

Awrey's Bakery Is Back from the Brink

JC REINDL, Detroit Free Press

LIVONIA, Mich. (AP) — It was a year ago that Awrey's Bakery — one of the few remaining iconic Detroit-area brands — avoided permanent closure in a down-to-the-wire purchase deal.

The new buyers, Michigan residents Ron Beebe and James McColgan, bought the Livonia bakery from a pair of out-of-state private equity firms just hours before its equipment was to be sold at liquidation auction. The 200-some Awrey's employees were already out the door. In their place were auctioneers.

"I physically had to go down and stop them from taking things apart because they didn't think the deal was going to go through," McColgan, now the company's CEO, told the [Detroit Free Press](#). [1]

Today, the 104-year-old Awrey's brand is back in the pastries and cake business as it jockeys for shelf space and a sustainable business model.

The company employs 94 workers at its Farmington Road plant and headquarters and is expanding into meat pies, deli trays and a gluten-free product line. McColgan said the new Awrey's is not yet profitable, but getting closer.

The new owners reversed Awrey's controversial 1991 decision to remove its baked goods from most retail stores and focus on sales through restaurants, airlines, hotels, prisons and vending machines. For the first time in years, classic Awrey's products such as Long John coffee cakes, fudge brownies and date nut bars can be found on local grocery shelves.

The new company is legally known as Minnie Marie Bakers, but operates under the Awrey's Bakery name. Beebe and McColgan bought the business for an undisclosed sum from Hilco Equity Management and Monomoy Capital Partners, the funds that acquired Awrey's out of bankruptcy for \$25 million in 2005.

Despite aggressive cost-cutting and labor concessions, Awrey's lost \$5.3 million in 2011 and \$6.7 million in 2012 under the former owners, according to documents in its Chapter 7 liquidation bankruptcy case. The bakery announced in late 2012 that it would close for good unless a buyer stepped forward.

Representatives for Torch Lake Capital Partners, a successor fund to Hilco Equity which was the majority Awrey's owner, did not return a message for comment.

In an interview, McColgan said the equity fund owners "bled this company dry."

"They took every ounce of blood you have in your body, plus whatever they could get out of your tissue," he said.

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For many customers, the Awrey's name is tied to the Detroit area like other well-known brands such as Faygo, Sanders, Stroh's, Kowalski and Vernor's.

A few of the company's 100-plus products are based on the original recipes of Elizabeth and Fletcher Awrey, who went into business selling in 1910 selling fresh bread and other goodies to their Detroit neighbors on West Grand River.

"They're still the Awrey's recipe from grandma Awrey," McColgan said.

Awrey's went on to pioneer the concept of in-store bakeries within supermarkets. At the company's peak headcount in the 1950s, it employed 4,000 workers between its bakery, supermarket counters and free-standing stores.

In 1970, the company moved its headquarters from Detroit to Livonia.

The Awrey family has not owned the business since the 2005 bankruptcy. A few relatives still work there, including John Awrey, the director of sales and marketing. "The new owners have certainly injected a lot of life into us," Awrey said. .

Close to three-quarters of Awrey's workers were unionized before the 2013 shutdown. There is no longer a union under the new corporate structure.

"We treat everybody great, at least I think we do. So we don't think there's a need for one," McColgan said.

The company doesn't disclose revenue figures, but says about 70% of its business is now retail-level sales at 300 stores, including Kroger, Wal-mart, Spartan Foods, Costco and local grocers like Hollywood Markets. The other 30 percent is food service accounts with firms such as Cisco and U.S. Foods.

Previously, about 98 percent of the Awrey's business was in food service.

The CEO said he is trying to win back a few companies that didn't return to Awrey's products when the plant reopened.

"It's still going to take some time to convince major customers that we're here to stay, but we are here to stay," he said.

Taylor-based Dairy Fresh Foods is one long-standing Awrey's customer that distributes the products throughout Michigan and surrounding states.

"They really have some unique items," said Jay Must, a Dairy Fresh manager. "This is a brand that's well recognized in the region and we are finding great reception for it in states nearby."

Van Conway, CEO of restructuring firm Conway MacKenzie, said Awrey's could be a successful niche player in the overall market if it continues gaining customers and shelf space.

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Later on, if the business achieves sustained profits, it could make an attractive acquisition for a major food producer looking to expand its products, he said.

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