



Advisor to CEO and Board Search— KETTLE CUISINE

From its start as a small, not-at-all-bankable company to its exit with a high valuation, Kettle Cuisine relied on Jim Johnston of Johnston Company as CEO advisor and board search recruiter. Johnston provided Kettle Cuisine with a unique understanding of the CFO and CEO roles and needs, along with a thorough, systematic approach to launching a board and running the search. Johnston’s contribution helped fuel the company to its successful sale.

THE COMPANY STORY

From start-up to national brand

Jerry Shafir founded Kettle Cuisine in 1986. He started small—very small. Working closely with chefs, Jerry developed a limited line of fresh soups using only the finest quality, natural food ingredients and well-tested artisan cooking techniques. Since 1994, each year the business has grown and been profitable. Today, with annual revenue over \$60M, Kettle Cuisine offers a selection of over 50 varieties of soups, chilis, and chowders and services over 5,000 restaurants, cafés, delicatessens, and supermarkets in the United States.

To fuel this growth, Kettle Cuisine needed more physical space: going from its original 13,000-foot to the required 37,000-foot facility required a sizeable bank loan. CEO Jerry Shafir knew that he had to find a financial advisor to prepare the company for its bank loan application: “Like a lot of small companies, we were undercapitalized. But we knew that if we could get financing for new equipment, we would continue to grow. We wanted to build on our status as a strong regional player to become a national player.”

CEO ADVISOR

CEO Jerry Shafir first brought Jim Johnston in as a financial advisor to navigate the lending process. He soon began to tap into Jim’s broad experience as CEO advisor. Shafir: “We ended up borrowing about \$3M to expand. The key for us was establishing discipline and implementing the financial model Jim designed for us. Jim’s model allowed us to forecast and react to early warning signs, such as margin deterioration and variances.” Shafir found that instilling this discipline into the finances and tracking the numbers monthly showed the bank that they were on top of their business. “It was huge for us to have this tool to use—it alleviated some of the perceived risk associated with a company our size and increased the bank’s comfort level. We were incredibly successful getting a large amount of financing for such a small company.”

BOARD SEARCH

Highlights of Jim’s Role

- Advisor to the CEO
- Recruited the Board
- Developed integrated forecasting model
- Obtained bank loans
- Successful exit to industry powerhouse

Company Snapshot

Ownership	Private
Industry	Food
Revenue	Over \$60M
Location	Chelsea, MA

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—Jerry Shafir, President and Founder, Kettle Cuisine

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—Jerry Shafir, Founder and CEO, Kettle Cuisine



Part-time CFO, Executive Search, Advisor to CEOs, CEO Gatherings.

Johnston Company
78 Bedford St.
Lexington, MA 02420
JimJ@JohnstonCompany.com

www.JohnstonCompany.com

As the company continued to grow, Johnston coached Shafir on how to build out a Board of Directors. Johnston conducted an exhaustive search, first fleshing out the criteria with CEO Shafir, then creating a detailed job description and interviewing people in the food business and the financial space, consultants, customers, and competitors. He narrowed down the candidate shortlist through phone interviews and worked closely with CEO Shafir to pick two new board members. Shafir: “Jim’s role as CEO advisor made the search for the right board members more effective than the standard executive recruiter. Those board members were with me for almost ten years.”

Johnston became an integral part of Shafir’s inner circle: “Jim not only came to all our financial meetings, but his role evolved with the company. He was very involved in setting up our stock option pools and determining our philosophy of who gets rewarded and how.” Johnston adopted an ongoing role at board meetings, preparing a detailed book before each one, with financial data, company news, and relevant business issues. He introduced “wake-up calls”, a time for board members to introduce issues that seemed to need more attention from management. “We wanted them to stretch me—their job was to help me build the company to an exit, and that’s what they did. Jim really set it all up: first he found those guys, then he established this great way to communicate and meet effectively.”

THE RESULTS

CEO Shafir on Johnston’s roles as CEO advisor and board search recruiter: “One of the things Jim brings is this incredible integrity to everything he does. He was with me for the big build—from not-at-all-bankable to exit with very high valuation—a lot of what Jim did really built value in the company.” The financial model Johnston implemented is still used today to look at trends and reforecast, and to see the implications of behavior in the market, such as customer defection, new customers, dairy prices, etc.

Johnston carried this attention to detail into his approach to the search: “I would hire Jim again in a heartbeat to do a search. He is so thorough in his preparation, understanding company culture, roles, and the CFO and CEO personalities. He knows that you have to match people and skill sets, and his focus is on the needs of the CEO. His exhaustive approach is unparalleled and brings great candidates to the forefront.”

Johnston worked by Shafir’s side as CEO advisor for 12 years, continuously helping Shafir focus on what really matters. “Jim is really good at bringing me back to my goals.” Johnston’s detail-oriented approach and financial acumen provided an ideal match for Shafir’s leadership style. “Jim knew how to figure out what my strengths were and which things resonated and made the company move forward. He helped me maintain discipline—made sure that what I do day-to-day tied to my goals.” In a brilliant culmination, Kettle Cuisine was successfully sold to the Arlon Food and Agriculture Investment Program, the investment arm of Continental Grain.