

MEMORIES OF A PRESIDENT

Allan Baker Looks Back

EDITOR'S NOTE: The following article is an excerpt from a special issue of "Versa Views", the managerial House Organ for Versafood. November 1969 marked the 15th anniversary of what is said to be the fastest growing company in Canada. We reprint some of the article here to give students a glimpse into the company and its chief executive, both truly remarkable phenomena in the Canadian business world.

Fifteen years ago this month, an odd little enterprise was born, kicking and struggling in a rented garage. It wasn't called Versafood then, but that infant grew into this husky teenaged corporation of ours.

In 1954, I was thirty-three years old and married, and our first baby was on the way. I was making good money at a marketing job but I figured that, if ever I was going to start out on my own, this had to be the time. What me pick on vending? A deliberate process of narrowing the field. I did my own market survey. I compiled a book about two inches thick of everything I was exposed to in a day. . . . Then I worked out measurements to work out each product or service against.

As I remembered the depression pretty well - I was eighteen when it ended - I also looked at everything from the standpoint of how it might do under recession conditions. I decided I would rather be in the clothing business than in automobiles, for instance, and in food than either.

I next decided that service industries had only one way to go if we were to have the increases in income that were forecast. I don't know whether this decision was luck or good

market judgment; certainly it was difficult at that time to believe in those increases because standards and salaries rose relatively slowly after the war.

So in this way I narrowed the possibilities to service industries, and then to some recession-proof food service industry.

I decided that, if I was going to do something on my own, I wanted to make a reasonable success of it, and in the long run there is only one measurement of success: money. I set my goals high: I wanted to become a millionaire in ten years.

If you haven't any real money, then you have to put in enormous quantities of effort and time. It's the one occasion when you can clearly measure the value of time. I got in the habit then - and I never got out of it - of putting eighteen or nineteen hours a day. I had to do it. The alternative was to hire two other people and I couldn't afford that because I needed all my money to buy machines.

Gradually, I built up enough non-capital expenditures that, combined with the cash return and the low cost of labour - mine! - I had enough money to make another down

payment. At the end of the first full year of business, I had twenty-two machines and had to hire a technical man because I had started to run out of time.

The next big step came in about 1958 when we bought Nationwide Food services. This company had been profitable during the war but had gone down hill and was losing money. We set out to use its people who knew what they were doing. They got their sleeves up and really made that company grow. And that put us into the manual food service business and spread the base of the company for growth.

It wasn't easy deciding to take the company I had built and owned and make it public property. The agony of that decision probably helps me today to understand the feelings of people I'm dealing with when we are buying their companies. Thinking solidly about the idea, it took me six weeks to make up my mind. Whenever I have a big decision like that to make I write all the pro's and con's down on paper and then weigh them together. Putting things on paper stops you getting bad-tempered about making big decisions because you know you have left nothing to memory. Going public built a base

that protected us against almost any competition from a people standpoint. We had, without question, the best key people in the food services and vending business in Canada. We also had by far the largest volume and this meant stability for employees, for my associates and for myself. We were all better off to be part of this large solid thing.

I think you can produce creative ideas much easier between eight-thirty p.m. and midnight than from eight-thirty in the morning. In the daytime you have the pressure of a time limit; you just reach the point where ideas start to develop and you have to break it off. So in the formative stages of a lot of things we tend to meet at night. I work well in the evenings and I think well then too.

I keep pushing like this to make the company grow. Growth is the fun of the thing. It's the enjoyment of seeing something created successfully and seeing it running. It's the enjoyment of knowing you have selected the people who are able to make it grow. If the board said tomorrow that Versafood is going to sit still, will not reinvest any more capital, will not grow any more, by tomorrow night I would have my desk cleaned out and be on my way.

Once I had a goal of making a million dollars. I'll never know just how serious that goal was, because I don't think I ever thought it again from that day on. I admit that it is easy for our family to say now that "money isn't our goal", because we already accumulated a little. But we don't set goals now for their immediate financial return. The important thing is that I am enjoying what I'm doing.

I love this business, every minute of the day. There is always a challenge. There's the main challenge of getting the right people in key jobs and

attempting to get them to get good back-up people. Financial analysts often tell me that this is really a one-man-show. But they couldn't be further from the truth. No one man can manage six thousand people.

Perhaps in the broadest sense I'm a bit of a dictator. After we have discussed a subject, if in my mind there is still only one clear right way to do something, then that's what we'll do, even if it has not achieved a popular vote. However, if I am not thoroughly convinced about my way, then I am delighted to let anyone try anything and to prove it to be the best of his ability.

A man is not always right when he takes my sort of attitude but I do feel that in every area of company you have to have strong leaders. I don't care what level it is, if managers are not willing to dictate the policy in their area than that's going to be a weak link in the company.

A company is not, generally speaking, a democracy. You have to allow your management people to make their own day-to-day decisions, to manage as they see fit because you can't be in every place at once. To that extent, the more democratic it becomes, the more you are able to grow. But when it comes to basic policy decisions, the area of business of the manager involved must reflect his policy and his character and his desires. If he doesn't indicate those then he is not "managing".

The relationship between management and employees is a trade. Neither owes the other gratitude; each owes the other respect.

I like to think of the employee who owns shares in the company and it's surprising how many do. When our stock was selling at around three or four dollars, the people who were buying were not the large investment houses with sophisticated analysts with the company: our own employees.

Annual Sales 1955-1969

