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## **Are You the Best Boss for Your Business?**

**Bakery Barn saw explosive growth in five short years, becoming a \$6 million company. Now the founder thinks it's time for a new leader** by [Kerry Miller](#)

The way Sean Perich tells it, the history of his company, Bakery Barn, is a typical entrepreneurial success story. He was a CPA and longtime weight lifter who turned sweat, determination, and a homemade protein cookie into a \$6 million business in less than five years.

For Perich, the breakthrough moment came in 2003, when Bakery Barn started selling its baked protein products through contract manufacturing deals with larger brands. The company's first and biggest client, Apex Fitness, now sells Apex-branded Bakery Barn protein cookies and cookie bars at hundreds of [24-Hour Fitness](#) gyms and other major outlets such as [GNC](#) and [7-Eleven](#).

Perich's senior management team at Bakery Barn is the same "ragtag bunch" that has been with him since the beginning: his brother, a former construction laborer; his sister, an art school graduate; his brother-in-law, who worked in a mailroom; his uncle, a former glass plant worker; and a family friend, a bartender. Not one, Perich proudly points out, is a culinary or business expert, and neither is he—the company president.

### **Back to Baking Basics**

Their collective lack of experience didn't seem to be a problem when Bakery Barn was seeing year after year of stratospheric sales growth. But sometime around 2005, Bakery Barn's rise to the top stalled. Perich says sales have hovered around \$6 million for the past three years. That has forced him to reevaluate the makeup of his leadership team—himself included.

"At a certain point, guts and hard work stop paying dividends," Perich admits. He says he now finds himself suffering from "good idea-itis"—a problem when none of his managers or directors were willing to curb his enthusiasm. "If I say, 'Let's spend time developing protein drinks,' they say, 'Great'—they won't question me," Perich says. He worries that time spent developing products like protein drinks and savory snacks has been a distraction—that perhaps Bakery Barn has strayed too far from what it does best: baking protein cookies.

Doug Tatum, a management consultant and author of [No Man's Land: What to Do When Your Company Is Too Big to Be Small but Too Small to Be Big](#) (BusinessWeek.com, 8/1/07) says many companies encounter similar problems when they grow to around 20 employees. That's when companies typically are forced to make the transition from the high-performance/cheap-labor model that worked in the startup phase of the business and start paying the real costs of labor and productivity. Perich, for example, didn't start paying himself a salary until 2005. "You can get a core group of people to work for cheap because they're like missionaries—but you can't get 20 or 30 people to do that." (Perich says Bakery Barn now has 32 full-time employees on its payroll.)

### **Facing Realities**

To survive and grow, Tatum says, companies have to be able to make a product customers will buy at normalized cost plus a profit. This stage in a company's growth—what Tatum dubbed no man's land—can be a painful one for companies like Bakery Barn. "It's naturally more fun to try to entertain new ideas than it is to do the hard, process-oriented work of taking the first good idea and making it even bigger," Tatum says.

[Mission creep](#) (BusinessWeek.com, 10/22/07) isn't the only leadership quandary that has slowed Bakery Barn down. Even though working with small-time distributors wasn't nearly as profitable as working with big brands like Apex, Perich continued selling a small number of cookies to local gyms under the Bakery Barn name through 2006. Perich now chalks this up to a bit of magical thinking. "I had dreams of creating the next [PowerBar](#)," Perich says. As a lifelong muscle-head, "having my own brand that people who go to gyms eat would have been a source of pride."

Only recently did Perich face up to the problems in that scenario. He still believes in Bakery Barn but he's also come to the difficult realization that he has probably taken the company as far as he can. Perich sat down with his business partner (his father) and his team of directors and managers to tell them the hard truth: Bakery Barn needed a leader who could push the company through no man's land—and that leader wasn't him. "I am not the guy that is going to be able to lead this company to \$25 million or \$50 million dollars in business," Perich says. "I just don't know how to do it."

### **Knowing When to Cede Control**

Last month, Perich hired a full-time comptroller to take over the bookkeeping duties he'd been handling; he's currently interviewing candidates to take over as president by early next year. He'll continue working with the company's new three-person research and development team to develop new products.

Giving up control is a big step, Perich says, and an emotional one: Bakery Barn "is not just a company for me," he says. But now that the most stressful chapter in his life is nearing its end, Perich is looking forward to spending time with his other children: Sydney, age 3, and Samantha, age 1.

Tatum advises companies entering no man's land to bring in seasoned senior executives with expertise in the industry and the direction in which the company is heading, but adds, "It doesn't necessarily have to be the guy at the top." He counsels entrepreneurs not to be intimidated into thinking they can't run a business—they might just need experienced "tour guides" to help show them the way. His advice: "Find out what you're good at, and hold on to that part of the business—then let the other parts of the business go."

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