

THE MAGAZINE FOR LEADING BUSINESS EXECUTIVES

US **Business** Executive

Building, Covering and
Coating Hawaii's
Structures

**David's Custom
Roofing
and Painting**

Putting Customer
Service in
Food Service

**Del Monaco
Specialty
Foods**

Nourishing Organic Baby
Food Options

**Initiative
Foods LLC**



Putting Customer Service in Food Service

Del Monaco Specialty Foods

Produced by Sean Barr & Written by Molly Cohen

The Del Monaco family has been in food service since 1964, when Michael Del Monaco emigrated from Italy to the United States with only \$100 and his future wife, Ernestine, by his side. At that time a friend loaned Michael the money to start a small, single-unit restaurant, where Michael acted as cook and Ernestine was the waitress. Always thinking strategically, Michael and Ernestine expanded their style of Southern Italian cooking throughout the South Bay area of San Francisco in the 1970s, offering casual to fine dining centered on a commitment to consistency and quality control.

The Del Monaco's would continue to develop their business, synchronized around a central test kitchen and supplies facility. And, as they were growing their business, the Del Monaco's were raising their sons Vic and Tony within it, laying the groundwork for what is still a strong family tradition even though the company has changed its focus over the last decade-and-a-half.

“My father had a talent for food and business. In 1998 he sold his restaurants and he and my brother began a food manufacturing business named Del Monaco Specialty Foods,” says Vic Del Monaco. “My father passed away in July 2006, but prior to that he had retired, because he trusted my brother and me to operate and grow the business. Having us washing dishes, making pasta, he taught us the business from the ground up. While my mom gave us the morals and taught us what’s important in life. Above all, our parents taught us to respect people; they are the most caring and generous people I’ve ever met.”

Vic and Tony are now the owners of Del Monaco Specialty Foods. Vic is the company’s CEO and president; he oversees the business details, while Tony focuses on sales, marketing and business development. The company produces custom soups,

saucers, chowders, filled pastas, pot pies, polenta and more, drawing from multiple decades and generations of experience. Vic says, “We are proud to manufacture for the best-known national supermarket chains, club stores and restaurant chains providing custom recipe manufacturing and recipe development.”

“I had my own quick service restaurant chain in the early 1990s that grew to over 30 locations, and then I sold my restaurants in 2003 to join my brother and father at Del Monaco Specialty



Foods to put to use all the experience and knowledge I had gained,” Vic explains. “My brother is the best business relationship builder I know, a great business partner and my best friend; I look forward to the challenges in continuing our rapidly growing business with my brother at my side.”

Making Room for Greater Capacity

When Vic joined Del Monaco, he made it clear that he would establish a specific structure to the business. “Even though



Proud to Work with Del Monaco Specialty Foods
and their Quality Food Products

LEADING BRANDS TRUST INN FOODS.

See why Inn Foods is the industry leader for:

- Frozen vegetables, potatoes, and fruits
- Private label manufacturing
- Contract manufacturing
- Custom blending, including vegetables, protein, pasta, and seasonings

From vegetable blends to complete meals in a bag, as well as ingredient solutions, we help our customers develop unique meals.



310 Walker Street, Watsonville, CA 95076
(800) 280-6566
www.innfoods.com

we're a family-run business, I think it's important to note that the company runs extremely professionally, not like a mom-and-pop business. Everything that goes on here is run like a multibillion dollar company," Vic shares.

While its regulated structure is a huge strength to the company, Del Monaco's niche goes beyond its larger, too strictly regimented competitors. "We have the same capabilities as our competitors who are much larger than us. But once you look at their business model, something is amiss. They're missing the personal relationship that occurs in our company, as well as some of the details in recipe development," Vic says. "Our niche is providing companies who really care about their recipes with quality, service and speed. We are USDA certified, we have traceability, we can solve food safety issues and we have an R&D team. We can support the customers that require a smaller batch sizes, as well."

Del Monaco Specialty Foods can formulate recipes that meet any needs, including organic, all-natural, low-sodium, kosher and vegan, all within FDA- and USDA-inspected, HACCP-certified, SILLIKER-audited confines.

These capabilities are all centered in the company's northern California location, operated by 80 employees that help to distribute Del Monaco products nationwide and into Canada. Recognizing and appreciating employees is one of Vic's main concerns. "We are very employee-focused; we feel they are our greatest asset. When an employee steps up we have a great

way to reward them and focus on their performance, and we continue to build our management team as we continue to grow,” he shares.

Having experienced, enthusiastic employees assures attention to detail, which increases Del Monaco’s credibility, and that “is the most important attribute we have besides our employees,” Vic says. This well-managed workforce has allowed Del Monaco Specialty Foods to experience ongoing, rapid organic growth.

And Del Monaco could have grown larger, if Vic and Tony allowed it. “Our primary challenge has always been our strict attention to customer screening. We would have the ability to grow much faster and have even greater cash flow than we do if we opened up the floodgates and let more customers in. But we are very concerned about providing quality and making sure that the customers we do accept are the right fit,” he says.

The company’s growth did require it to upgrade its facilities, however, despite the challenging economic climate. “We moved from a facility in San Jose that was about 19,000 square feet into a facility that is 80,000 square feet in an economic time that was the worst in recent history when everyone was pulling back and no lenders were lending. But we were able to continue our growth and move into a very large facility,” Vic says. “It was a great move contributing to increasing our efficiency, accuracy and food safety practices, while providing our existing customers with added capacity to fuel their growth.

“The equipment we put in is very expensive, most of it is custom-made,” Vic further explains. “We used some top talented engineers, including one we’ve had on staff for over 30 years who designed most of the equipment and the layout of the facility. We had initial resistance from the lenders due to economic pressure; most were not lending. Based on our excellent credit history and strong business plan, we asked for their support and were one of the only ones they lent to in the size and scope that they did.”

Creating Growth Partnerships

Moving to a new facility was of the utmost importance for the company’s success, and not only because it includes energy-saving installations, recycling programs and more. “We were way over-capacity in our old facility, so this gives us the room to really continue to grow. We were short on storage space, and even though inventory is made-to-order and we don’t carry stock inventory we make a lot of products, so we had to increase our storage space even for the short hold times,” Vic shares.

With the new equipment comes more capacity. Equally important to increase production efficiency, however, are the top-notch suppliers that can meet Del Monaco’s needs. “We’ve had relationships that are real deep and go over 30 years. We will travel around the world to source raw materials and look for the best ingredients to match or create a unique custom recipe. There’s always cost involved, so whatever we do we will build a costing model and share it with our customer in the R&D phase and create bench tops or samples for them to try,” Vic explains.

When choosing suppliers, Del Monaco has an audit program and looks at vendors’ “credibility, and ability to provide the highest standards and ability to meet supply demands,” Vic divulges. “We will often ask for their audits and their certifications and we often go out and do audits on them physically as well. We’ll also ask for pricing, but quality and reliability are more important than the cheapest choice. Managing vendors is extremely important for a growing company.”

Reliable vendors will be particularly important when it comes to some of Del Monaco’s upcoming initiatives. “We’re ready to launch a whole new package for soups, sauces and anything that’s cooking in the kettle. We have a retail package that we’re actually introducing to one of our national customers. We unveiled it and the response has been phenomenal,” Vic shares. “They can’t wait to put it on their shelves; this is the next big thing in the category of packaging products.”

Consistent with the initiative toward efficient innovation is the implementation of an Enterprise Resource Planning (ERP) system, which Del Monaco Specialty Foods instituted many years ago. “Systems are so important to focus on, and what we’ve done is look at every process, analyze it and look at the best ways to improve it,” Vic says. “The ERP system is to really manage our systems better and provide traceability. Everything is bar-coded, scanned and tracked through the entire facility.”

Vic sees vast growth in the company’s future. “I envision us maximizing this facility and growing demand on the East Coast and the mid-U.S. I envision having three locations: one in the east, one in the middle of the country and this one in the west,” Vic shares.

With the Del Monaco brothers’ careful expansion plans and conscientious management, Del Monaco Specialty Foods is positioned to continue delivering custom, trusted food formulation and manufacturing, making more and more customers feel the company’s kitchen is an extension of their own. •



The Del Monaco brothers