



## Turning Old World into New

Skinner Baking Co. injects new life into the traditional baked sweet goods category with classic products and a contemporary branding effort that targets younger consumers.

BY DAN MALOVANY

**D**o you know the muffin man, the muffin man, the muffin man? Do you know the muffin man who lives on Drury Lane?

For years, consumers had no idea Skinner Baking Co. had been quietly contract manufacturing premium muffins for in-store bakeries as well as a variety of well-known national brands. In September, however, the Omaha, NE, bakery began rolling out its trademarked Drury Lane jumbo gourmet muffins — the latest addition to the J. Skinner line of branded, baked sweet goods sold at in-store bakeries.

Drury Lane muffins come in flavors such as Corniest Corn, Blissfully Blueberry, Chocolate Rush, Creamy Carrot Top and Mind Blowing Banana Nut. The company packages the muffins in a larger format — 17 to 18 oz per clamshell —

than many other muffins, typically sold in 14.5- to 16-oz package sizes, noted Gary Kyle, vice-president marketing, Skinner Baking. The fully baked frozen products are distributed nationally to supermarkets, mass merchandisers and other retailers and thawed at the store level.

“We intend to shake things up with this branded gourmet entry, featuring over-the-top recipes with high-impact packaging graphics and our exclusive tamper-evident seal,” Mr. Kyle said.

The J. Skinner line, which the bakery launched at the 2009 International Dairy-Deli-Bakery Association’s show, now includes 25 stock-keeping units (SKUs) of strip Danish, ring Danish, sweet buns and rolls, and seasonal, limited-time-offer Danish varieties.

► Skinner Baking expanded its J. Skinner branded product line with Drury Lane muffins that come in 17- to 18-oz packages.

SKINNER BAKING

Including its private label items, the company’s overall top-selling signature product continues to be the 108-layer strip Danish coffee-cakes, with the Heavenly Cheese variety, made with a Neufchatel





## Birth of a Brand

As a contract manufacturer, Skinner Baking Co. competed almost solely on price and service. Despite the bakery's reputation for producing high-quality products, Jim Skinner, CEO and co-founder of the Omaha, NE-based company, often worried about the company's future. "With co-packing, you are not in charge of your destiny, so we could only put all of our efforts into controlling our future from a quality standpoint, a pricing standpoint and a customer service standpoint," he explained.

Or as Audie Keaton, president of the company, put it, "At the end of the day, Skinner Baking was four walls and a bunch of equipment. That's what we were, and it was all about price."

For years, Mr. Skinner and Mr. Keaton talked about creating a brand, but the discussion didn't get serious until about four years ago. Although its customers knew Skinner Baking, the company had no identity with consumers. The bakery was one of the industry's best-kept secrets, according to Mr. Keaton.

"At food shows, our customers would say, 'Is this a Skinner product? My shoppers will only buy it if it's a Skinner product,'" Mr. Keaton recalled. "I'm listening to this and thinking, 'They just identified us as Skinner. We have an identity, but not a brand.'"

After an initial unsuccessful foray into the branded arena, Skinner Baking hired Gary Kyle, a veteran of the baking industry, as vice-president of sales and marketing. Working with David Skinner, marketing manager and Jim Skinner's son, Mr. Kyle recommended an outside marketing firm that spent eight months working with company executives to develop and define the brand proposition.

The challenge, however, involved its core consumers, who tended to be 55 and older. To broaden its base, the company targeted a younger demographic, specifically 19- to 35-year-olds. The marketing group initially came up with the J. Skinner name and a lowercase Picasso-inspired logo. It also gave catchy titles to its products such as the Sinfully Cinnamon rolls. To further differentiate the brand in the in-store bakery, the company developed high-impact graphics printed on a cardboard sleeve that covers part of the clear plastic clamshell and communicates its more youthful message directly to consumers.



▲ Rolling out the J. Skinner brand and its new products requires a coordinated effort from the company's management team, including (from left) Brent Willis, director of purchasing; Gary Kyle, vice-president of marketing; Anita Krysl, director of finance; and Matt McMillan, director of sales.

BLANE SUTTON

cheese blend, as the No. 1 SKU. The Cinnamon Craver Roll leads sales among sweet buns and rolls.

Unlike the bakery's private label and contract manufactured products, for which the company often uses formulas supplied by or developed with its clients, the J. Skinner line was created totally in-house by Dennis Nolan, a 35-year master baker, and a team of veteran bakers. To create these super-indulgent products, the bakery employs what it calls modern artisan baking by combining traditional European baking methods at its highly automated facility.

**THE MAGIC NUMBER.** Its 108-layer Danish, for instance, is made using a laminated dough sheet that's retarded for 24 hours and contains 22% margarine to 78% dough. "Years ago, when I just started in the industry, I worked with bakers who came from Europe — real old-timers who knew how to make authentic Old World Danish," recalled Audie Keaton, the company's president. "They took no shortcuts and did it right using authentic ingredients. The dough had to be 108 layers — not more, not less. If it has fewer layers, the final product won't have the proper moisture content. If

▼ (From left) Mike Knott, vice-president of finance; Audie Keaton, president; and Jim Skinner, CEO, review plans for the bakery.

BLANE SUTTON



it's more than 108 layers, the product will collapse after baking and not have the desired texture."

The signature strip Danish also contains a 30% fruit or cheese filling-to-dough ratio, Mr. Kyle noted. For some of its highest-quality cinnamon roll varieties, the bakery uses a 50:50 sugar-to-cinnamon ratio, plus a dollop of icing made from half butter and half cream cheese that melts into the product. Sugar and cheese top its Creamy Carrot Top muffin, and production workers manually place blueberries or bran onto muffins before baking to add an extra touch of flavor and visual appeal, thus creating the over-the-top finished product in more ways than one, according to Mr. Kyle.

Refusing to compromise on quality has been Skinner Baking's point of differentiation since 1983 when Jim Skinner, CEO, and his father, Lloyd, formed the baking business, according to Mr. Keaton. "We don't tinker with the products to be more competitive," he said. "We don't alter the product at all from its original formula. We have 450 people working here, and our products provide them with a living."

Even when ingredient prices increased, the family-run business searched for other ways to reduce costs. If it had to, the company would take a hit on margins or raise its prices, but only as a last resort, according to Mr. Keaton.

**LEANER MANUFACTURING.** Since it launched its namesake brand in 2009, Skinner Baking has experienced double-digit growth by convincing in-store bakeries to switch from selling private label products to offering the J. Skinner line (see "Birth of a Brand" on opposite page). The momentum of the company's branding program prompted significant changes in its 144,000-sq-ft operation. With this initiative, Skinner Baking cut the number of SKUs it produces from more than 200 to

about 140, partly by switching the number of private label varieties to a more limited line of branded ones.

Mr. Keaton estimated the company could reduce its portfolio by 15 more SKUs in the near future, and there is strong incentive to do

so. "There are a lot of synergies and savings by consolidating, including freight, vendors and buyers," he said.

With its volume rising significantly, the operation had begun running seven days a week. Specifically, the bakery had operated two



morning and two afternoon shifts, running two of its three production lines during each shift. Extensive maintenance and sanitation procedures separated each shift (see "Pit Crew Mentality" on opposite page). However, the company is adjusting



## Numbers Tell the Story

Before Skinner Baking Co. rolled out its branded line, the executives at the Omaha, NE-based company wondered how its major in-store bakery customers would respond to replacing their private-label baked sweet goods with the J. Skinner brand. To respond to this tricky proposition, the company came out with its "Our Brand Means Business" trade marketing campaign, which included full-page color ads in national trade and bakery publications. At the same time, consumer advertising including point-of-sale materials, table displays and, in selected markets, radio broadcasts, digital outdoor advertising and major event sponsorships got underway.

Now, it has the numbers to back up its initiative. According to Symphony/IRI scanner data released by the company, Skinner Baking experienced 13.4% sales growth in the mature Pastry/Danish/Cake category, which saw overall sales decline 0.5% for the 52 weeks ending Feb. 20, 2011.

While private label still remains a significant part of its business, the company's growth now comes from the branded side. "The retail trade has responded favorably to our strategy as they see us bringing new consumers into this important category for the in-store bakery," noted Gary Kyle, vice-president of marketing.

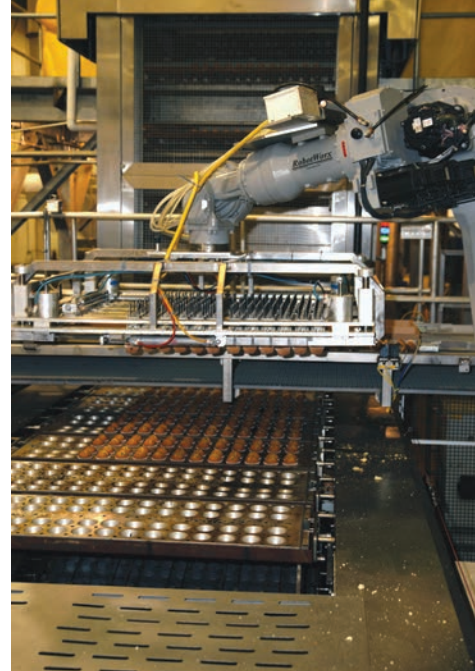
Major accounts with more than 60% of the national all-commodity volume have already converted their Danish offerings in the in-store bakery from private label to the new J. Skinner brand. As a result, its customers who made the switch to branded products are seeing year-over-year dollar sales increases in the range of 15 to 30%, according to Mr. Kyle.

its production schedule and shifting personnel so it can run all three lines simultaneously. Mr. Keaton said the move to three lines not only boosted the plant's capacity by 30% but also allowed it to return to a six-day-a-week schedule.

To lower overhead and streamline operations, the bakery hired three industry veterans to head up the company's lean manufacturing initiatives. A simple change in processing or procedures can add up to substantial savings for a bakery that produces more than 200 million products a year, Mr. Keaton said. "Working with production personnel, we are identifying ways to work more efficiently," he noted. "We're looking at processing, safety, cross traffic, labor — you name it."

For instance, the bakery plans to move two Shaffer 3,000-lb horizontal mixers from its air-conditioned mixing and laminating room into another space next the muffin line. Because muffin batter can be made in an ambient environment, relocating the mixers will save both time and labor. Specifically, mixer operators won't have to wheel the bulky troughs full of muffin batter 50 yards to the production line.

In another cost-saving effort, the bakery plans to install a whole-egg tote system instead of using boxed



▲ A robotic depanner picks and places freshly baked muffins after cooling.

BLANE SUTTON

eggs. According to Mr. Keaton, the investment will also reduce labor and the amount of cardboard waste the company discards to landfills.

**FOOD SAFETY FIRST.** Currently, the plant holds a Level 2 certification from the Safe Quality Food Institute, and it expects to attain Level 3 next year, according to Mr. Keaton. Additionally, the kosher-certified facility has consistently received a Superior rating from AIB International and is regularly audited by its private label customers. However, when the

▼ Skinner Baking uses nine horizontal mixers to produce a wide variety of Danish, cinnamon rolls, muffins and other baked sweet goods.

BLANE SUTTON



facility reaches SQF Level 3, Mr. Keaton hopes to reduce the number of audits. “We’ve changed our entire culture — everything from traceability to HACCP to food safety and employee safety,” he added.

Bulk flour is stored in two Pfening 105,000-lb silos. Moreover, a Pfening 65,000-lb high-fructose corn syrup tank and a 45,000-lb soy oil tank feed the operation. Most minor and micro ingredients as well as packaging supplies are stored at an offsite facility, and the company only brings a day’s worth of ingredients into the plant to maximize space for production.

Inside the facility, a cooler stores butter, milk and other temperature-sensitive ingredients. Allergens, especially pecans and other tree nuts, are separated from other ingredients per the company’s HACCP plan. The plant’s tempering room brings margarine and butter up to optimum temperature, making the fats more malleable during the laminating process. A dedicated operator hand-scales all minor ingredients by batch in another room, then wraps each

batch in pink plastic on a tray and tags it for traceability.

The mixing and laminating room houses seven Shaffer horizontal mixers ranging in capacity from 1,600 to 3,000 lb. Skinner Baking recently purchased two

Shaffer 3,000-lb horizontal mixers with glycol jackets to provide better front-end control of its dough temperature, Mr. Keaton said. In all, the bakery will have nine mixers feeding its production lines. For yeast-raised sweet goods, the bakery uses

### Pit Crew Mentality

Because most of Skinner Baking Co.’s baked sweet goods are made with five — eggs, milk, soy, wheat and nuts — of the Big Eight allergens, the plant’s sanitation and maintenance crew needs to race into action to break down and set up equipment as the schedule changes from one product to another after each shift.

“We call them the ‘pit crew’ because it only takes them 2.5 hours to break the equipment down, clean the line and set up new equipment for the next shift,” said Audie Keaton, president of the Omaha, NE, company. “They do it really fast and really well!”



a sponge-and-dough process. Operators mix 2,800-lb batches that they then dump into troughs that feed two extruders on the Moline laminating line.

After creating 36 layers by folding the dough and margarine — or, for a few high-end customers, butter — the dough sheet passes through a reduction station. To obtain the desired 108 layers, the sheet is folded over itself three more times before it passes through a series of flour dusters and reduction stations to make it 19 mm thick.

The dough sheets are folded gently and placed on pans — with 32 pans on each double rack — and rolled into a first-in-first-out 34°F retarder where the dough books remain for up to 24 hours. The current retarder holds 243 racks, but with the boost in sales volume, Skinner Baking plans to add 40% more capacity. Operators attach a hand-written label to each rack to document the batch number, time produced, product variety and other information for traceability purposes.

The time-consuming fermentation process is integral to making quality Danish and other sweet goods. In fact, Mr. Keaton noted, even the company's non-laminated sweet doughs receive 2.5 hours of fermentation to develop their flavor prior to makeup.

▼ Cinnamon rolls bake in a 300-ft oven. After cooling, a dollop of icing is added to Skinner Baking's premium products.

BLANE SUTTON



► After a depositor adds muffin batter, line workers manually sprinkle on toppings to provide a touch of indulgence to the products before baking.

BLANE SUTTON



After 24 hours of retarding, the laminated dough books are sheeted on one of the two Moline makeup lines. During *Baking & Snack's* visit, Skinner Baking produced gourmet cinnamon rolls for a food service customer on line No. 2, which also makes sweet dough products such as mini-Danish and sticky buns. Line No. 3 typically produces larger products — strip Danish and coffee cakes. Line No. 1 makes muffins.

On line No. 2, the dough initially travels through multi-roll reduction stations before a roller cutter slices the sheet into two. These

two strips are then filled with a 50:50 cinnamon-and-sugar paste. Torpedo rolls then curl the dough strips to seal in the cinnamon-and-sugar filling. Next, a guillotine cuts the roll into individual pieces that are hand-placed into pans, racked and rolled into a proof box that is kept at 110°F and 95% relative humidity for 45 to 55 minutes.



## New Products = New Equipment

When Skinner Baking Co. rolled out its branded muffin line, the company used existing capacity on its AutoBake line and other equipment. But the new product launch next year will likely be different. "Our next new product will involve a total expansion and new equipment," said Audie Keaton, president of the Omaha, NE, company. "The lines we have now will support our growth, but we're looking to add all-new lines with our new products."

As it expands its J. Skinner brand, the bakery plans to stay within its core competency of creating top-quality baked sweet goods, noted Gary Kyle, vice-president of marketing. "All of our products are born internally," he said. "We have a gifted team of baking industry veterans who know what will work in the marketplace. Once we agree on a product or line of products, all departments take pricing into action. Recipes are created and tested, packaging design work begins, the purchasing department studies our commodity needs, and finance begins costing models. We are typically one year out on new product plans, so a lot of work and planning goes into every product launch."

Although the J. Skinner line currently has only 25 SKUs, Mr. Keaton said, the goal is to be the one-stop shop for the in-store bakery when it comes to baked sweet goods.

Property of Baking & Snack Magazine



▲ Skinner Baking doesn't take any shortcuts when producing its authentic, 108-layer Danish. After sheeting and laminating, the dough is placed on racks and retarded overnight to provide the Danish with its distinctive flavor.

BLANE SUTTON

The flexible production lines contain a number of systems such as a Colborne streusel topper to create a variety of products including coffee cakes, individual Danish and more. The cinnamon rolls bake in a Baker Perkins 300-ft, 6-zone oven and then head into a variable-speed overhead cooler for 18 to 31 minutes. During the cooling process, Mr. Keaton said, the objective is to reduce the base product temperature from around 205°F to 105°F so the icing doesn't crack if the product is too cool or wash out if it is too warm.

**MUFFINS AND MORE.** For muffin production on line No. 1, two Precision denesters drop 48 muffin liners into each AutoBake pan. The line needs two denesters to keep up with the speed of the Hinds-Bock servo-driven deposi-

tor. Muffin sizes typically range from 0.9 to 4.5 oz. The pans then enter an AutoBake Serpentine thermal oil oven where the products bake for 15 to 20 minutes. The oil used to heat the 4-zone oven also supplies heat for the line's automatic pan washer, according to Mr. Nolan.

A robot depans muffins after baking. The robot's pick-up arm injects four needles into each full-size muffin and, by retracting the needles, places all 48 muffins simultaneously on a conveyor leading to an AutoBake Serpentine cooler. Mr. Nolan noted it takes twice as long to cool the muffins than it does to bake them. The bakery even has a system that pumps in chilled air to facilitate the cooling process.

Like many contract manufacturers, Skinner Baking relies on a host of packaging systems to serve its various customers. After passing through a Safeline metal detector, muffins can be individually wrapped or packaged in corrugated trays using three FMC horizontal flow wrappers, a Formost Fuji flow wrapper or an Ilapak flow-wrapping system, Mr. Keaton said. Individually wrapped items travel through a diverter that fills four to five lanes, depending on the size of the product, and directs them to the flow wrappers.

On the other hand, bulk-packaged muffins for food service are placed in cardboard trays, overwrapped in plastic and sealed using a Shanklin

shrink wrapper. HP ink coders add production dates, lot numbers and shelf-life information on all packages.

The company assembles clamshell-packaged products in a separate area of the plant near the storage freezer. After passing through a Safeline X-ray system, Danish and other sweet goods can be placed in three shapes of tamper-evident clamshells. To apply the tamper-evident seal, a sonic system welds the top and the bottom of the recyclable clamshell, giving it a 360° seal that actually extends the products' shelf life to 10 days.

▼ After baking and cooling, muffins are lined up before being wrapped.

SKINNER BAKING

▼ A sleeve touting the benefits of J. Skinner branded sweet goods is placed over tamper-evident clamshells prior to case-packing and distribution to in-store bakeries.

SKINNER BAKING



Labels can be applied to private label products, but the J. Skinner items pass through two custom-designed, proprietary systems that slip high-impact graphic sleeves over the clamshells. The flexible packaging department also uses a Nordson case erector.

Many products are flash-frozen inside an ammonia-chilled blast freezer set at -35°F and housing an I.J. White 1,700-ft-long spiral conveyor. The bakery's main storage freezer can hold 770 pallets, allowing the plant to schedule longer production runs for many of its products, according to Mr. Keaton. In addition to the plant's holding freezer, Skinner Baking relies on an offsite cold storage center.

By building frozen inventory, the bakery can minimize changeovers and streamline the operation by producing four different varieties of muffins on four separate shifts, placing them in shrink-wrapped trays and using this inventory at a later date to create bulk variety pack cases for its customers' convenience.

**TOTAL MAKEOVER.** As part of the J. Skinner initiative, the company is giving its bakery a makeover to reflect its new image. For example, the company remodeled the lobby of its plant, as well as the offices and even the locker rooms, to reflect its brand's contemporary style.

Moreover, Skinner Baking is building an innovation center for future product development. To create space for the center, the company purchased a former beer bottling warehouse down the street, which after renovation now houses sales, marketing and administrative offices. Eventually, the facility's extensive warehouse space will be used to store its offsite inventory of ingredients and packaging material so that it's much closer to its production bakery. The current main material storage facility is about a mile from the bakery.

During the past two years, the J. Skinner brand has made great strides, but the company's executives know they have just taken baby steps in the long run. "The brand is still in its infancy, but we are wondering, 'What's next?'" Mr. Keaton noted. "We recog-

nize that we have a target on our backs. Our challenge now is to stay relevant, and we're going to attack it in a lot of different ways. We're branching out. We're approaching different concepts, ideas and trends. Our goal is to keep our sales fresh and our brand fresh." ■

