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WHERE THERE’S SMOKE, THERE’S PROFIT

That smoked salmon you love on a bagel? It’s probably from Brooklyn-based Acme Smoked Fish Corporation. The family-run company has used a deft mix of tradition and new technology to fuel double-digit growth.

BY LEE LUSARDI CONNOR

Tradition has been good to Acme Smoked Fish Corporation. After all, it was traditional methods of smoking fish—salmon, whitefish, herring—that made the Brooklyn-based enterprise a premier provider to the New York metropolitan area. And the fourth-generation family-run business has deep roots in Brooklyn, dating to the early 1900s when Russian immigrant and family patriarch Harry Brownstein got a job delivering fresh smoked fish by horse-drawn wagon. Brownstein’s grandchildren, the Caslows and the Brownsteins, are now at the helm of the company (brothers Eric and Robert Caslow are president and vice president, respectively).

By the 1980s, however, there was good reason to think that Acme Smoked Fish’s business had hit a plateau. The supply of the fish it most relied on, wild salmon, was finite. Moreover, smoked fish had to be hand-sliced, wrapped and weighed, thereby limiting the number of retail outlets that could carry it. It wasn’t possible to properly refrigerate the company’s products for long-range shipping.

As the 20th century waned, however, a convergence of key technological advances enabled Acme Smoked Fish to change the way it did business. The company has seen double-digit annual sales growth for the past nine years and expects to see the same this year, according to Buzz Billik, vice
president of sales and marketing. Its products are sold nationwide, in major grocery chains and big-box retailers. And the company's recent (July 2007) acquisition of the Florida-based Great American Smoked Fish Company — the first-ever purchase for Acme Smoked Fish — has expanded its reach into southeastern U.S. markets.

In hindsight, market and industry changes would seem to have created a "perfect storm" of trends that took the company to new heights. But progress wasn't so simple, according to Billik. "None of this was easy or perfect," he says with a chuckle. "And there was a lot of storm."

**New Fish in Town**

The biggest change Acme Smoked Fish had to embrace was the rise of farm-raised salmon, which became widely available in the 1980s. Traditionally, the fish Acme had used was wild West Coast salmon, caught each year from San Francisco to Alaska.

"The wild fish season would historically begin on July 1. States on the West Coast would identify 'catch quotas,'" says Billik. "Once those were satisfied, the season was over. You'd place your order — say, half a million pounds — and some of it would be sold fresh, but the majority was frozen for storage and had to last you until the following August."

With farm-raised salmon, Acme now had a year-round supply. However, this fish was not immediately embraced by Acme customers such as Zabar's, Balducci's and other leading retailers. Like its wild Pacific cousins, farm-raised Atlantic salmon had a rich and buttery taste. But it was a bit lighter in color, longer and narrower, and was different to cut and slice.

"In many cases, these retailers had been selling wild salmon for generations," says Billik. "The fellows managing many businesses felt, 'My grandfather used this fish, he was successful; my father used it, he was successful; this is not broken, we're not changing it.'" Indeed, to this day some retailers will sell only wild salmon products.

The farmed-fish industry got cre-
ative with promotions and rebates to entice retailers to try the farmed Atlantic salmon. As it became more widely available, the price declined and use spread. Today farmed salmon accounts for 90% of the salmon sold in the U.S.

Customers Move Further and Faster
At the same time, demographics were working in Acme’s favor. A steady stream of people from the New York metro area were relocating or retiring to different parts of the country, bringing with them a taste for New York-style smoked salmon.

Acme Smoked Fish executives worked with airlines and trucking companies to find special containers to keep their products consistently refrigerated. “Today, we ship to places like Charlotte, Miami, Washington, D.C., Minnesota, Las Vegas and multiple cities in Texas,” says Billik.

During these years, the company faced yet another challenge to its traditional ways.
Most of Acme’s products were sold in bulk, but both consumers and retailers were losing their patience for a system that required an employee to slice, weigh and wrap a product. “A full-service environment was changing to a grab-and-go environment,” Billik says.

In 2001, again taking advantage of new technology, Acme created portion-controlled, vacuum-sealed packages, selling its smoked fish in 4-, 8- and 12-ounce sizes. So well received were the portion-controlled packages that Acme established new processing lines in its plant, including new slicing machines, banks of weighing stations and vacuum-sealing machines. By first quarter 2006, sales of portion-controlled packages had increased by nearly 300%.

**Expanding the Brand**

Until the year 2000, the Acme organization had a single brand line. That year, in another break with tradition, they introduced a line extension: Blue Hill Bay. The line uses fresh salmon cured without the use of preservatives.

Acme first rolled out the new product regionally, starting with its preferred customers. “The big change for us was when one buyer at Costco [the wholesale warehouse club] found out about it, believed in it and made a commitment to it,” says Billik. “That really changed the complexion of this brand.”

This year Acme introduced a third line, Ruby Bay, named for company chairman Rubin Caslow, who died this past April at age 86. Ruby Bay plays to a renewed consumer interest in wild fish and features high-quality sockeye, coho and Chinook salmon. Because the wild fish is more expensive, Acme pioneered innovative packaging in 3-, 6- and 12-oz. portions. The Ruby Bay line has been picked up by Whole Foods supermarkets in the New York metropolitan area.

**Tradition With a Twist**

At Acme Smoked Fish, growth and change have come only after extensive deliberations. As for the acquisition of Great American Smoked Fish, Billik calls it “historic. Until now, there has never been an acquisition considered, let alone made. We weren’t setting out to buy a company, but sometimes opportunities present themselves, and they require careful thinking and planning, endless details and coordination. It’s easy to talk about now, but doing this was a big deal.”

By embracing technological change, product line extensions, an enlarged geographic market and now an acquisition, Acme Smoked Fish has been able to honor and profit from tradition without becoming ensnared by it.

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