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Pierre Redmond,
president and ceo,
Quality Candy Co.

It's good to be
King (Leo)





Pierre Redmond, president and ceo of Quality Candy, stands atop a metric ton sack of sugar (2,200 lbs.) at the company's Tijuana, Mexico plant.

PHOTOS BY VITO PALMISANO

It's good to be King (Leo)

Pierre Redmond's return as a "hands-on" owner to Quality Candy brings a shift in strategy, one that underscores added-value rather than volume.

by Bernard Pacyniak

*It's good to be king and have your own way
Get a feeling of peace at the end of the day
And when your bulldog barks and your canary sings
You're out there with winners, it's good to be king*

Fragment from "It's Good to be King," lyrics written by Tom Petty.

Although Pierre Redmond will admit that Quality Candy was producing nearly 30 million lbs. of hard candy less than two years ago, making it one of the top hard candy manufacturers in North America, he disavows any "Hard Candy King" crown.

And while Redmond and his wife and business partner Laurie did recently return to manage the business they founded after a several years of being hands-off owners, it was not to bask in the glory of past successes.

Rather, it was to take the real royalty within the company — the *King Leo* and *Gilliam* brands — and develop them appropriately to better reflect marketplace and manufacturing realities.

Redmond doesn't hesitate in pointing out that last year's annual output — 20 million lbs. — represents a

Quality Candy produces all its own blends (pure sugar, sugar/corn starch and corn starch) using an automated tote and blending system, which ensures precise control of ingredients.



significant decline in volume. In this case, less means more, as in a better mix of hard candy sales. Or as Redmond puts it, "a textbook example of an intelligent loss of business."

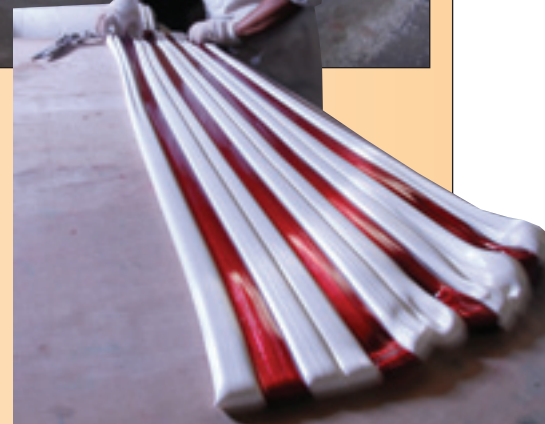
"In the past, we would be producing nearly 90% of our volume for bulk, foodservice and bid-type accounts and 10% for retail," he says. "Today, half of our volume is branded and specialty, the other half bulk accounts."

As far as candy items produced, the company's output has also become a bit more diverse, with production split among "soft candy," hard candy, and stick candy, as well as rapid growth in the relatively new chocolate division. More importantly, as Bill Markus, v.p. – operations, says "We're not chasing volume any more. We're focused more on profitability."

Not that the company started out seeking to be unprofitable. Rather, when Redmond drove his Mustang convertible across the border in 1985, leading a truck loaded down with several copper kettles, an ancient National vacuum cooker and a used Latini lollipop machine, he thought of simply exploiting an opportunity.



Once a 105-lb. batch leaves the cooling table, it's first aerated on a horizontal Ruffinati puller before workers begin the process of adding striping, forming a jacket for the candy mass. The jacketed mass is then placed onto a Latini batch roller for sizing and cutting.



Having talked himself out of a job by suggesting to a local candymaker that it might make sense to take advantage of lower sugar prices and labor rates prevalent in Mexico, Redmond found himself challenged to make good on the idea.

"All I wanted to do was to make a living so that my family could stay in California," he says with a wistful smile. "But it's surprising how one can make a living producing candy that's mostly given away, be it through foodservice accounts and outlets such as banks."

"Making a living" gradually transformed itself into building a major confectionery enterprise, one that was completely focused on producing candies such as lollipops, starlight mints and various other hard candy items including butterscotch discs and root beer barrels.

Thus, when other hard candy companies such as Hoffman, Chiodo, Vernel, Bunte, Cameo, Crystal Pure,

Rene Garcia, the plant's quality assurance manager, performs a battery of tests on incoming ingredients, as well as finished products.



American, Bradley and others began regularly disappearing from the confectionery landscape, Quality Candy, incorporated as Dulces de Calidad in Mexico, continued producing hard candies — and growing.

"All I thought we were going to be was a regional Southern California candy company that had an across-the-border production facility," Redmond explains. The demise of so many hard candy companies, however, found

At a glance Quality Candy Co.

Headquarters: Henderson, Nev.

Sales: \$20 million (2006 *Candy Industry* estimate)

Plant: 80,000 sq. ft. (Tijuana, Mexico), 14 lines

Output: 20 million lbs. annually

Employees: 300

Products: Hard candies, "soft candies", chocolate specialty items.

Brands: *King Leo, Gilliam, Quality Candy (foodservice)*

Management: Pierre Redmond, president and ceo; Laurie Redmond, vice-president - administration; Bill Markus, v.p. - operations; Denise Myers, supply chain manager; Michael Ground, plant engineering & projects manager; Chuy Lopez, plant manager; Bill Atwell, national sales director; and Lynn Edwards, special accounts manager.

Quality Candy Co. accepting orders from the Southeast and Midwest. "As long as they kept buying, we kept shipping."

Growth, of course, while welcomed, also poses challenges. To that end, Redmond, whose Maine heritage encompasses managing his father's lumber business, understood the need to elevate production capacity, efficiency and quality through professional expertise.

"One of my next-door neighbors in Chula Vista, Calif., [Bill Markus, the

company's v.p. of operations], was the v.p. of manufacturing for Power-Sonic in Mexico, supervising several battery manufacturing assembly plants under the old Maquiladora program. Well, we would often talk about our respective businesses and I soon realized that he was the most capable manufacturing executive I had ever met. His early background with a great company, Motorola, combined with his years of cross-border expertise made him a rare individual. Plus, whenever I was working on something in my garage,

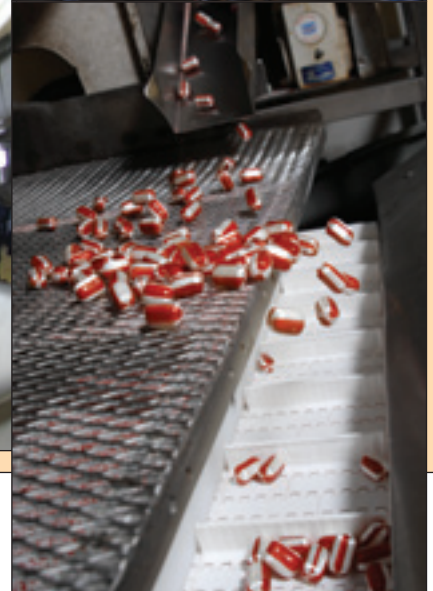
usually something from the candy factory, he was the kind of guy who knew exactly how to do something properly, with the right tools."

Redmond, although quite knowledgeable about hard candy processing himself, recognized the time had come to transition the company from an entrepreneurial mode to that of a quality-conscious, midsized manufacturer.

Thus, when Power-Sonic happen to sell off its business in Mexico, Redmond thought the timing might be perfect for Markus to lend his skills to Quality Candy. Although Markus was reluctant to break one of his lifelong rules, "I never work for friends," a visit to the facility intrigued him enough to consider an exception. Eventually, Markus, together with one of his key plant managers, Chuy Lopez, joined Quality.

Since 1996, Markus, together with plant engineering and projects manager Michael Ground and plant manager Lopez, has - with a timely combination of used and new equipment purchases - elevated operations to combine both enhanced efficiency and quality

Pure sugar candy comes off a Latini-Hohberger wheel. After enough candy mass is collected in the tubs, the candy goes on to a cooling table before it undergoes aeration on a vertical puller. Once the batch is sized and cut, the "soft" mints emerge and head toward a cooling tunnel.



standards within a flexible framework.

As a result, Redmond was able to accelerate growth, eventually prompting him to acquire the *King Leo* brand in 2000. Conceived and registered in 1901, the *King Leo* brand of peppermint confections represents the oldest trademarked candy brand in United States.

"When we purchased it, the company only had three SKU's," Redmond says. "There was a dollar bag of candy sticks, a \$10 tin containing sticks, and a 20-lb. box of broken peppermint sticks. Today, we have more than 50 SKUs."

Following the acquisition and expansion of the *King Leo* brand, Redmond continued to work on ways of improving the company. He created a board of directors, turning to them for sound business advice and guidance.

"With a company like ours, it's always about the future. I wanted to build an autonomous, self-sufficient organization, one that wasn't based on the ego of one entrepreneur, in this case, me," Redmond says. That, coupled with an urge to spend more time with his family, as well as pursue his love of triathlons, mountain climbing, adventure racing and family travel, prompted the man from Maine to bring Al Bono, a long-time candy professional, into the company in 2001.

The acquisition of the Gilliam Candy Brands business in 2003 followed, providing the company with a new hard candy stick line, along with old-fashioned sanded drops in nostalgic brown paper bags. The purchase, which included Gilliam's extensive stick line of brands and processing equipment, broadened Quality Candy's reach well beyond regional distribution.

It also quickly opened up new retail customers for Quality Candy. Rapid development of the retail channel triggered Quality Candy's



An employee unfurls a batch of lollipop mass onto a cooling table. After forming, the lollipops are wrapped and shipped.

transformation to what it is today. It also drew interest from investors.

"There came a point when one group of investors put a solid offer on the table," Redmond explains. "I was seriously considering it, but in the end, I knew I wouldn't be able to just sit back. I'd eventually become involved in another business. And that probably would be in candy. So why sell?"

After consulting with his most trusted business advisor for the past 23 years, his wife Laurie, the two decided to keep the business.

That decision promulgated a return

by both Redmonds to hands-on management.

"Al had taken the company as far as he could without selling out or merging, and we both agreed that it was a good time to go our separate ways," he says. "As for me, I've really enjoyed visiting my old customers and meeting new ones, and in turn I have been very warmly received. Sometimes there's no substitute for having the company founder and owner show up to remind a customer how important they are."

Laurie, with her degree and background in management and administration, focused on those areas.

She also heads up the development and management of an almost entirely new customer service and administrative staff at the new headquarters office in Henderson.

Markus laughs when asked whether the return of Redmond as a hands-on owner affected operations. "Well, that's why I joined the company in the first place, because of him!"

Then on a serious note, he adds it's important for Redmond to be involved again.

"He understands our production capabilities, so when he's sitting in someone's office and is asked whether we can handle a special project or a large order, he can knowledgeably address volume and turnaround issues," Markus says.

A tour of the 80,000-sq.-ft. facility (which recently received a superior rating from the American Institute of Baking) that's situated in an industrial park in northeastern Tijuana underscores its ability to deliver. Occupying three interconnected buildings, the plant houses 14 production lines,

Having introduced a HACCP program six years ago, Markus points out that all incoming ingredients are

first inspected and certified before being released into production. As one can imagine, sugar and corn syrup deliveries are key for a hard candy manufacturer.

The plant features five 50,000-lb. holding tanks, one for pure sugar, one for a corn syrup/sugar blend, and three for just corn syrup. All blending is done on-site with a PLC-controlled system that makes 13,000-lb batches of blend, a fairly recent investment that reinforces Markus' preference for in-house control.

"We tend to use a 51/49 % sugar/corn syrup blend, which gives you a slightly longer shelf life," he adds. "Being right on the border allows us to buy from trusted American suppliers like ADM and C&H, as well as flavor and color suppliers."

Once quality control checks for brix, color and the blend ratio, the sugars are released for production use and pumped into the holding tanks. Depending upon the item to be produced, the appropriate sugar/corn syrup/blend is pumped to the kitchen area where it travels through a bank of PLC-controlled stainless steel "rising thin film evaporator type" pre-cookers. There it's pre-cooked at 242° F to remove half of the slurry's moisture – about 86 brix at that juncture. At that point it goes into a flash chamber to allow the steam to escape. It is then pumped through one of three Hansella vacuum cookers where the temperature is raised to 280° F at 25 inches of vacuum in order to reduce the final moisture to less than 2%.

After cooking, the 105-lb. batch is deposited onto a cold table where it starts to solidify. From there it goes to a Ruffinati horizontal puller for aeration and then back onto a table where employees begin the striping process. Once the pigments are layered into the jacket, it's transported to one of nine batch rollers. The batch rollers reduce the candy batch to a 3/4-in. diameter rope, which is sized and then pushed into a cutting machine. The mints are

Starlight mints are sorted for doubles and undersize before being conveyed to a Tenchi twist wrapper, capable of handling 1,000 units per minute.

then cooled for five minutes and sorted to remove doubles and undersized mints before they are twist-wrapped on a Tenchi horizontal twist wrapper.

Although Quality Candy can also flow-wrap starlight mints, Redmond says most consumers still prefer the twist wraps, a nostalgic reminder of "old time" candy. "In addition," he says, "when you look at how tight that twist wrap is, there's no decrease in shelf life or product protection."

On soft candy or pure sugar candy production, pure liquid sugar is pumped into a newly installed Hohberger continuous cooking system. The sugar is cooked to 300° F before it goes to a flash chamber to remove the steam from the batch. The candy then drips onto a cooling drum where it slowly cools and deposits onto tubs below it. The mass is then collected and sent to the puller for about two minutes of aeration.

"With the installation of the Hohberger, we can now produce 3,000 lbs. of soft candy an hour," Markus points out.

Employees add the color striping to the "soft" candy and then place the 100-lb. batch into the batch roller for sizing and shaping. After cutting and cooling, the soft mints are conveyed to a flow wrapper that runs at 1,000 units per minute.

The company's stick and lollipop operations are similarly fed from the vacuum cookers. With its Gilliam Brands acquisition, the company transported Gilliam's stick production machines, all capable of shooting out 220-230 sticks per minute, to the Tijuana plant. Combined with the *King Leo* stick lines, plus stick production acquired at the American Candy auction, Quality Candy has become the leading North American manufacturer of stick candy. Of course, the plant continues to



produce lollipops, housing two Latini lollipop formers as well as a Uniplast forming line that produces lemon drops, root beer barrels and other hard candy disks.

All candies that aren't immediately packed into cartons or tins after packaging are wheeled over to the company's packaging area. There, a Food Processing Equipment Co. dumper receives items such as starlight mints and literally "dumps" the candies onto a conveyor for bulk packing onto one of four form/fill/seal packaging machines. On the day of *Candy Industry's* visit, 5-lb. packs were being run on a Parsons-Eagle Packaging System's Phaser unit at the rate of 25 bags per minute. A Hayssen and two Triangle vertical baggers with Ishida scales, capable of bagging items from 2 oz. to 5 lb., round out the plant's bagging area,

As Redmond and Marcus concluded the plant tour, the two stressed the company's ability to remain flexible, even if it involves additional labor.

"Obviously, there are plants that can extrude product as opposed to the traditional hard candy processes we use," Redmond says. "But when it comes to quality, we're particular because we know consumers can be particular. Hand blending and striping may cost a bit more, but it allows us to make pieces like our signature Choco-Starlight, which we invented. No continuous extrusion line would allow us to blend real Dutch cocoa into the hard candy like we do. In addition, some of our discriminating customers like real 'pulled' candy better than machine-aeated."

Such sensitivity to quality and taste has opened up additional doors for Quality Candy, specifically in organic hard candies and chocolate.

The company contract manufactures organic lollipops for one of the nation's leading suppliers of the product.

"We invested a great deal of time and effort in product development for all natural and organic hard candy products," says Redmond. "It's an area where we are prepared to work as a co-manufacturing partner as this segment grows."

Another area that the company has invested in involves chocolate.

Recognized for its *King Leo* Peppermint Bark, the company has shifted production from its Julian, Calif.-based retail shop to Tijuana because of increased demand.

"We've set aside an area where we can produce the bark in larger volumes and as a result, made a modest investment in equipment, such as Savage over/under tempering units, forming tables and several American Chocolate Mould Co. tabletop temperers. We're also looking to expand our own line of peppermint patties by getting into enrobing."

As Marcus explains, "I'd like to see us build up the business to where we

can have a more automated line for chocolate production."

At first glance, Redmond's venture into chocolate sounds like a radical departure from the company's roots. But as he explains, it's really grounded in hard candy.

"When we acquired the *King Leo* line, there was a chocolate company that manufactured Peppermint Bark using *King Leo* peppermint, carrying our logo as our co-branding venture," he relates. "Well, customers started calling us about the Peppermint Bark since that chocolate company has gone out of business. We told them we don't do peppermint bark, and they told us that they want it, but can't get it anymore. After going back two or three times with these customers, it dawned on us that we should start producing the bark. And we did so in our Julian store. That business has grown to the point where we needed to expand production. It seemed like a good idea to bring it here, since we are, after all, manufacturers."

And that's where Redmond sees the company growing, wherever the market takes them.

"You take any market, any customer



and wherever we can bring value to the table with our products, that's where we'll do well. We won't do well with someone who's only concerned with the lowest price per lb."

And although he acknowledges that there are still some "commitments and relationships" he feels obligated to honor, the downsizing of volume in lieu of profitable growth is a place where he

feels more much comfortable.

"Like so many sports teams, you could say we're in a rebuilding year," he says. "But Laurie and I are pleased with the changes we've made and we're already seeing the results. We've set up our headquarters in Henderson, Nev., because of a better business climate, central location to Western markets and lower taxes. We also continue to make production as well as infrastructure improvements to our



Twist-wrapped mints are placed into a Food Production Equipment dumper, which unloads the candies onto a conveyor that feeds four form/fill/seal machines. (L. to r.) Michael Ground, plant engineering and projects manager, Bill Markus, v.p. – operations, and Pierre Redmond, chairman, have their hands full -- of Starlight mints.

facility, and we look to further capitalize on our great brands with new products. So I'm confident we can grow organically by developing and promoting our wonderful brands."

And it's that kind of confidence that brings a "feeling of peace at the end of the day," as songwriter Tom Petty wrote. ☞