

Giving up the Glory

Pittsburgh Business Times - October 7, 2005 by [Dan Reynolds](#)

Sean Perich has a term for the business lesson that he had to learn to make his baking company grow. It's called pivot-flex.

Perich, a baker of protein energy bars and cookies for sports nutrition companies, says when he began his Bakery Barn company four years ago he dreamed about a line of nutritional bars and cookies with his company's name on the label.

But to succeed, Perich says he had to swallow that dream and accept that perhaps a brighter future lay in baking cookies and bars for other company's labels. Part of the transition was accepting that other companies would get the glory of introducing Perich's concept of a baked protein cookie into the market.

"It was not an easy decision, and here's why," Perich said. "We created a technology that allowed us to bake high levels of protein into baked goods. No one else to this day has figured that out. So there is a lot of pride in that."

Perich started his company in his apartment in 2000. He leased his first 1,000-square-foot manufacturing space in Baldwin in August 2001. But the ball really started to roll for Perich in late 2002 when he was approached by sports nutrition companies that wanted him to bake for their label.

"A lot of companies would have said, 'No that's not what we do,' but we sat down and looked at it," Perich said. Finally, he had his decision. "We had to change who we are."

In May 2003, the company decided to contract with California-based Apex Fitness Group, the parent company of 24-Hour Fitness Clubs, which owns 340 health clubs mostly in the western United States and Asia. Apex began selling Perich's cookies under their label to its clubs as well as about 900 others.

First move

Bakery Barn was on its way to making the most popular product in the Apex Fitness Group's food line.

In 2002, Bakery Barn's sales were \$228,000. This year, Perich said, sales will reach \$6 million.

He credits pivot-flex. The decision to drop his dream of selling his own cookies under his own label was the pivot. The flex was having the flexibility to produce products with the shelf life that his clients required.

Jim Starr, a product development manager for Camarillo, Calif.-based Apex, said Bakery Barn's products have come to represent 15 percent of the company's sports nutrition food sales.

Starr said he got a call about three years ago from a Bakery Barn sales representative who was asking him to take a look at one of the company's baked protein cookies.

"There wasn't a health club that was carrying a cookie; that was something that really caught my eye," said Starr. Born Jim Kalafat, Starr played professional football for the Kansas City Chiefs and the Los Angeles Rams before making an eight-year television career as "Laser" on the "American Gladiators" program.

Starr said he took the protein cookie concept to Darryl Wilburn, Apex's chief marketing officer, who bought into it.

"He believed in my idea, and it took off like wildfire," Starr said.

"That first year (2003) we were their number one, two and three product," Perich said.

Starr said the company now carries 12 cookies and bars made by Bakery Barn and is in the process of rolling out three more.

\$2 billion market

Bakery Barn still puts out four cookies under its own label, which it sells online and to local health clubs.

Perich's cookies also have become a hit with Houston-based Labrada Nutrition Inc., which is owned by body builder Lee Labrada. A bit of a celebrity himself, Labrada and his pecs packed up a Mr. Universe title in 1985.

Labrada said from his start with Bakery Barn products six months ago, the company's "Lean Body" cookie bars now encompass about 5 percent of the company's product line. He described the products as "impulse" items that athletes and exercisers tend to snatch up when they're hungry.

Katja Rauhala, a researcher with San Diego-based Nutrition Business Journal, said the nutrition bar business amounted to \$2.028 billion in 2004, down a bit from \$2.069 billion in 2003.

Leslie Bonci, director of sports nutrition at University of Pittsburgh Medical Center, said energy bars or cookies that contain both protein and carbohydrates are good for muscle building.

She said the 25 to 30 grams of protein in a Bakery Barn cookie is roughly equivalent to the amount of protein in a pork chop, but the packaged cookie's portability gives it an advantage.

"I can pull a cookie out of my bag. I can't pull a pork chop out of my bag."

DAN REYNOLDS may be contacted at dreynolds@bizjournals.com.