

Olson Baking Co. improves efficiency through automation

More Productive than smaller bakeries and more flexible than larger plants, this bakery serves in-store bakeries and wholesaler distributors. It succeeds by automating operations and asking suppliers to be production partners.

By Jerome A. Koncel

Eight years ago, Seattle-based The Olson Baking Co. started operations as Signature Bakery, and its manufacturing operations consisted of several pieces of manually-fed equipment transferred from the in-store bakeries of Olson Foods. As the saying goes, the company has come a long way in a short time.

During the last three years, Signature Bakery purchased two local competitors and merged their product lines into existing operations. Signature acquired an adjacent building, added two automated production lines, and doubled its production capacity.

Renamed The Olson Baking Co., Signature Bakery today is a family owned operation that has upgraded its equipment, enlarged its production



IJ White Donut Cooling System

capacity, and become a leader in a unique market niche in the Northwest.

As Olson Baking strives to stabilize its manufacturing operations and procedures, it faces questions about its future. Should the company develop new products or concentrate on existing ones? Expand into other geographic areas? And how should it adapt to a diverse workforce?

To the outside observer, Olson Baking appears to be taking on too many tasks at one time. But appearances are deceiving, and the company is further along the road to meeting its goals than most people would realize.

Guiding Lights

Morrie Olson Sr., the founder of Olson Baking, has more than 35 years' experience in the supermarket business, but is a relative newcomer to wholesale baking. He got into wholesale production of baked goods when his 18-unit supermarket chain decided to expand in the early 1990s and centralized its bakery and deli operations.

In 1995, Olson Foods merged with Quality Food Centers, Bellevue, Wash., but the central bakery was not included in the transaction. Signature Bakery produced baked goods for the former Olson's in-store bakeries and eventually for QFC. "At the time of the merger, QFC didn't purchase goods from us, but gradually they saw advantages to it. So we started selling products to their stores," Olson says.

In late 1996, Olson evaluated Signature Bakery and decided that it was a viable, stand-alone entity. "The bakery needed to automate production and produce larger

Olson wanted his bakery to provide more value for its primary customers—in-store bakeries—by offering a broader selection of products. But most successful wholesale bakeries do more volume with fewer products. Which way should Olson go?

The second major issue related to the first. By producing more volume of fewer products, Olson Baking could deliver more consistent baked goods at lower costs. "If we don't get the consistency aspect correct, then we'll have a difficult time getting the price-value benefit in line," Olson says. But The Olson Baking Co. was committed to producing more SKUs instead of fewer, making consistency difficult.

Not one to shy away from these perplexing questions, Olson believes that the bakery can offer a broad range of products and do so without any drop in consistency through automation and attention to details and procedures. "I may not have known the magnitude of this challenge, and I certainly didn't know how long it would take us to get here, but I believe that we are through the most difficult times," Olson says.

Currently, Olson Baking's biggest challenge is neither automation nor consistency, but rather human resources. Building a strong management team and a motivated, efficient work force have been no easy tasks in these days of low unemployment and in a location where Boeing and Microsoft are the major employers.

volumes," Olson notes. Toward that end, it entered into a reciprocal relationship with Gai's Seattle French Baking Co., a Seattle wholesale bakery. Signature also installed a tunnel oven, purchased Gai's donut line, and added a sweet goods line. "And we're not finished," Olson says, "because we're looking to upgrade our cake operations."

While these changes took place, Olson became involved with day-to-day operations. Only recently, he has stepped away from them to wrestle with two ongoing issues.

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