

THOUGHT LEADERS

FOOD for THOUGHT

WNY manufacturers tackle challenges, pursue growth



ALL PHOTOS: JIM COURTNEY

Food industry executives Mario Pellicano, left and Richard Bencini search for ways to grow their Western New York companies. They say the food business presents unique challenges as it confronts federal regulations and a competitive marketplace.

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Making Italian sausage is a lot different than making widgets. So it takes a certain kind of talent to fulfill the needs of Western New York manufacturers in the food industry,

That was one of the lessons that came out of a Business First "Thought Leaders" discussion Sept. 21 with Mario Pellicano, president of Pellicano Specialty Foods; Richard Bencini, president of Battistoni Italian Specialty Meats; Hodgson Russ partners Robert Fluskey Jr. and Michael Maxwell and senior associate Emina Poricanin.

Pellicano and Bencini said it's difficult to find talent that meets their need, which pairs technical know-how with the artistry of a chef. It's imperative in a small factory environment such as Pellicano Specialty Foods and Battistoni Italian Specialty Meats that the workforce is reliable so they can respond to orders without delay.

"There's a lot of science in the food business, but there's a craft to making food that isn't always teachable," Bencini said. "It can be difficult to simply take someone off the street who doesn't have that passion and train them."

The workforce issue is exacerbated by increasing compensation demands, even for entry-level workers who have responded to New York state's new minimum wage rule by asking for \$15 per hour, at the least, Pellicano said.

The minimum wage ramp-up in Western New York won't hit that number for years.

Staffing isn't the only significant issue, as both businesses had to find ways to survive their smaller footprint.

At Battistoni, the key is being nimble to market needs ahead of major competitors. The company is preparing

to come out with a line of organic products, for instance, and is in the process of adding a shift to greatly expand capacity.

"We are balancing our desire for growth and new business with the amount of complexity we bring into the plant," Bencini said.

Pellicano specializes in sauces, including pasta and wing sauce, which it mostly sells to restaurants and gourmet shops. About 25 percent of the business is products under the Pellicano brand.

Mario Pellicano said his company thrives on customer service. The factory will produce a small week-

with RICHARD BENCINI and MARIO PELLICANO

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end run of sauce a restaurant needs which isn't necessarily profitable but fosters a lasting relationship.

"We grow our business on the service and that's how we protect our margins," he said. "Otherwise the competition comes in and undercuts us."

A surprising note: Neither Pellicano nor Bencini are overly concerned about intellectual property issues. They do have non-disclosure agreements with employees and customers but mostly operate with the understanding that competitors believe their products are simply better.

"Unless you are Gatorade or Pepsi or Coke, there isn't that demand to know our recipes," Pellicano said. "There isn't much value in it other than to say, 'We know their recipe.'"

Bencini added, "We do take legal precautions but I don't get a whole lot of buzz about corporate espionage in this arena."

The business leaders said they support regulatory measures that ensure food safety, such as thorough inspections. But they said the bureaucracy that comes along with a heavily regulated business can inhibit growth, such as the possibility a recall based on a mistake on a label.

Bencini said he wanted to add a second shift but the U.S. Food and Drug Administration wouldn't approve the measure because it would mean hiring an additional inspector. The company has been forced to prove a sustainable uptick in production within the previously approved inspector hours until it's approved for the expanded hours that come from a second shift.

Meanwhile, both companies are increasingly aware of consumer sensitivity to healthy ingredients.

"Our motto is, 'If you wouldn't feed it to your babies, it shouldn't be in the plant,'" Pellicano said.

► CLOSER LOOK AT THE THOUGHT LEADERS

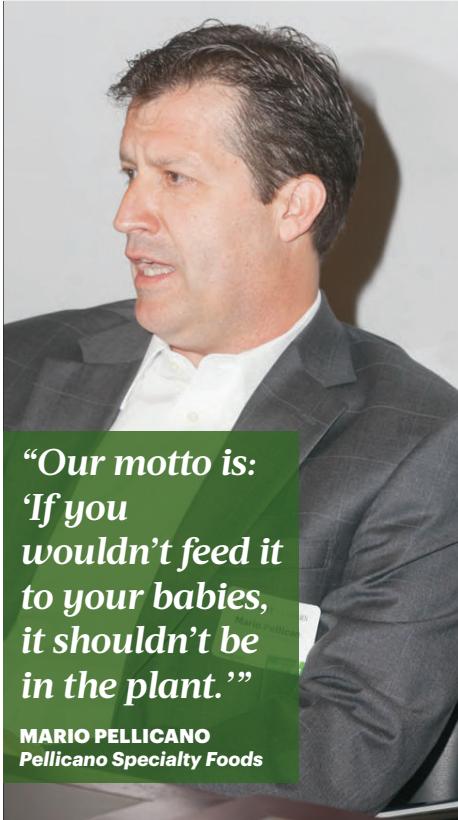
The Thought Leaders is a yearlong series of discussions with Western New York business leaders and attorneys at Hodgson Russ LLP.

Each month, leaders from diverse industries meet for a discussion moderated by Business First journalists.

Excerpts from the conversation are published after the roundtable.

Upcoming topics include neighborhood redevelopment in Buffalo and the region's charter schools.

Roundtable discussions are held at the law firm's Pearl Street offices in Buffalo.



Mario Pellicano, left, owner and CEO of Pellicano Specialty Foods, and Richard Bencini, president of Battistoni Specialty Meats, talked about the challenges of recruiting a reliable workforce.