

The Brownie Baker Case: Ingredients Of Success

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ABSTRACT

This case study examines The Brownie Baker, which makes gourmet and specialty baked goods, from an operations management perspective. Its product line includes brownies, muffins, Danishes, cookies, cakes, and Hispanic pastries. Located in Fresno, California, the bakery distributes its products across much of the United States. The Brownie Baker was acquired by president and CEO, Dennis Perkins, in 1990. What started with four or five employees and \$180,000 in annual sales has grown to 80 employees and more than 10 million dollars in sales in 2007. Perkins' down-to-earth, receptive management style coupled with product innovations and productivity improvements have been key ingredients in the company's successful growth. Perkins himself was named the Small Business Administration's Central California Business Person of the Year in 1999, and The Brownie Baker was awarded the Small Business Administration's Western Region Choice Award in 2004. This case details the operations strategies and management techniques that have led to these accomplishments.

Keywords: Brownie Baker, operations management case study, bakery operations

COMPANY BACKGROUND

When Dennis Perkins purchased The Brownie Baker in 1990, it was a small bakery in Fresno, California with just a handful of employees and annual sales of \$180,000. By the end of 2007, this maker of gourmet, specialty bakery goods was employing approximately 80 people with annual sales of over \$10 million. Key ingredients to The Brownie Baker's success include a well-designed business strategy, an innovative product mix, productivity improvements, location and capacity planning, and Perkins' down-to-earth, receptive management style.

STRATEGY

When asked to describe his essential business philosophy, Perkins responds that he strives "to supply the consumer with fresh, high quality packaged bakery products, delivered on time, with friendly and accommodating customer service, exceeding all expectations."¹ The Brownie Baker's distinctive competency as a producer of gourmet specialty baked goods has served it well. It uses only the highest quality ingredients for its products, such as local California raisins, gourmet chocolates, fresh eggs, C & H sugar, General Mills flour, and real fruit. The ingredients are more expensive than those used by some competitors, but Perkins is targeting customers who want a higher quality baked good. Its products come individually packaged and labeled with the Brownie Baker elf. Also key is its focus on the "grab and go" convenience store market. Other distribution points include colleges and universities, resorts, golf clubs, and national parks.

The Brownie Baker stays away from selling unwrapped products in self-service, open display cases such as those seen at convenience stores. Although this can be less expensive and thus yield higher margins than individually packaged products, unsold leftovers have to be thrown away. Perkins also finds that Brownie Baker loyalists like the quality image of an item that is individually packaged and neatly displayed, and the shelf life of the item is improved. Also, the Brownie Baker's gourmet baked goods have been a good fit for convenience stores

¹ "The Profile: Dennis Perkins," *The Business Journal*, July 1, 2005, p. 15.

seeking to upgrade their coffee bars with higher quality pastries to better compete with businesses such as Starbucks.² Although some competitors sell similar products in multi-unit, clamshell packages to places like Costco and Food For Less, The Brownie Baker avoids these types of distribution points too, because selling in bulk is more price sensitive and has smaller margins than packaging individually for resale.

Production runs around the clock in three eight-hour shifts, five days a week. Two operations managers oversee the scheduling and decision making for the production facility. About 40 of the 65 manufacturing employees at The Brownie Baker are of Southeast Asian descent. They have been hired as part of a longstanding outreach partnership with the Center for New Americans which assists new citizens in finding jobs. A Fresno Small Business Administration director remarked that Perkins has devoted time and energy to building skills in employees “who would normally have a very difficult time finding employment and has created a win-win situation for both his company and his employees.”³ A refugee jobs placement specialist employed by the Fresno County Department of Social Services observed, “This company has shown the patience to get to know these people and understand them.”⁴ Perkins himself has commented on the excellent work ethic that he has found among the employees he hires through the Center for New Americans.

The Brownie Baker’s products are generally made to order, not made to stock. Products are shipped fresh within two days of being made or are frozen for later shipment. Temperature controlled trucks are used to deliver the items to distribution outlets, and those products which were not already frozen become so on their way to their final destination. The bakery cannot put a pull date on the product, because how long it lasts depends on when the product is taken out of the freezer. The clock does not start ticking until the product defrosts. Cakes last 21 days, while cookies and brownies last 28. The distributors or stores have to know when to pull the product off the shelf by keeping track of when it came out of the freezer. Maintaining product freshness is another vital ingredient to the bakery’s quality image.

HISTORICAL DEMAND PATTERNS

Demand for The Brownie Baker’s products has increased each year since Perkins purchased the business in 1990, and developing ways to keep up with this has posed an ongoing challenge. The number of employees stays fairly steady throughout the year, since there are no major seasonal fluctuations in demand. The only exception is that sometimes demand slows down between December and February, which may result in cutting back to a four-day work week. Perkins worries about losing people and may lay off four to eight people in January, but some of these workers may eventually be brought back. In other cases, it provides an opportunity to weed out those workers with marginal productivity and skills.

Finding potential causes for this mild seasonal variation occasionally has proved challenging. Distribution points in colleges are closed during the holidays which could account for some decrease in demand. However, sales at ski resorts should seemingly offset this. Post-holiday dieting could possibly account for some decrease in sales. However, Perkins describes a key demographic segment of his market as “Bubba,” the big guy at the truck stop, whose purchases would unlikely be affected by dietary or seasonally related factors. Perkins’ mantra is “Bubba is our friend.” Therefore, the reason for this post-holiday slowing is somewhat unclear.

PRODUCT MIX AND NEW PRODUCT DEVELOPMENT

The Brownie Baker originally offered customers several flavors of brownies, cookies, and pound cakes. Over the years a number of new items have been added to the product line including oversized, gourmet, home style cookies; various types of Danishes; Hispanic pastry products called “pan dulce”; and seven flavors of muffins. For 2007, muffins led sales, followed by pound cakes and cookies. Sales for Danishes, brownies, and pan dulce also remained strong.

² “Brownie Baker’s gourmet confections are sweet smell of success,” *The Business Journal*, September 3, 2001, p. 16

³ “Baker’s Jobs on the Rise,” *The Fresno Bee*, April 12, 2004

⁴ “In-the-chips baker going high tech,” *The Fresno Bee*, March 4, 1998, p. C-2

The Brownie Baker distributes its products throughout the United States. In most markets, muffins are the number one seller. Blueberry is usually the favorite flavor, closely followed by double chocolate and banana nut. Cookies or Danishes are next in popularity, depending on specific market preferences. Overall, the product line works nationwide, but flavor preferences do vary by market. For instance, coffee cakes are popular on the West Coast, but not on the East Coast, where lemon cake is preferred. Interestingly, Perkins has found pockets of Hispanic pastry buyers in markets across the United States. In Atlanta the number one selling item was the “panque,” or Hispanic cake. Currently, however, there are no plans for other ethnic product variations.

Each item in the Brownie Baker line is individually packaged in clear wrap. Package design is similar for all the bakery’s products. The text design and The Brownie Baker elf logo are imprinted directly onto the plastic packaging of all the bakery’s products, but on the Hispanic pastries the elf wears a sombrero instead of a hat.

In generating ideas for new products, Perkins listens to feedback from customers, buyers, and store owners. He watches the competition closely and also looks at trade magazines and trend books. The suppliers of the flavors, fruits, and mixes help create the recipes that will be used for new products. New product development also involves the cost of creating the packaging. Developing the artwork and plate for printed film packaging costs between three and four thousand dollars for each new product SKU (store-keeping unit). A significant commitment to the new product is required to justify the cost of new packaging.

Just over ten years ago, while scanning the market for new product ideas, Dennis Perkins noticed Carol’s Cookies, based in Long Beach, California. These super-sized cookies would prove to be a very popular acquisition for The Brownie Baker. While some people suggested that Perkins should just copy Carol’s product, his response was, “I don’t like to operate like that.” Instead, he struck a ten-year deal with her to acquire production rights, accounts lists, and equipment and to give Carol a percent of all sales. This deal, which just recently concluded, proved to be very beneficial to both parties. Initially, when The Brownie Baker took over production of the cookies, they were still sold with the Carol’s Cookies graphics to maintain customer recognition of the product. Over time, the Brownie Baker logo and graphics took over the package design. Some observers initially questioned the customer’s willingness to pay \$1.59 per cookie, as compared to a competitor’s product that might cost 99 cents, but the bakery had no trouble finding plenty of demand to support the newly acquired cookie line.⁵

Another interesting although less successful product innovation was “muffin tops.” This idea came from the episode of the popular television show, *Seinfeld*, where customers wanted to purchase just the tops of muffins because they were the “best” part.⁶ The Brownie Baker was already making muffins, but for this product, a bigger cup was used to bake what looked like just a muffin top. Perkins didn’t want to cannibalize sales from the muffin line, so new flavors like mocha and cappuccino were created. Although the product was unique to the market, sales were not what Perkins had expected and production was stopped. This may have been partly due to issues related to insufficient distribution. It may have also reflected the customer’s value perception of the product, since the four ounce muffin top was priced the same as the six ounce muffin. Eventually Perkins decided to use the same baking cups and changed the name of the product to “Baby Cakes,” after someone said that these muffin tops “look like baby cakes.” These cakes had new flavors with cheese and fruit fillings. Customers liked them, but production was a slow and difficult process, so Baby Cakes were eventually dropped from the product line.

The Brownie Baker regularly uses item ranking to help determine which products to keep and which to eliminate from the product mix. Lowest selling items are studied to see if the distribution is good or bad, and then a decision is made as to whether or not to let the product go. Products such as an Italian biscotti cookie, for which production was outsourced to another bakery, and “Pro Treat,” a high-protein health cookie, were tried and eventually dropped from the product line due to lack of demand.⁷

⁵ “Brownie Baker’s gourmet confections are sweet smell of success,” *The Business Journal*, September 3, 2001, p. 16

⁶ “The Muffin Tops,” *Seinfeld*, Spike Feresten, May 8, 1997, Season 8, Episode 21.

⁷ “Brownie Baker’s gourmet confections are sweet smell of success,” *The Business Journal*, September 3, 2001, p. 16

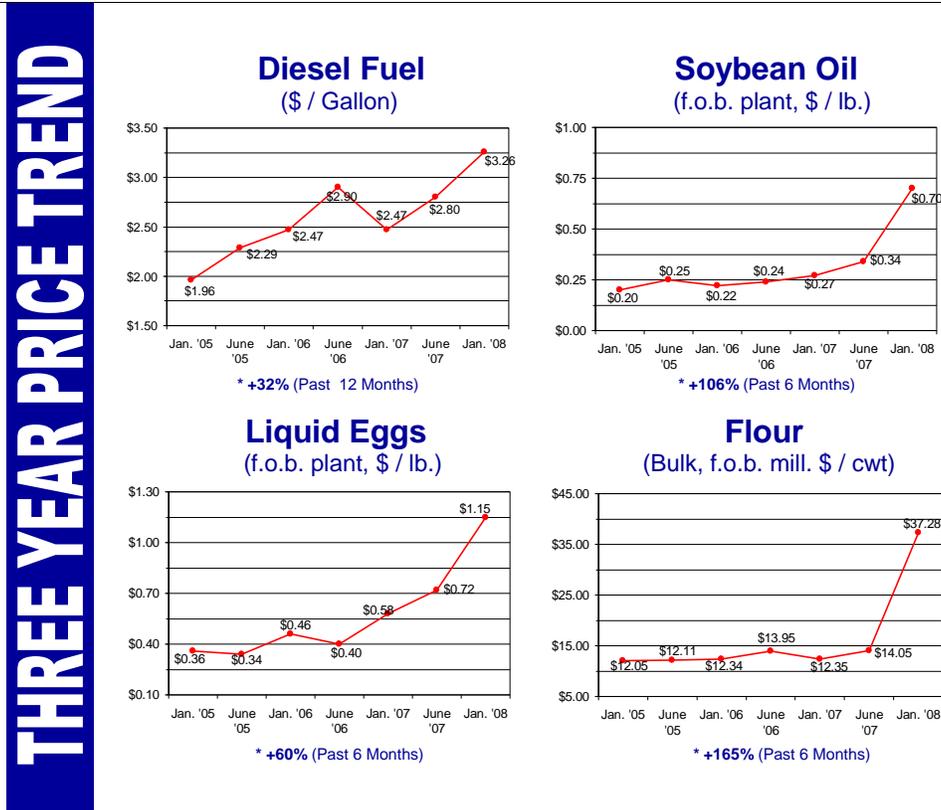
PRODUCTIVITY

Over the years, new technology has dramatically increased the bakery’s productivity, allowing it to create more product while utilizing the same space and employees while also relieving some bottleneck operations. One such improvement is the use of air cutters for cakes, which are baked in a large pan and then cut into individual serving sizes for packaging. The time decreased from five minutes to cut a pan by hand to 17 seconds per pan with the air cutters. The packaging machine can wrap items as big as a cookie or as small as a cake at a rate of 130 to 180 items per minute, compared to hand wrapping just one or two items in the same amount of time.

The bakery now buys fresh liquid eggs in specially sized bags to save money and space. Workers no longer have to spend time weighing out the correct amount of the ingredient, which also helps maintain consistency. In addition, it is a more sanitary process. A recently purchased box erector can form about 22 boxes per minute, whereas a person can only assemble about four per minute.

The Danish machine can make about 200 Danishes per minute. This production was outsourced for the first three to four years to make sure that customers wanted the product, so as to justify investing in a machine and training employees to use it. The business to which The Brownie Baker had been outsourcing ended up selling Perkins the machine. He had the equipment rebuilt, and a competitor was eliminated in the process.

Table 1



SUPPLY CHAIN MANAGEMENT AND COMMODITY PRICE INCREASES

As is the case for many manufacturers of food products, The Brownie Baker is being hard hit by recent spikes in commodity prices. Many of its ingredients, such as eggs, flour, and soybean oil, have doubled or even

tripled in price over the last six months to a year. Blueberries have risen from \$1.00 to \$2.80 per pound. In addition, with the rapidly increasing price of fuel, ten percent of sales is now related to freight charges. Table 1 details the three-year price trends of four key commodities for The Brownie Baker.⁸

With the costs of inputs on the rise, The Brownie Baker must find ways to maintain a reasonable profit margin. This has meant eliminating some accounts that have become unprofitable. It has also meant trying to pass at least some of the cost increases along to customers, but Perkins has found it difficult to keep up with the pace of rising commodity costs. “In the past,” he said, “we usually took a six cent/unit price increase once a year whether we needed it or not, but in the past year, we have taken three.” He explains that by the time he gives the distributor the 30- to 45-day notice that is required to raise the price, the increased margin has already been absorbed by the rapidly increasing prices of the commodities used to make and distribute the product. Sometimes he is notified of a price increase on ingredients, such as soybean oil, as the truck is backing into the bakery’s dock to unload a shipment. To try to combat the rapidly increasing prices of fuel and transportation costs, Perkins recently struck a deal with Fresno’s Producer’s Dairy, which delivers dairy products to many valley locations. Perkins arranged to have the returning, empty trucks pick up supplies such as chocolate and shortening and deliver them to his bakery on their way back to Producer’s. This was less expensive than using a regular shipping company.⁹ Although the bakery does have a distribution network set up in the Northeastern part of the United States, at this point Perkins would rather focus on saturating nearby markets due to the increasing transportation costs associated with delivering product long distances.

Even with the price increases, the customers keep coming. The first week or so after a price increase, there is a downward trend in sales because distributors have bought extra product to hedge price increases. Freezer storage space, however, acts as a constraint on the amount of inventory that they can purchase and store. Once that inventory is sold, demand quickly reverts back to its normal level and in fact has continued to increase overall, despite the rising prices.

LOCATION AND CAPACITY PLANNING

When The Brownie Baker was purchased by Perkins in 1990, it was operating from a 2,500 square foot facility. As demand grew, the bakery moved to a 5,000 square foot facility and then in 1996 to its present location which originally encompassed 30,000 square feet. After some years, the present location reached its maximum capacity. A decision had to be made about how to make room for further growth and to increase operating efficiencies. The alternatives were to expand the existing facility, add a building to the current location, or move elsewhere. After exploring the costs and benefits associated with each of these location planning options, Perkins decided to expand his existing facility to its current size of approximately 40,000 square feet. This seemed to have the potential to yield the greatest overall benefit, particularly considering the time and regulatory issues involved with adding another building or moving. Now, a year after the expansion was completed production capacity is about 80 percent utilized. Three shifts run Sunday through Thursdays. On Fridays deeper sanitation and maintenance are scheduled.

Some of the new floor space at the Brownie Baker was also used to move storage racks out of the bakery area, leaving more room there for baking and packaging. Another portion of the newly added space was used for a much larger freezer. The old freezer could hold about 30 pallets, or one truckload, of product. The new freezer can hold close to 90 pallets, so orders can be prepared further ahead and stored until needed. Prior to the expansion, “We were getting killed with changeover time,” explains Perkins. For instance, after making a production run of blueberry muffins, 30 minutes of downtime were needed to clean the machines to prepare for the next flavor. If the run size could be increased, fewer changeovers would be needed altogether. The previous constraint on larger runs, however, was a lack of freezer space in which to store the product. Now with the bigger freezer, longer runs of product can be made, decreasing the number of changeovers needed and increasing operating efficiencies. In addition, significant savings have been realized in utility costs. The old freezer was an inefficient overseas cargo

⁸ “Three-year Price Trend,” Ryan Perkins, The Brownie Baker, January 2008.

⁹ “Weathering the Storm,” *The Fresno Bee*, April 27, 2008, p. D-1

container that cost \$900 a month to run. Despite the fact that the new freezer's capacity is triple that of the old one, the Brownie Baker's electricity bill has actually decreased since it installed the new freezer. An investment equal to the cost of the building expansion had to be made to acquire the new freezer, but Perkins expects the efficiencies gained to eventually justify it.

Other innovations have also helped the bakery to make the most of its space over the years. For more flexibility in production, the depositing equipment and conveyers for muffins and cookies are on wheels so that they can be rolled into place when needed and then be rolled back out of the way when not in use. This saves space and also helps with sanitation, making it easier to clean the production area unhindered by pieces of bakery equipment.

MANAGEMENT STYLE

Prior to purchasing The Brownie Baker, Perkins worked in the soft-drink industry as Pepsi-Cola's director of business development for Central California. After acquiring the Brownie Baker, some of his former Pepsi contacts helped him find markets for his bakery products. Working for Pepsi also gave him experience with merchandising and product placement that he has shared with distribution outlets like convenience stores.¹⁰

A good work ethic is present in management as well as employees, and turnover at the Brownie Baker is very low. The typical line employee has worked at the Brownie Baker for six to ten years. The average tenure for a manager is 16 years. Three of the six managers have been with The Brownie Baker longer than Perkins himself, logging about 20 years of service each. Perkins attributes the low turnover to the fact that everyone is treated fairly and no one is looked down upon. People in the office are friendly with each other as well as with those who work in the bakery. Goodwill has been built among workers from the Southeast Asian community, as they recognize and appreciate Perkins's many years of commitment to providing them with gainful employment. Also, in explaining the low turnover his company enjoys, Perkins says, "A little bit of luck has helped too."

Perkins believes in maintaining open communication with his workers. His "Right Side Up" meetings are held every 30-60 days and include a worker from every crew and at least one production manager. Perkins attends all of the meetings, because his presence helps everyone feel comfortable. He talks about how the company is doing, discusses safety issues, and responds to concerns raised by employees. He encourages participation and elicits people's ideas and comments. Perkins doesn't just want "yes" people. He wants people who will give feedback to questions like, "What do you see that we're missing?" "What should we do more of or less of?" or "What do you need to get more done?"

Some ideas generated at the meeting can be quickly implemented to improve worker satisfaction and productivity. These ideas might pertain to obtaining more tools and equipment, identifying time saving methods, or fixing problems with malfunctioning machinery. At one meeting, an employee voiced a concern that many brooms were broken. Within an hour, all the affected workers were supplied with new brooms. Another time, a worker pointed out the need for more pallet jacks. The next day, one was provided. Timely response to such everyday needs of employees has gone a long way towards making them feel that their concerns are valid and appreciated.

Perkins himself is detail oriented, receptive, and generous.¹¹ "My communication style is very open," he says. "People aren't afraid to ask why we do something, and I don't respond with, 'Because I said so.'" As further evidence of his hands-on leadership style, Perkins does his best to call employees by name. A believer in the Golden Rule, he treats his employees the way he wants to be treated. He walks through the bakery at least a couple of times a day to keep in touch with immediate issues and concerns.

As a recognition of his outstanding work leading the Brownie Baker, Dennis Perkins was named the Small Business Administration's Central California Business Person of the Year in 1999. In addition, The Brownie Baker

¹⁰ "Brownie Baker's gourmet confections are sweet smell of success," *The Business Journal*, September 3, 2001, p. 16

¹¹ "The Profile: Dennis Perkins," *The Business Journal*, July 1, 2005, p. 15

was awarded the 1996 “Employee Opportunities Award for providing employment opportunities to “New Americans.” In 2004, it was the recipient of the Small Business Administration’s Western Region Choice Award.

QUESTIONS:

1. What type of strategy does the Brownie Baker employ? In what ways has this strategy proven effective?
2. What steps have been taken to improve productivity at The Brownie Baker?
3. How have increasing commodity prices affected the bakery?
4. What kind of patterns can be found in the Brownie Bakers’ historical demand, and what impact have they had on the business?
5. What product lines does the Brownie Baker have, and how do these fit in with its overall strategy? From where do ideas for new products come?
6. What evidence is provided in the case of issues related to quality of design or quality of conformance at The Brownie Baker?
7. What were the main reasons for the most recent facility expansion? What location planning options were considered, and what factors led to the final choice?
8. How is the new plant capacity being utilized? How has it impacted productivity?
9. Describe Perkins’ leadership style. How has this affected his business?
10. Assuming current market trends continue, what strategies could be explored to allow the Brownie Baker to remain competitive?

TEACHING NOTES

Case Objectives And Uses

This case is designed for use in Operations Management courses and could be used at either the undergraduate or graduate level. The case applies conceptual material from textbook chapters including operations strategy, productivity, product design, quality assurance, location planning, and capacity planning. It can also be used to address the impact of leadership style on operations management, strategy, and productivity. The case may serve as a tool to help students integrate material from a variety of operations topics as applied to a real business at the end of the semester.

Questions

1. **What type of strategy does the Brownie Baker employ? In what ways has this strategy proven effective?**

Answer: The Brownie Baker uses a differentiation strategy. Its distinctive competencies include competing using quality and service based strategies. Quality based strategies are seen in its use of premium ingredients, unique product design and product flavors, and attractive individual packaging of its baked goods. It also uses its superior customer service as a way to differentiate itself, offering advice to convenience stores and other outlets on positioning and displaying product and assuring timely and fresh delivery of its goods.

2. **What steps have been taken to improve productivity at The Brownie Baker?**

Answer: Productivity is a ratio of outputs divided by inputs. To increase productivity, one must decrease the inputs needed to produce the same level of goods/services, find ways to create more outputs using the current levels of inputs, or both. In the case of the Brownie Baker, Dennis Perkins has used various forms of technology and automation to improve productivity. The use of air cutters for preparing cakes for individual packaging, the purchase of a packaging machine, the use of prepackaged liquid eggs, and the box erector have all helped to improve productivity by allowing the Brownie Baker to create more product using fewer resources. Also, the strategic decision to purchase the Danish machine to make the product in house also raised productivity for that process. The expansion of the bakery and the new freezer have increased storage space while simultaneously decreasing utility costs. Changeover time was decreased also, since the extra freezer space made longer production runs possible.

Labor costs have been kept in control by keeping turnover low. Perkins' management style as well as the development of a loyal workforce, many of whom have come from the Center for New Americans, has kept turnover to a minimum. Finally, if productivity is being analyzed in terms of dollars as opposed to units of product, raising prices on the baked good has increased revenues to help offset the rapidly increasing commodity prices.

3. How have increasing commodity prices affected the business?

Answer: As commodity prices have increased, the bakery has been forced to increase prices by six cents three times in the past year, as compared to once a year in the past. Even these increases have not been sufficient to maintain traditional profit margins, particularly because of the time lag between when distributors are notified of a price increase and when the bakery actually begins to realize the benefit from that increase. By the time the price increase is in effect, the improvement to the profit margin has already been eroded by rapidly rising commodity prices.

Much of the recent increase in commodities prices can be linked at least in part to the use of food crops for fuel. As the demand for ethanol has increased, more farmland worldwide has been diverted to the production of corn. As more of the available corn crops are used to produce fuel, less is available as a food source or as feed for poultry or livestock, raising costs to farmers and ranchers. Thus, these price increases are carried forward into many other goods, including eggs, dairy, and wheat products. Some of the increased price of wheat can also be attributed to droughts in Australia, the low value of the U.S. dollar, and speculation in the commodities markets. Recent rapid increases in the price of fuel have meant that transportation costs have gone up for the bakery as it receives deliveries of supplies and as it distributes products to customers.¹² Perkins has focused on expanding sales in markets closer to home instead of opening up distribution in the Northeastern parts of the U.S. As there is no simple solution to these issues in the foreseeable future, businesses like The Brownie Baker will continue to be challenged to find new ways to combat eroding profit margins and to keep customer demand steady as food and fuel prices increase and consumers feel more and more competition for their dollars.

4. What kind of patterns can be found in the Brownie Bakers' historical demand, and what impact have they had on the business?

Answer: Historical demand shows patterns of both increasing trend and a limited amount of seasonal variation. Demand for the bakery's product has increased annually since Perkins acquired the business in 1990. Over the years, this has meant that he has been faced with decisions regarding how to develop capacity to meet that increasing demand. These decisions included two moves to new facilities, an expansion of the current facility, improved facilities layout to better utilize floor space, and improved technologies and work processes to allow more product to be created in the same amount of space.

A modest amount of seasonal variation may occur from December to February for reasons that are not entirely clear. This has a moderate impact on operations and sales, perhaps leading to a reduction to a four-day work week and the potential layoff of an average of ten percent of the production workers, some of whom may eventually be hired back.

5. What product lines does the Brownie Baker have, and how do these fit in with its overall strategy? From where do ideas for new products come?

Answer: The product line includes muffins, cakes, cookies, Danishes, brownies, and Hispanic pastries. These products, made with premium ingredients and freshly delivered in attractive individual packaging support the Brownie Baker's differentiation strategy.

¹² Gumbel, Pater, "Pasta Panic," *Fortune*, November 26, 2007, pp. 47-49

New product ideas come from a variety of sources, and new product development is headed by Dennis Perkins himself. He constantly monitors the external environment of the business, including competitors, customers, suppliers, distributors, and industry trends and changes.

6. What evidence is provided in the case of issues related to quality of design or quality of conformance at The Brownie Baker?

Answer: Quality of design relates to the intention of designers to include or exclude certain features from a product. Examples include choosing to produce premium gourmet items; opting for fresh, high quality ingredients; wrapping products in premium individual packages; and stamping designs directly on the plastic film as opposed putting labeling stickers on a plain film..

Quality of conformance has to do with the absence of variation. The Brownie Baker wants each product it makes to look just like the prototype for that item. This is facilitated by a number of techniques. First, the use of prepackaged liquid eggs results in uniformity and consistency among batches of product, with the correct quantity of liquid eggs being easily added to each batch. Second, the use of automated equipment for depositing batter into trays, cutting cakes for packaging, and packaging of the baked goods all help to maintain consistency in the final product. Finally, working closely with distributors to ensure that product is sold or pulled from the shelf in a timely way also helps to insure that each product that reaches the customer will be just as The Brownie Baker intended.

7. What were the main reasons for the expansion? What location planning options were considered, and what factors led to the final choice?

Answer: The need for expansion came because of increasing demand and the desire to improve operations efficiencies. Expanding the existing facility, adding a new building on the existing site, and moving to a new location were all considered. Because of the time and regulatory issues involved with constructing a new building on site or moving to a new location, the decision was made to expand the existing facility.

8. How is the new plant capacity being utilized? How has it impacted productivity?

Answer: The increased capacity has resulted in substantial improvements in productivity by allowing for longer production runs and decreased changeover time. Also, it has resulted in meaningful savings in utilities while simultaneously providing three times as much freezer space as was previously available. Floor space in the baking area is now better utilized as well.

9. Describe Perkins' leadership style. How has this affected his business?

Answer: Dennis Perkins is a hands-on leader who is open and approachable and genuinely cares about his workers. His down-to-earth, receptive communication style puts workers and managers at ease and establishes a basis of trust from which he can seek ideas and input that will positively impact his business. His willingness to listen to those he employs has resulted in significant benefits for operations and have kept morale and loyalty high. Low turnover and reduced costs of recruitment and selection have been realized as a result.

10. Assuming current market trends continue, what strategies could be explored to allow the Brownie Baker to remain competitive?

Answer: Students can be encouraged to offer possible solutions to the slowdown in sales in the winter months, ideas for new product development, ways to keep demand strong as commodity prices increase and the economy lags, and further strategies for improving production efficiencies.

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NOTES