding that Chelsea Milling is also doing market research in Mexico and studying package design options. Holmes hopes to see the Jiffy Mix name on store shelves south of the border by the end of next year.

In the meantime, he said the company is in talks with another company interested in selling Jiffy Mix in Nigeria.