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Healthy business

Sidekim Foods



Food service company's growth strategy blends conceptual focus and operational efficiency

The first thing that catches your eye is the coffee table. Just inside Peter Mikedis' food service management company, **Sidekim Foods** in Lynn, you get an immediate taste of things from a glass-topped table in the reception area. It's the first thing everyone notices. Underneath the glass are various samples of the whole grains, beans and natural seasonings that are staple ingredients of the nutrition-focused menu offerings Sidekim sells. "We pride ourselves on preparing a fresh, healthier Sidekim sells. "We pride ourselves on preparing a fresh, healthier meal," said Mikedis, 44.

Everywhere in Sidekim Foods' 8,400-square-foot facility, there's ample evidence of that mandate. In one area, for instance, members of Mikedis' 25-person staff hand-roll meatballs made from ground beef, fresh peppers, fresh onions and whole eggs. Then there's the plant itself. Mikedis, who has trained in lean-manufacturing techniques, said the plant's design has been based on "flow, rather than operation," meaning the equipment has been strategically placed to maximize labor efficiency.

"When you minimize motion, you minimize waste, and as a result, you have lower operating costs and

higher-quality meals," Mikedis explained.

That efficiency is critical for a business that is very much in growth mode. In 2008, Sidekim Foods' first year in operation, it was preparing about 197 meals daily; today, that number is closer to 4,200 for accounts throughout eastern Massachusetts. Mikedis' goal is to reach 6,000 meals come October.

Mikedis brings more than 20 years of culinary industry experience to this venture. But he also understands he's "the low guy on the totem pole, in terms of being a new company" in the food service industry — where there are some heavy-hitters such as

Sodexo Inc., Aramark Corp. and Chartwells.

Despite that fact, Sidekim Foods has managed to grow revenue to \$2 million in 2009 from \$697,000 in 2008. This year, Mikedis is projecting \$3.5 million.

About 40 percent of the company's business comes from private and charter schools, 40 percent from state programs serving senior citizens, 15 percent from child care facilities and 5 percent from corporate catering. Mikedis said the company is targeting public school systems next.

To accommodate its recent growth spurt, the company added 3,000 square feet of space to the original 5,400-square-foot facility last September. Ongoing reinvestments have also been made in equipment purchases, which in recent months have included a new refrigeration system that cost \$20,000 and two new delivery vans with a cumulative cost of around the same amount.

Mikedis believes a key factor in the company's growth has been its focus on healthier fare. "There's no fillers, additives or preservatives," he said. "But it still tastes good."

Michael O'Donnell, business manager at client Prospect Hill Academy in Somerville, said, "Peter has a passion for cooking nutritious food for students. That was a good alignment with our mission. We believe that students who have eaten a good breakfast and lunch are better positioned to learn."

Mikedis said the company's fresh food purchases, much of which are sourced from local farms, constitute about 43

percent of the company's total budget. He estimated his food costs would be about 3 percent to 5 percent lower if he were purchasing only frozen or processed goods.

"There's ways of being able to afford it," he said. "Look at your operation and try to run more efficiently. Try to negotiate a better price with your vendors."

Mikedis came into Sidekim Foods by way of a life-changing event. Around 2001, he was diagnosed with cancer. At the time, he was working with Corporate Chefs in Haverhill. After undergoing successful treatment, he made the move to City Fresh Foods in Boston, where he served as chief operating officer for five years. There, he was introduced to school and senior nutrition programs — which became a passion.

Mikedis said the cancer diagnosis "changed the way I looked at many things. My goal is to be successful. But, it's not going to take first place over my family."

Mikedis also came to the realization that he wanted to take greater control of his professional destiny. He struck out on his own in 2007 (Sidekim Foods was officially launched in early 2008). He utilized about \$240,000 of his own financing to get started. He also received a U.S. Small Business Administration loan in the amount of \$280,000, the first disbursement of which was in 2007. But, he admits he underestimated the cost of his business's subsequent expansion.

"With the purchase of new equipment, inventory, receivables and payroll, a line of credit is a necessity," he said. "Unfortunately, I found that

even with signed contracts and a track record of growth, traditional financing was not an option."

After being turned down by some banking institutions, Mikedis managed to secure a \$150,000 working capital loan from the Massachusetts Community Development Finance Corp. in 2009.

As a small-business owner, Mikedis is a firm believer in tapping into such outside resources. Another major one, he said, has been the Small Business Development Center at Salem State College, part of the Massachusetts Small Business Development Center network, from which Mikedis continues to seek financial and business development counsel.

"The key is to find an unmet need in the marketplace. (Peter) identified nutritious, wholesome, good-tasting foods," Walter Manninen, senior business adviser and financial specialist at SBDC, said. "He had a terrific business plan. And, he was focused on the customer."

Sean McFadden can be reached at smcfadden@bizjournals.com.