

Shape of Things to Come

Kronos Foods' business revolves around the burgeoning flatbread market and the surging popularity of Mediterranean foods.

When it comes to the future of bread, Kronos Foods envisions a world that's flat, round and full of opportunity. For Michael Austin, CEO of the Glendale Heights, IL-baking company and veteran of the food industry for more than three decades, identifying these opportunities for long-term growth in today's competitive environment requires seeing flatbread in all types of shapes and forms.

In addition to its authentic Greek pita, which comes in 5-, 6- and 7-in. rounds, Kronos Foods offers Pocket Pita, Halal Naan pita and Perfect Pita — a consistent-looking round flatbread ranging from 4- to 9-in. in diameter.

But that's just the beginning. The company produces par-baked pizza crusts and a 7-in. panini pita that combines the company's Greek pita formula with grill marks added to a final product to make it easier for its food service customers to

make the classic Italian hot sandwich. Flavored flatbreads include Southwest Chipotle, Sun Dried Tomato and Cinnamon Brown Sugar varieties. In a shape of things

to come, Kronos Foods now offers white and wheat appetizer flatbreads in round, square, wedge and rectangle shapes. To produce so many varieties — 22 in all — the



Howard Eirinberg (left), president of Kronos Foods, and Mike Austin, CEO, believe flatbread and Mediterranean foods have tremendous upside potential.



Kronos' classic 7-in. traditional pitas are packaged in its Glendale Heights, IL, plant.

bakery relies on versatile sheeting technology, including a \$5 million line installed in 2010. "The sheeting lines have the ability to make stars and stripes, squares and rectangles, trapezoids or any shape known to mankind," Mr. Austin explained.

The company's growth strategy, he added, is to develop flatbreads for almost every eating occasion throughout the day, although Mr. Austin noted the bulk of flatbread consumption still occurs during the 11 a.m. to 3 p.m. lunchtime period. "We see opportunities for increasing consumption during the evening hours, as a snack or as an appetizer for a party. It's all about convenience and giving consumers something new," he said.

All things Mediterranean

Founded in 1975 by Chicago businessman Chris Tomaras as a local manufacturer of gyros meat and

its patented Kronomatic broiler, the company leveraged its Greek cuisine roots and now manufactures and distributes a full line of Mediterranean foods throughout the US and Canada. "Over the past five to 10 years, we morphed," Mr. Austin noted. "We now look at opportunities that are much more broadly Mediterranean than just from one specific region."

In addition to its bakery and gyros meat operations, Kronos Foods also manufactures tzatziki, hummus and Greek yogurt as a part of its dairy business in its flagship facility that it opened just two years ago in Glendale Heights. At its Rain Creek Baking operation, located in Madera, CA, the company produces baklava, filo dough sheets and other Mediterranean desserts under the Sinbad Sweets and Kronos labels.

During the past decade, the diversified food manufacturer reinvented

Now: the new Mexican food

Michael Austin first ate at a Chi-Chi's restaurant in the mid-1970s when the concept of Mexican food was still in its infancy. Back then, he couldn't envision that the ethnic fare from south of the border would be accepted by so many consumers, become assimilated into the American culture and grow at the rate that it did over the past few decades.

Now, the CEO of Kronos Foods believes Mediterranean food has the same potential. "With the emphasis on the Mediterranean diet, Mediterranean food has the opportunity to grow at the same pace as Mexican food has done over the past 40 years," he observed.

Kronos rides the trend that crowns Mediterranean-inspired foods with a healthy eating halo, broadening their popularity and moving them into the mainstream. Specifically, new product activity has driven volume, especially in the flatbread operation. In addition to being lower in calories than conventional bread, pita and various forms of flatbread ranging from cracker-thin crusts to 1.25-in.-thick breads can be used in multiple applications including bruschetta and sandwich wraps.

Recently, the company began combining products from its various businesses to create new meal replacement solutions. For example, Kronos took pita wedges from its bakery division and packaged them with hummus from its dairy operation to provide a convenient meal solution for consumers.

Managed by Nick Spondike, director of research and development, the test kitchen in the company's Glendale Heights, IL, headquarters serves not only as its linchpin quality assurance lab, ensuring the pitas and flatbreads grill up properly without cracking or crumbling, but also as the hub for developing new products and creating alternative menu items for its food service customers. In addition to developing new flatbreads, the center also works with Kronos' Rain Creek Baking subsidiary to create new desserts, including a seasonal cranberry baklava and new ways to use its filo dough sheets by in-store bakeries. Kronos also uses the center to train its multi-unit customers.



Versatile forms of flatbread provide creative meal solutions.
Kronos Foods

itself through a combination of acquisitions and organic growth, he added. With the purchase of Rain Creek Baking in 2006, the company not only expanded its product portfolio into the Mediterranean sweet goods category, but it also broadened its distribution capabilities. Historically, Kronos Foods predominantly served independent quick-serve restaurants, casual dining, schools and food service chains.

Rain Creek Baking, which did 90% of its business in club stores and other retail outlets, nicely complemented its core customer base and provided an anchor for distributing products on the West Coast.

“We were able to purchase a company that’s No. 1 in its category and blend it into our company, which was No. 1 in its category,” Mr. Austin said. “Kronos can take products from Rain Creek and package them in formats that appeal to a broad food service market. Likewise, they can take the products Kronos manufactures, combine them with their products and take them to retail and club stores. We found we could grow our business in each other’s companies. It was a great example of one plus one equals three.”

To bolster production out West and lower distribution costs, Kronos last year purchased Pita King Bakery, Everett, WA, and moved its production line to the Madera facility. Pita King produces an authentic Middle Eastern pocket bread that complements the products that Kronos had to offer. “It gave us pita-baking capability in California that we didn’t have,” Mr. Austin added. “We believe there is a

huge market in California and the western US.”

Synergies under one roof

Consolidating three businesses into a single facility improved communication, enhanced new product development, strengthened the company’s sales effort and spurred organic growth, according to Mr. Austin. Previously, the bakery division, meat business and Kronos Central Distribution Co. operated in separate buildings within a quarter mile of one another. Now, Kronos’ distribution division uses a fleet of company-owned trucks to deliver products regularly to restaurants throughout a 100-mile radius around Chicagoland. It also coordinates shipping with more than 300 food service distributors nationally. In fact, the company boasts that it stocks more than 1,400 products and satisfies more than 1,100 orders a week with a 99% fill rate.

“While we always had the synergies, we didn’t have the distribution people working with our manufacturing people,” Mr. Austin noted. “We didn’t have our bakery people working with our meat people. We didn’t have senior management working in

Free gyros benefit nation’s heroes

For the past three years, Kronos Food has held a free gyros day in the middle of summer to support the Fisher House Foundation, which helps build comfortable lodging for the families of hospitalized military personnel. The sandwiches are given away at four Kronos Gyros and Cafes at highway oases in the Chicago suburbs and more than 50 participating restaurants. Consumers can visit www.kronosfreegyros.com and download a coupon for the sandwich. In return for the free sandwich, Kronos Foods asks consumers to donate and help support the Fisher House at the Edward Hines Jr. VA Hospital in Hines, IL.

In addition to other promotions for the foundation, employees regularly volunteer when the Glendale Heights, IL, company serves free dinner to the families staying at the local Fisher house.



Kronos Foods provides support for several charities.
Kronos Foods



An operator dumps pizza dough from a 2,400-lb horizontal mixer into the hopper of a dough pump.

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the bakery every day. There are things we gain by working together. By getting everyone under one roof — it was a geometric leap forward.”

In addition to Mr. Austin, Kronos’ top management team in-

cludes Howard Eirinberg, president. Sargon Boudakh serves as vice-president of operations.

For Kronos, pulling all of the pieces together took some time and substantial effort. Back in 2006, it took

Kronos about 14 months to jackhammer out the floors, install drainage systems and remodel a food service distribution facility. The company consulted the US Department of Agriculture and the Food and Drug Administration to ensure the new operation complied with the latest food safety and security regulations. “These agencies have done a remarkable job in using technology to protect the food supply,” Mr. Austin said. “Before, we were working in a facility that was built in 1964 and using modern technology.”

In addition to enhanced sanitation, the centralized plant offers improved efficiency and production versatility. Although the 210,000-sq-ft building in Glendale Heights is smaller than the combined 268,000 sq ft of the three older Chicago operations, the suburban facility doubled Kronos’ meat processing capacity. With a streamlined layout to the bakery production lines, efficiencies improved by 30%. Moreover, no longer does the company have to rely on offsite locations for freezing and storing product, and it has adequate freezer space to accommodate growth for years to come, according to Mr. Austin.

“Even though we moved to a smaller facility, envision building an operation in a way in which you wanted it,” he said. “You end up with a more efficient operation that’s more secure and safe than what we had before.”

According to published reports, Kronos has about \$120 million in annual sales. While the largest portion of its revenue — the mature gyros and meat business — continues to grow at 4% annually, Mr. Austin observed its diversified flatbread business is experiencing a 20% increase in yearly sales. The dessert operation is the third largest, and the dairy division, albeit the smallest, is undergoing the most robust growth at this time.

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Food service still accounts for about 80% of total revenue, he said, although flatbread business is expanding aggressively into the fast-growing in-store bakery channel where Kronos' packaged products can be found on the deli board. Still, Mr. Austin doesn't see only flatbread manufacturers as competition. Rather, the company has a much bigger target. "The bread aisle is the biggest competitor — specifically, hamburger buns and bread," he said.

Production on the rise

Overall, the bakery takes up about 32,000 sq ft of the facility in Glendale Heights. Kronos relies on two sheeting lines and a more conventional doughball operation for items requiring additional cell development such as artisan-style products — some of which may be hand-formed to attain a traditional

texture and appearance. "The hand-made bread tends to be a bit chewier, and some consumers prefer that over the very soft and spongy bread that's made on the sheeted lines," Mr. Austin said.

The plant operates two shifts daily. Among the 200 employees who work in the entire operation, more than 60 of them have been with the company for 20 years or longer.

Flour is stored in two 100,000-lb silos and bulk ingredient handling system from KB Systems, which also provided new 800-lb flour hopper scales to the mixers. Minor liquid ingredients, including as the special blend of olive oil that it uses in flatbreads, come in totes, while the bakery uses bagged minor and micro dry ingredients.

A separate room houses a Peerless 2,000-lb horizontal mixer sheeting line (line 1), a 1,000-lb. Hercules



Kronos Foods goes beyond gyros to provide innovative food service solutions.
Kronos Foods

mixer for the doughball line (line 2) and a Champion 2,400-lb horizontal roller bar mixer from CMC America for the new, \$5 million sheeting line (line 3). The bakery also has a backup Peerless 2,000-lb mixer. Kronos also relies on an older liquid sponge system for some doughs and incorporates scrap into various formulas, said Ruben Lara, director of operations.

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Kronos' freshly baked, 7-in. traditional pitas leave an oven (top) and head to one of two cooling systems (bottom) in a temperature-controlled area.

Creating a food service brand

While many suppliers to the food service industry prefer to fly under radar, Kronos Foods has been front and center with consumers for more than 30 years. As a result, the name has strong recognition in the Chicagoland area. In fact, 61% of local residents recently surveyed by the company recognize Kronos and know the name is synonymous with gyros sandwiches and other Greek foods, according to Michael Austin, CEO of the Glendale Heights, IL, company. The next brand has only 14% name recognition, according to the market study.

Throughout the Chicago area, posters of young consumers eating a Kronos gyros sandwich have been a mainstay in independent quick-service restaurants that serve Italian beef, tamales and local Chicago-style hot dogs on a poppyseed bun. To spread the word, Kronos also puts its logo on paper bags, napkins, table tents and more.

"The takeaway is that consumers know who we are, and they know we are recognized for the highest quality, and to that end, we don't want to disappoint them," Mr. Austin said.



The company's \$5 million investment in its 52-in.-wide sheeting line doubled the bakery's potential throughput, according to Mr. Austin. The newest CMC mixer can handle batches ranging from 800 to 2,400 lb. In addition to reducing mix times by 3 minutes, the new mixer can provide energy savings, according to the company. Dough from the mixer is pumped to a vertical belt conveyor that can feed hoppers on multiple lines.

In a separate makeup room on the newest line, the dough travels through a multiroller that provides the initial sheeting and then to multiple reduction stations that create sheets of various thicknesses, depending on the product. The dough sheet is trimmed before it enters and zigzags down a 12-tier, 25-ft-long continuous circuit proofing rack. The bakery then uses a number of rotary cutters to make a variety of flatbread shapes and sizes.

After receiving a light spray of a specialty oil blend, the pieces then bake in a C.H. Babb 50-ft direct-fired oven with a belt that can move 25 to 100 ft per minute, which roughly translates into bake times ranging from 30 seconds to 2 minutes, depending on the product. The oven features automatic belt tracking and energy saving insulation and design. The oven's gap controls automatically turn down burners during changeovers and other times when products aren't running through the oven. Such controls minimize flash heat and prevent flatbreads from burning by stabilizing the heat in the oven.

The par-baked pizza crusts then enter an IJ White Ultra Series blast freezing system set at -10°F, according to Mr. Lara. During *Baking & Snack's* visit, par-baked pizza crusts passed through a Safeline metal detector before being manually stacked.



After mixing and extruding, a series of reduction stations gently reduce the thickness of the dough sheet to make soft, spongy flatbread.



Ruben Lara (left), director of operations, and Alfonso Dias, line operator, monitor production as 16-in. pizza crusts enter the 52-in.-wide oven for baking.



Par-baked pizza crusts travel from the oven along a conveyor into the bakery's blast freezer.

Building in versatility

Throughout the years, Kronos has built flexibility and invested in improving into its operation, according to Mr. Lara. In 2009, the company installed a new Gemini oven to improve the quality of its baking process on its 48-in.-wide sheeting line.

The bakery uses the doughball production line, albeit an older system, to produce its traditional 7-in. and other artisan-style pitas. In a process similar to a bun operation, the dough enters an 8-pocket divider, travels through bar rounders, receives about 15 minutes of intermediate proofing, then a second proof before receiving a spray of oil and baking. A roller bar flattens the dough into a pita shape.

The pitas then travel along one of two IJ White Ultra Series spiral

cooling systems in an enclosed room set at 40°F for about 10 minutes. The enclosed room improves shelf life because the wide-surfaced flatbreads are not exposed to ambient air. Unlike cascading coolers often used in tortilla and other operations, the spiral coolers provide Kronos with greater flexibility because they can handle a wider variety of different-shaped products. Additionally, because there are no transfer points, the line has fewer wrinkled or damaged products caused by pitas folding over one another and fewer jam-ups at the transfer points.

After cooling, the pitas are hand stacked before being packaged using a UBE bagger and receiving a Kwik Lok closure. Many of its

newer varieties of artisan-style flatbreads, however, are packaged in resealable bags. "We think the consumer likes the opportunity to open and seal the bags at their convenience to maintain a higher degree of freshness once they take it home," Mr. Austin said.

Kronos is working toward Safe Quality Food (SQF) Level 3 certification this year. Good manufacturing practices remain the foundation for the company's success in the long run. The company also has a long-established HACCP policy.

"At the end of the day, the only thing I have to sell is our name," Mr. Austin noted. "We strive to do everything in our power to produce the best possible product that we can put our name on." •