

***The Insightful Leader* Podcast Transcript**

Dialogues: How a Century-Old Family Business Is Adapting to the Pandemic

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[musical interlude]

Jessica LOVE: Welcome to a special bonus episode of *The Insightful Leader* from the Kellogg School of Management. When we planned our podcast season, we didn’t plan on a global pandemic and the tremendous economic and social disruption that would follow. So we’ve been periodically sharing some of the conversations that are occurring between Kellogg faculty and business leaders, looking ahead at what comes next for these leaders, their companies, and their industries.

The effect of COVID-19 on the food industry has been complex. Many restaurants have scrambled to stay afloat, yet the grocery sector has seen unprecedented spikes in demand, and fast-changing shifts in consumer tastes. So what’s that been like for the companies that supply the world with food products?

Griffith Foods develops and manufactures food flavorings that are in thousands of products in nearly 40 countries worldwide. Griffith Foods is also a family-owned food company, now in its 101st year, with a well-defined sense of purpose. Jennifer Pendergast is the director of Kellogg’s John Ward Center for Family Enterprises. She recently spoke with two leaders from Griffith Foods: Brian Griffith is the chairman of the board, and the fourth-generation member of the family to lead the company. TC Chatterjee is the company’s CEO.

On this episode, the three of them discuss how Griffith Foods has handled the twists and turns of the past several months—all while living up to a longstanding family legacy of being a vehicle for greater good. You’ll hear Brian Griffith speaking first, followed by TC Chatterjee.

[musical interlude]

Brian GRIFFITH: We were founded in the stockyards of Chicago. It was 1919. My great grandfather Enoch and my grandfather Carol looked at what was going on then within the food industry and saw an incredible need for food safety, quality, raw materials and recipe, consistency, in an industry that desperately needed those things. For those who might be familiar with “The Jungle” by Upton Sinclair, that seminal work kind of described the horrific state of the food industry in those early days, in the 1900s, or early 1900s. And you can understand that’s where we found, you know, our, essentially our early purpose.

And Over time we’ve evolved. We’re blending our core capabilities of food science, culinary, and consumer insight. And we’ve grown in partnership with our customers and their brands.

We're a purpose-powered organization in terms of new product development that creates and is entrusted with the recipes of the world, some of the world's most popular brands.

CHATTERJEE: We're at heart a product development company, a new product development company, and that's what we do. We help our customers design and develop products, and then provide some of the ingredients that go into those products. We don't sell to consumers. So you're not familiar with us as a brand. However our ingredients are in products made by some of the most iconic brands around the world. In fact, an unofficial statistic is that in the typical household in the United States, there's a 70% likelihood that you have in your pantry a product that has one or more of our ingredients.

Jennifer PENDERGAST: So we're capturing you at a pivotal moment in world history, right? The summer of 2020. I would assume that being in the food sector is one of probably the most interesting and complicated places to be through this crisis, right? Because on the one hand you're an essential business, and we've got incredible demand for certain categories in grocery that outstripped supply. But on the other hand, if you're dealing with supplying to the restaurant space or institutions—schools, you know, hospitals, and the like—that the demand is going way down there, I would assume. When were the two of you aware that we were going to be facing some challenges?

CHATTERJEE: It was about the middle of February that we had gotten news from our business in China. It was right about then that we realized collectively that things were getting more and more serious than the pandemic was truly, you know, spreading. And that was about the time that we said, you know, this is something that we have to not only pay attention to, but get proactive about, get out in front of it to the extent that we could. And that's when we started putting things in place.

PENDERGAST: What were those early actions?

CHATTERJEE: The first thing we did was to assemble a crisis management team together, which was global in nature. And then we went down the path of looking at our priorities, starting with our people. How do we ensure the safety and well-being of our people in a situation which was very, very uncertain, but with a lot more questions than answers? And to an extent that is still true today. But to the extent that we can address some of those questions, we started with our people, and then looked at, you know, our customers, what's the impact likely to be to our customers. Are we going to be able to serve them?

And some of the things that we started putting together is that, okay, people not going to be coming into the store, but you are going to be able to deliver, or have takeout. So we attempted to develop products, co-create products with our customers that would better enable them to meet the needs, delivery and out-of-premise consumption, if you will. Not typically something that our customers would have focused on, because most of them like people coming into their stores. And so this was a different paradigm that we wanted to help them with. And we came out with programs as well as products that were designed to help our customers do that.

On the supply side, though, things such as you know, not having enough product to supply to meet the surge in demand. What we attempted to do was take a look at our supply chain, and where we would have normally had ingredients to supply the restaurant segment, we diverted those into the food processing — the grocery segment, if you will, or the retail segment. And those are some of the changes that we made, that were transparent to our customers. But that

had, as you know, a trickle-down effect. So we have to work with our suppliers to say, you know, "Here's how we want you to help us equip our customers." So that's the chain that we attempted to kind of manage. Because what we say to our customers is, "We will take care of the backend for you." And that's one of the things that they kind of count on. And that was, it was incumbent upon us to ensure that we did that for our customers.

And then of course the other parts of, of the equation was, you know, what is the impact going to be on our business? And as a privately held company, we immediately went to, what does cash flow look like?

PENDERGAST: Early on, did you have any sense of what that impact would be like or did that kind of unfold as the crisis unfolded?

CHATTERJEE: Yeah, so we discovered more, as things went along. The good news, from our standpoint as an industry, is that people still have to eat. They eat differently, and the consumer's choices in crises, sometimes they make different choices. And it's only now that some of the restaurants are, I'll call it "limping back."

But on the grocery side of the business, we saw unprecedented demand by our customers who were then attempting to serve the consumers. So managing that, the uncertainty of the demand, and then matching that to our ability to supply – that was, and still, is a bit of a challenge. And the reality is that there's a lot of people who just don't know how things are going to pan out. So we have had conversations one week and then within three days, we get back on the phone and say, "You know what, what we said three days ago is actually not correct. Our demand is going to go up 30%." Or go the other way around. So we're dealing with that. The approach we're taking is that we're in this together, and we want to do this with our customers and our suppliers. You know, we're all likely to be wrong, but we're collectively wrong in terms of the assumptions that we're making.

PENDERGAST: So TC, I'm imagining, you know, you guys have customers in 40 countries around the world. It's always complex to be at a company working in that many countries, but what are you—if you could reflect on sort of the particular complexity driven by the global nature of the business? I mean, I guess the one upside I see, and I've heard it from other businesses is, "Well, the good news was we kind of saw what was coming, right? Because we had an early view for what might be rolling out in the U.S. because we were in Asia." But at the same time, you're trying to manage timelines and trajectories of this that have to be kind of different around the world.

CHATTERJEE: Yeah. The approach we took was it was the following — and we've had some practice on this with, with other things that we've rolled out —is to, first of all, develop a framework saying, "Here's how we're going to approach that." But building enough, enough flexibility into that, because we have to give the businesses the flexibility to deal with local regulations. You know, how the local governments are reacting, what rules and regulations are specific to that region. So we couldn't be too constrictive.

However, we want to make sure that there was a common approach across all of our businesses, and that's how we approached it. So that was step one in the process. And as we went along, the other thing that we did was to ensure that there was consistent and frequent communication. A group of about 35 to 40 people got on the phone every week, and sometimes more frequently, to say "What's happening in China? What have we learned from China that can be applied in India or in the United States?" And so there was an element of built-in learning as

part of that process, that consistency in communication. And it helped us not only to understand what was coming, or attempt to understand what was coming, but also share best practices. “Yes, you haven't experienced this yet”— temperature scanning of employees coming into the factory. In China, we had been doing that not only for this pandemic, but also going back to the time when we had SARS. And so there was some learning there that was specific to the Asia Pacific businesses that were easily transferred to the European and North American businesses. So we didn't have to kind of reinvent that stuff. So that was helpful.

PENDERGAST: We haven't really mentioned that much, the fact that this is a business that's been owned in Brian's family for a hundred years and sort of has the anchor of a legacy and a purpose that's here. Brian, could you speak a little more to how Griffith Foods defines that purpose? And then, can you think of a specific sort of instance, or challenge that you faced that you turned to it and said, “OK, this is tough, but the answer is clear because of what we've defined our purpose to be.”

GRIFFITH: My father was with us, you know, 67 of our 97 years at the time when he passed. So his fingerprint stands of large within the company. There's a particular experience that I had with my father that speaks in part of what you've asked. And this experience I had with my father was probably about a hundred yards away from where I'm seated now on a dock on a lake in Wisconsin. I was about 10 years old. And so, you know, my father and I were sitting on the dock together alone. It was most likely a late summer afternoon. But he was talking to me about the company. And he said, “You know, Brian, you know, at the end of the day, the company is a vehicle for greater good.” And as a 10-year-old, that was not an abstract thought. I got it. And I was proud of the fact that my dad was able to convey that to me. And that a company organization of people could collectively have a positive impact was incredibly powerful. And, and what we've sought to do in the company is organize ourselves, give form and structure to this idea of a vehicle for greater good. And that's embodied in our purpose. It's embodied in our communication, in terms of how we live, and really driving our strategy.

So, about six years ago, we stepped back and we used an analogy, in fact, that was used by Aristotle, which said, “Where your unique and authentic talents lay, and the intersection of the needs of the world therein lies your vocation, or your calling.” And we used that analogy and applied it to our business; really reflected on what was truly unique and authentic to us at Griffith, and where we saw that intersection in the need of the world. And our purpose is, we blend care and creativity to nourish the world. And so those kind of key elements — the care, the creativity, and nourishing the world — it's our North Star. It's what we aspire and endeavor to do in terms of the impact that we have in the world. And so it has served us well as we've had this crisis.

When we talk about “care” within the company and our associates, we very much think about it in terms of physical wellbeing, mental, and including financial wellbeing. And one of the things that we knew was on people's minds early on with COVID-19 was the severe impact really across the economic landscape, which included furloughs and layoffs. And, early on in this, we did some financial scenario analysis, and TC had mentioned that earlier, as we kind of looked at some of the business fundamentals — our cash flow, et cetera — that allowed us to look at some kind of worst case scenarios. And as we looked at that, we identified that we really wanted to get that message out very early to our associates, that there would not be layoffs and that their wages and salaries were secure. And in a very short two-minute video that we sent out globally, we conveyed that message. And I said that that was the case. And so that really plays to very much of our purpose in terms of how it guides us.

[musical interlude]

PENDERGAST: Brian, I want to go back to a comment you made when you were talking about financial wellbeing, you also mentioned mental health, mental wellbeing. And I get the sense that we're really starting to wonder about mental health of people, People, you know, working either in environments, they feel that are unsafe, or people working in a home environment that may seem unsustainable. The uncertainty of not knowing how long this is going to go on. How does that play out in terms of responsibility to employees, and how you think about how to support the employee base in terms of both sort of mental and physical health at times like we're facing now?

GRIFFITH: Yeah. You know, we look at these different dimensions of wellbeing and the first thing we were addressing —and TC had mentioned this earlier — was really about physical wellbeing. So, you know, those hygiene factors to keep people safe. As an essential business, we still had a significant part, about 30% of our workforce. And as I was on the floor with our workers, I asked probably every other person, “Do you feel like this, the measures that we're taking are enough?” And the vast majority said, yes. Now as a food business, we already had really high hygiene factors. I mean, we wear masks, we wash our hands, constantly. Our shoes are cleaned. But locker rooms, our canteen, where people are gathering to eat together — all those were areas that we had to make sure had social distancing involved. And locker rooms were particularly an area that we spent a lot of time and attention for.

CHATTERJEE: Yes. If I remember correctly, toward the end of week two or early week three is when we collectively started talking about, “OK, we're doing some of the basics from a physical wellbeing standpoint,” some examples of which we've quoted. But earlier on in the process, we said, “You know, there is going to be an impact on mental wellbeing.” Even people that are not particularly plant employees, they're coming in, there's an element of, “OK, is the place safe and so on?” And so of course, one is connected to the other. The more you can give assurance from a physical standpoint, it will impact mental wellbeing as well. But we started talking about it at that time.

The specific actions we took were to highlight, “Here are some things that we already have in place such as services for counseling that are at each plant.” But a reminder that, you know, you may not have had a necessity to tap into these services, but they're here for you. And we augmented that on an ongoing basis. But also shifted focus to people that were not working in the offices or the plant.

But there was a mental health component to people working from home, as well. There's an adjustment that now it seems most of us have adjusted to, but earlier on, there was a significant adjustment period as well. And throughout this process to reinforce the point that Brian made, the approach we took was to be as inclusive as possible. To have constant communication both ways. In most of our plants, we had daily briefings with the entire employee — first of all, to keep them informed of what we were doing, and also get their solicit, their input, you know, “What would you like to see that's different?” And that inclusive nature, I think, helped as well. Saying, you know, “we're all in this together, and let us come up with the right solutions to this.” And that's when some of the, some of the feedback that came back, you know, we need to focus a little bit more on mental health. And so the process of involving them in this entire exercise was, was hugely beneficial in our opinion.

PENDERGAST: So we've got the situation where we've got people to some extent in distress affected by the environment around them, as you mentioned, even if their environment may be fairly stable. And then we get to May, and George's Floyd is killed. Sparks protests around the U.S. that spread around the world. You mentioned the word inclusion already in terms of how you were addressing the pandemic.

I wondered if you might comment, Brian—calling you on the carpet a bit. We're in podcast format, right, so no one can see us. But Brian's a white guy, it's an old Midwestern company, right? People may not think of that as the poster child for inclusion and diversity. So how did this social justice crisis play out at Griffith? How did it impact you?

GRIFFITH: It made us think about inclusion and diversity, specifically in the U.S., in terms of history and social injustice that has existed for a long time. And we also framed that around more broadly, the social injustices and inequities that are happening around the world, um, as we speak now. And so this kind of informed our conversation within the company. While we're early days and we would consider ourselves an earnest learning organization when it comes to this area and topic of inclusion and diversity, we really took the time to stop, reflect, ask questions and listen.

And we really wanted also to kind of take a look at it, you know, how does this translate into meaningful action. Not necessarily just a reaction to recent events, but speak to how we want to authentically show up every day. So this is a definitely a journey that we're on.

One of the things, we've been piloting a process in the company which is about personal purpose. We have built a, it's both a digital platform, it has kind of a hybrid nature of in-person paired up with other individuals in a cohort that talk about the development of personal purpose, its connection to company purpose, and then, how we individuals and the company show up in society. I would suggest that this particular type of conversation and experience that we've been developing within the company has been improving our ability to have meaningful conversations.

CHATTERJEE: And other things that we've done. The way we developed our purpose articulation, purpose statement. That was an inclusive process where more than 10% of the organization was actively involved in that process of actually coming up with the words that now make up our purpose statement. So we've practiced that that organizational inclusion over time.

PENDERGAST: So the title of the podcast series is The Insightful Leader. And maybe in closing, I'd love to hear reflections from the two of you. You know, if leaders are responsible to inspire, instill confidence, set a direction, I can't think of a more important time in my lifetime that inspiration, confidence, and direction have been on important. And, I hate to say, probably will be important for the foreseeable future. Right? So thinking about particularly your role as a leader, you know, what do you see the challenge going forward and how are you thinking about that challenge and maybe any advice to other leaders out there about weathering this next phase?

CHATTERJEE: You know, we've, we've all heard versions of the, "one of the jobs of a leader is to absorb uncertainty." Absorb uncertainty, and, I would say, inspire confidence. And that's what we need to do in my opinion, more often, especially now, but also moving forward to the point that you made. And there's an element of awareness. Awareness of the situation, you know, what what's going on, being more aware, intentionally more aware of the situation, only because

things are evolving at such a rapid pace, and this is likely to continue. Also awareness of, what we call "other awareness." So more empathy, greater interest in the challenges of others. And then, there's an element of humility as well, self-awareness. Who am I as a leader at my best, and how can I bring that to create the most impact?

GRIFFITH: I think most of us, if we stop, reflect, and listen, we know, more often than not, what the right thing to do is. And it's about, many times, having the courage to do be able to do that. And I think crisis, you know, helps to define leadership. Most people rise to the occasion.