

Photo by Don Netzer

AT A GLANCE

Company:
**JOHN SOULES
FOODS**

Founded:
1975

Headquarters:
TYLER, TEXAS

Leadership:
**MARK AND JOHN
SOULES, CO-CEOS**

Facilities:
**250,000-SQUARE-
FOOT PLANT,
TYLER, TEXAS**

Products:
**RAW MARINATED,
READY-TO-COOK
AND FULLY COOKED
WHOLE-MUSCLE
BEEF AND CHICKEN
FOR FOODSERVICE
AND RETAIL**

Customers:
**NATIONAL
RETAILERS,
FOODSERVICE
DISTRIBUTORS AND
RESTAURANTS**



John Soules Foods co-CEOs John Soules Jr. (left) and Mark Soules

feed the fire

Once a raw ground beef maker — that has long since become known commonly as “The Fajita Company” — **John Soules Foods** is cooking up a broader identity.

By Tom Johnston, managing editor

Ask Texans and they’ll tell you that Austin, its liberal capital city, just ain’t Texas.

In the late ’80s, Austin had “fajitas,” a word, a food that John Soules had never heard of. The founder of John Soules Foods, based 230 miles north-east of Austin in Tyler, learned it over the phone during a chat with his first son Mark, a graduate of the University of Texas, who’d begun a career as a food broker in Austin. The state’s rapidly emerging Hispanic population already had made an impression on the city, and on Mark.

That conversation (and a fire) would change the course of the company, which has evolved from a hamburger patty maker into a \$160 million, nationally distributed processor of marinated fresh and cooked beef and chicken known commonly as “The Fajita Company.” The flavors that Mark caught onto a couple decades ago are fresh on the tongue of consumers today, meaning the company is in a comfy space at its 250,000-square-foot headquarters.

But those palates and daily lives still are changing, and JSF isn’t sitting idle: It’s working to create 30 new products this year alone, all for retail, while readying for demand in foodservice to pick up. With yet another 50,000 square feet of physical plant space available and new channels to explore, Mark and his brother, co-CEO John Soules Jr., feel they can evolve further and reach \$500 million in annual revenue.

And what’s more Texan than thinking big?

FAJITAS OR BUST

There was something to this whole Hispanic thing. It had a big impact on Mark, at least.

He summoned Hernán Cortés — called El Conquistador for his brutal



settlement of Mexico on behalf of the Spanish crown — when rallying his sales team at the site of the company’s original hamburger plant, freshly destroyed by fire. (It was April Fools’ Day, 1994. Mark thought John Jr. was kidding when he called.) Mark noted how Cortés would (according to some historic accounts, refuted by others) tell his subordinates to burn their boats upon landfall. Translation: Do or die.

For Mark’s *compadres*, that meant no more patties; they were either going to sell fajitas or go out of business.

John Sr. soon decided to build a 100,000-square-foot plant, the first footprint in the current location, in 1996. “We thought he was crazy,” John Jr. says. “When we moved in, we took up about a third of the floor space. We’d walk in, and it would echo.”

Dad’s confidence came from a shift in the company’s core competency and, frankly, bigger thinking. The burger business had been custom processing for local restaurants. But Mark Soules, who as a food broker had called on Sysco before joining his dad in 1987, insisted the fajita business would blossom by working with broad-line foodservice distributors. Indeed, it opened up a wealth of opportunities.

In 1999, John Soules Foods added 15 fully cooked processing lines to supply foodservice and hasn’t looked back. In 2004, the company began selling fully cooked, marinated beef and chicken to retailers as well. Not only did they fill John Sr.’s 100,000-square-foot plant, in 2007 they added another 150,000 square feet, and still have half that space for future growth. Today JSF is the largest retail supplier in its category, carried in more than 12,000 grocery stores, and also works with

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— John Soules Jr.

some 30 foodservice distributors.

“The convenience factor and the quality of flame-broiled product versus something that is cooked on steam is what gives us a competitive advantage,” Mark Soules says. “People pay for quality, and so many people are eating at home since the economy turned.”

MOBILITY

John Soules Foods’ quality certainly got the attention of Wooster, Ohio-based brand Certified Angus Beef. In 2010, CAB, which selects suppliers based on 10 stringent quality specifications, partnered with JSF to sell a first-ever frozen line of fully cooked steak products to compete with chicken in the frozen case.

Brett Erickson, CAB’s director of value-added products, says flattering things about JSF’s processing. Perhaps more important, he says, is the company’s ability to get it to consumers.

“We can find good companies that can

make a good product,” Erickson says. “[But] I’ve often found that those same companies lack the marketing capabilities and distribution to drive it.

“You’re basically talking about a new category for the beef industry (frozen fully cooked); the chicken industry has been doing it for a long time,” he adds. “We needed to find a company with a strong reputation on the chicken side, and they (John Soules Foods) were looking to enter into the beef category with a product they felt differentiated themselves.”

NEW CONQUESTS

Firmly established as the premier purveyor of fajita meat, John Soules Foods still searches for ways to differentiate itself. And so there’s plenty of work to do.

On a stainless steel table in the middle of the R&D kitchen at John Soules Foods during a visit was an array of trial products, including several dished samples of Spanish rice with ascending levels of red and green

UP/DOWN

↑ NICHE: John Soules Foods isn’t the only U.S. processor to catch on to the Hispanic food trend, but it was one of the first. With 25 years’ experience making fajita strips, it has a head start in developing products that withstand the rigors of national distribution and taste good after a zap in the microwave.

↓ DEFINE ‘QUALITY’: No matter how much processing and marinating techniques improve, JSF’s goal to reproduce true restaurant quality might be tough to achieve in the eyes of some.

↑ DISTRIBUTION: Co-CEO Mark Soules’ earlier work as a food broker dealing with the likes of Sysco has helped JSF build a big network of distributors. The company now works with 100 distributors across foodservice and retail, allowing for flexibility when demand shifts with economic tides.

↑ R&D: Like many food manufacturers companies, JSF recognized the value in hiring a highly qualified chef who can lead efforts to make better products with more healthful ingredients.

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peppers and spices. It was time to decide on the best flavor profile for the Hispanic version of a new line of individually quick frozen rice-and-protein meals for retail. On a nearby countertop was an assortment of handheld, stuffed sandwiches, and Lance Youngs, the company’s corporate chef and director of R&D, wasn’t quite happy with the texture of the bread.

“We’re taking the bridle off,” Youngs says. “Fajitas got [John Soules Foods] on the map. Now we need more products to feed the fire.”

Youngs’ bosses have challenged him to come up with at least 30 new retail products by the end of this year. A typical year’s worth of R&D at a similarly sized company might produce 10 to 15 foodservice items and another five for retail. And the R&D team is just two people: Youngs, a veteran of the upscale restaurant industry, and his assistant, Wade Thompson, whose degrees in animal science and food technology from Texas Tech University and cattle ranching background comprise the right mix of know-how and work ethic.

“We really feel... we have to continue to grow and innovate on the new product side,” Mark Soules says.

Having spent 25 years as a chef in top restaurants, Youngs brought to John Soules Foods a taste for fine ingredients that now is helping it expand beyond proteins. He’s learned to balance his culinary penchants with functionality in large-scale meat processing. Nonetheless, there’s no mistaking his role in helping the company not only create more flavorful products but also more healthful ones. For example, JSF has reduced sodium by 40 percent across the board. All its retail products, meanwhile, are now gluten-free (Mark’s son is gluten intolerant).

PRIME POSITION

Having come a long way from its origins as a raw ground beef provider, John Soules Foods is positioning itself for future growth. “All those transformations have helped us become a more stable company and have a real presence in the marketplace,” John Jr. says.

JSF also has built a customer platform that helps it shift gears quickly. Foodservice distribution and national restaurant accounts certainly have been damaged by the Great Recession, but the company’s footprint in retail has provided ample bal-

ance. The company is fully focused on helping consumers eat restaurant quality at home without the fuss of cooking. Its product mix is geared for versatility; fajitas, for example, can be a meal or an ingredient in salads, soups



Photo by Tim Cairns

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and stir-fries.

“People either don’t have time to cook or don’t know how to cook,” Mark says. “It’s more about assembling a meal.” “[Consumers would] rather spend time with their kids than an hour and a half in the kitchen,” John adds. “We’ve benefited from that shift in consciousness.”

And while a shift in consciousness is well afoot, so is a shift in the U.S. population. With the Hispanic contingent quickly on the rise, John Soules Foods is in a good space. Mark notes, for example, that the chicken fajitas always outsell its grilled chicken. “Right now we’re concentrating on new items that are mostly Hispanic-based,” John Jr. says. “But we do consider ourselves to be a food company that can do any flavor.”

The jury’s out on Austin. But in true Texan form, Tyler’s packing heat. ☺

WEB EXTRA

Peek inside John Soules Foods operations in our photo essay of the company’s Tyler, Texas, plant at meatm.ag/SoulesPlantTour



Flame-broiling sets John Soules Foods’ products apart.

Photo by Tim Cairns