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THINKING BIG



RON BULL/TORONTO STAR

Steve Karr, CEO of Pride Pak, at the company's Mississauga packing plant. Pride Pak processes about 1 million pounds of cut fruits and vegetables a week.

Lettuce and lovage — it's in the bag

Even after 24 years in the biz, Steve Karr still takes great pride in the art of producing produce

MADHAVI ACHARYA-TOM YEW
BUSINESS REPORTER

Got salad? All you have to do is buy the salad-in-a-bag from the produce aisle at your grocery store, bring it home, open the bag, put it in a bowl with some dressing and you're done.

You didn't even have to think about it. That's because Steve Karr already did.

He had to think about how much lettuce, cabbage and carrots it would take to make that salad, how to transport it all to the processing plant, get the food safety tests done, inspect it, get it washed, cut and packaged with just the right amount of oxygen in the bag: if there's not enough, the food will go bad; if there's too much air, the lettuce will oxidize, turning that sickly red, brown colour.

"People don't understand what it takes to supply something simple

like salad in a pouch," Karr likes to say. Karr is the chief executive officer of Pride Pak, a Mississauga-based fresh produce processing company.

The company has been around for about 24 years, growing up alongside the fresh-cut fruits and vegetable-processing business, now worth an estimated \$14 billion a year in North America.

Today, Pride Pak processes about 1 million pounds of cut fruits and vegetables a week. The produce goes to restaurants and retail stores under a variety of brand names. Pride Pak also exports about 20 per

cent of its produce to the U.S.

There's a long list of what this business depends on, and what can go wrong: produce supplies, weather, long-distance transport and labour. Add to that environmental and food safety concerns — such as the E-coli-tainted spinach incident that involved a U.S.-based company last year — and it's a hugely complex business.

"One thing about this business, if we go two or three days without any problems, you get the seat belt really tight because then the roof is going to cave in.

"It's the type of business that you

manage by the day," Karr said.

"It takes a team of people and everyone needs to take ownership of what they're doing."

Karr started developing Pride Pak in late 1983 and started production early the following year. Back then, Karr was a wholesaler, supplying fresh fruits and vegetables to hotels, restaurants and private clubs in Toronto.

The buyers and chefs he dealt with every day had plenty of complaints — the cost of kitchen space, waste management, labour issues — all of which made it very difficult for them to predict their food costs.

"I realized that with all these issues, these folks could use some product that is already prepared," Karr said. One day he asked the chef at the Holiday Inn near Toronto City Hall, "What if I send you some salad, already made up? You won't need labour, just someone to take it out of the bag and put it in a bowl," he added.

"Of course, his response was, 'Are you crazy? How the hell are you going to do that?'" Karr recalls. "We

ENSURING THE PRODUCT IS SAFE

In the wake of recent E-coli outbreaks south of the border, processing plants have had to beef up inspections.

Pride Pak has inspectors check fields for E-coli bacteria prior to planting, then twice during growing.

They also physically inspect the field, to make sure there are no animal feces, no animal tracks and

no nibbled leaves.

The grower's own inspection notes are also double-checked.

The produce is tested again when it's shipped to Pride Pak. None is released until clean results come back. Then additional samples are taken during processing.

Sanitizing the plant takes between four to six hours per day.

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It's all in the family for fruit, veggie firm

THINKING from B1

did that, and he was just happy. We started moving from there, so it became a weekly thing. What we were doing at that time was just clean the lettuce, chop it up with a knife. It

Karr and his crew started sending out more produce and they had some interest from bigger customers. Then someone asked him how long it would take to put a processing plant together.

"I said, 'Six weeks.' Thank god I didn't know that much. In six

4,000 square feet, and were able to produce some product."

Back then, it took 12 people about 16 hours to produce 25 twenty-pound cases of produce. Today, one line at the plant can process 10,000 pounds of produce in an hour.

In those early days, he thought more than once he wouldn't be able to keep the business going. One of the company's first customers was Ponderosa steakhouses. Pride Pak supplied about half the items for their salad bars, but received complaints about the lettuce oxidizing in a very short time. Karr had only a few days to solve the problem.

It turns out there was too much oxygen in the bag, but the company was also making another crucial mistake, as Karr discovered.

"I was in the cooler and was ready to start banging my head on the wall. After 15 minutes I started to have a problem breathing. I just didn't feel right," he said. "I realized that the propane forklift we were using was going inside the cooler. It was a closed room with no fresh air and the carbon monoxide buildup was very high."

They grabbed a couple of fans, circulated the air, and found that it helped extend the shelf life of the lettuce.

For years, Pride Pak has worked closely with food scientists at the University of Guelph to conduct research into how to extend shelf life,



RON BULL/TORONTO STAR

Steve Karr's company Pride Pak employs about 150 to 200 people, including his three children and his brother.

oxidation rates, nutritional content and food safety.

"He takes a lot of pride in his work and he's very concerned about quality and safety, not only for his company, but also for the whole industry," said Joseph Odumeru, lab director in the Laboratory Studies division at the University of Guelph. "He says if the whole industry doesn't take those things seriously, it affects everybody."

About 40 per cent of the processing is done manually, the rest by sophisticated machines that cut, wash, dry and move the produce along.

Karr is always trying to improve productivity, and he says there's good reason for developing machines and robotics that can take the place of workers. "If we can replace people with machinery, they can go on to other areas. It's not about getting rid of people."

He adds, "It's a tough business to be in. It's a cold, wet environment. It's a monotonous job, something we want to get away from people."

As well, "the fewer people who handle the product, the safer it can be — of course, you need to sanitize your equipment properly."

Karr puffs with pride when he says the company has never had a recall or food safety issue.

The company employs about 150 to 200 people, with additional workers joining the ranks during the peak summer season.

Karr is committed to his staff. "There's certain things I guarantee them and other things I don't. In the early 1990s, when the economy went downhill and we had to do some restructuring as well, I guaranteed them taxes, I guaranteed them death, and I guaranteed them that there would be no pay increase," Karr said.

"Just before Christmas, I guaranteed them that what we know today, five years from today will be totally different because we're moving at a much faster pace. Whether it's equipment or processes or handling the product a little better, the bottom line is continuous improvement."

Phil Langford, commercial account manager at Meridian Credit Union, has also worked closely with Karr and Pride Pak.

"He's extremely good at the strategic side of his business. He's got an interesting ability to sit back and look at the horizon and see trends developing in his industry. Then he has the discipline to start moving

towards those trends," said Langford.

About 18 months ago, Pride Pak bought a plant in Newfoundland. It is also considering opening a plant in Calgary or Regina. In 2010, the company plans to move to a larger facility in the GTA.

Pride Pak is a family business. Karr and his brother work at the company, as do Karr's three children. His oldest son is in charge of purchasing, the middle son is being groomed to replace Karr eventually, and his daughter works in the plant's micro lab.

"We work very well together," Karr says of his children. "At the end of the day they know when I lower my eyebrows down, conversation stops. But I love to see how they're developing and growing up and taking more responsibility everyday."

In spite of — and maybe because of — all the things that can go wrong, this is a line of work that Karr loves.

"I've been in the produce business since I came out of high school. I know produce. I love produce. I think it's a great challenge to fill orders day in and day out."

He adds with pride, "I've never shorted anybody yet, since day one and to me those are accomplishments. I look forward coming to work every day and saying what are we going to do today that we can make a difference and improve things."

STEVE KARR Q&A

Q. What were your revenues and profits in the last complete year?

A. We decline to reveal revenues and profits for competitive reasons. That gets to be a little sensitive. We're profitable. In the last 10 years, we have never written \$1 off. We don't have a lot of customers. Those we do have, we're totally committed to them. I could double the volume overnight but the risks we would take, writing off bad receivables, it's not worth it.

Q. How much seed capital did you have when you launched your business and where did you obtain it?

A. I initially had three other partners, and each put in \$30,000. I put a mortgage on my house for the \$30,000, and went for three months without a pay cheque. Luckily the air was cleaner, because I had to survive on fresh air.

Q. What's been your biggest suc-

cess so far? Biggest failure?

A. The biggest success has been being able to maintain the relationships with the customers we have. We deal with them as though we are part of their organization.

The biggest failure was in the recession of the early 1990s when we had to restructure. We laid off 10 people and I swore I would never do that again. We recalled them a couple of months after that, but we lost five of them, they found other jobs. What I should have done was stuck to my guns, cut everybody's hours by a bit. People would understand that. You spread it around, rather than picking certain individuals.

Q. What are the biggest challenges facing your business?

A. Environmental issues, food safety, developing new technology, weather conditions.

Tony Wong