



Business

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Better Made's outside management stretches product line, distribution

By Dale Buss

The chocolate-covered potato chip is an apt metaphor for Better Made, the Detroit chip maker.

It has been moving briskly off shelves at The Detroit Shoppe in Troy's Somerset Collection and through Internet sales this holiday season.

It is innovative, yet traditional. And it's definitely a Michigan thing.

"Better Made is actually a destination product," said Mark Winkelman, president of the 81-year-old company that is still based at 10148 Gratiot Ave.

"In other parts of the country, shoppers might be going out for potato chips. But around here, when you're going to the store, you're going for Better Made."

Winkelman's assessment isn't boastful but merely descriptive.

Better Made Snack Foods several years ago brought in outside management, including Winkelman and his boss, Mike Schena, the chief operating officer.

Revenue has nearly doubled to more than \$60 million a year from \$36 million when the duo took over in 2004, Winkelman said.

Employment has risen to about 375.

Better Made's distribution footprint has stretched much farther throughout Michigan and into new types of stores.

Its product line has grown to include not only popcorn-based products at retail but also a thriving side business producing potato sticks for private label brands. Better Made's holiday radio ads feature familiar, pulsating theme music and the voice of Chairman Salvatore "Sam" Cipriano urging listeners to send a package of Better Made products to their Michigan-native loved ones in the military.

"They're benefiting from their new marketing push and management's determination to keep growing," said Kenneth Dalto, head of Kenneth J. Dalto & Associates, a Farmington Hills consultant to small- and medium-size companies.

"They're also doing a better job of intersecting and penetrating chain stores. And Better Made is benefiting from the increasing desire of local consumers to 'buy locally,' an idea that also is being promoted by the state."

Better Made has overcome obstacles to get to this point. The first was being a family-owned company at middle age. Better Made is owned by descendants of the founders, the Cipriano and Gusmano families. A decade ago, sales were sluggish, and market share was flagging.

The company recruited as vice president of operations chip-industry veteran Schena from the snack business on the East Coast. Winkelman, who was with Better Made for several years in the 1990s, also returned as controller.

"The family took an entrepreneurial company and professionalized it" with capable non-family management, Dalto said.

"The new guys installed professional controls and systems and a growth plan. Unfortunately, this doesn't always happen with (family-owned companies), so this is a credit to them."

The second hurdle has been surviving as an independently owned regional potato chip brand in an era dominated by national brand Frito-Lay, which is owned by PepsiCo. Other regional brands, such as Jay's chips in Chicago, have faded.

Better Made has spread out from Metro Detroit into the western areas of the state once dominated by Jay's, as well as north. They have fought to get Better Made carried in important grocery chains including Spartan Stores and Meijer Inc. Most recently, Better Made also added distribution in some local Target and CVS stores.

Management has modernized the Gratiot Avenue production facility — most recently, by investing \$3 million into overhauling its packing room machinery.

New spice applicators, replacing old gravity-fed machines, digitally adjust and dispense flavorings to meet the ever-varying volume levels of incoming chips.

"We have cut our spice usage by 25 to 30 percent and yet we're getting 100 percent coverage of the chips," said the 66-year-old Schena, who is moving toward retirement next year.

Better Made also is re-emphasizing the quality of its products. It has stuck with cottonseed oil for its potato chips while other brands have switched to corn, peanut or sunflower oil.

"The oil a chip is cooked in can give it as much or more flavor than the potato," said Winkelman, a 48-year-old Mount Clemens native. "And once people appreciate the particular taste of an oil in a chip, they come back to it."

At the same time, Better Made has diversified its chip flavors, including the three barbecue flavors that are among the five best-selling varieties.

"We just really knocked it out of the park when we came up with our sweet and regular barbecue seasoning," Winkelman said. "They're unique and distinct, and people like them."

Better Made also has created a nifty side business of producing potato sticks on a private label for Dollar General and other retailers. The sticks account for about 20 percent of the company's revenue. This trade has grown so quickly that Better Made is contemplating construction of a new facility just to service it. Detroit is the company's first choice as a site, but it also is looking at locations from Greenville to places in Indiana.

But the business will always be about making Michigan love the brand even more — such as with the chocolate-covered chips.

"We only sell them through The Detroit Shoppe and on the Internet because you can't move them very far by truck; the heat would melt the chocolate," Winkelman said. "But they're the kind of thing at the holidays that people just love to have open."