

attention Farm Fresh shoppers ...

MEET THE NEW BOSS

We recently sat down with Gaelo de la Fuente, the new president of Farm Fresh

By Carolyn Shapiro

The Virginian-Pilot

VIRGINIA BEACH

Gaelo de la Fuente took over as president of Farm Fresh a month ago .

He hasn't had time to visit all 45 stores in the local supermarket chain. But after 15 years and multiple positions in the grocery business, he knows how almost every part of it works.

He ran distribution centers, the deli merchandising department and logistics for Hannaford. He was a vice president for Food Lion overseeing deli and bakery, meat and seafood, and a retail division. Just under two years ago, he landed at Supervalu Inc., the company that owns Farm Fresh.

He still lives near that company's headquarters in Eden Prairie, Minn., but plans to move to Hampton Roads with his wife and two young daughters after they finish the school year in May.

De la Fuente, 39, spoke with The Virginian-Pilot last week about his experience, his view of the supermarket business from the executive chair and his plans for Farm Fresh. Q. How did you get into the grocery business?

A. I got into this industry by pure accident. I'm originally from Mexico. I studied industrial engineering in Mexico, and I met my wife going into my last year of college. She's from Maine. So, after graduating, we talked about where to go next. Based on the economy in Mexico and the presidential election and devaluation and other financial problems with Mexico, we decided to move to the U.S. It was 1995.

After going through the immigration process in Maine, the first and only place I went to as a temp was Hannaford Bros., a regional retailer in the Northeast. It was a position in the marketing and research department. They learned that I was an industrial engineer. They spoke with somebody in the distribution department, and they said, "We would absolutely love for you to work on some projects that we have in our distribution center."

I just found it fascinating. It's a simple business in theory, just putting a can on the shelf. Yet a lot goes on behind the scenes to make it happen in a way that's cost-efficient and it's safe from a food-handling standpoint.

I began to get positions of increased responsibility that gave me the opportunity to learn more about this business. Along the way, I did an MBA, because when you say you're an industrial engineer, some people assume that you just love spreadsheets and love statistical analysis.

Q. What did you do for Supervalu before coming to Farm Fresh?

A. I joined Supervalu as group vice president of retail operations support. The role had been in place since the merger with Albertsons took place, but it was a role that wasn't well-defined.

What I found out early on is, Supervalu, from the acquisition, was in the process of becoming a more centrally led organization. What that implies is there is going to be a lot of change to look for the best ways to manage a larger company. There wasn't a single area within the company that pulled together all the things that impacted retail.

I had areas of responsibility like loss prevention, safety, business continuity, customer satisfaction, call centers that we have for customer compliments and complaints, in-store technology, labor management. It gave me the opportunity to interact with all the leaders of every functional area within Minneapolis and within every banner (regional retail chain).

Q. What does that centralization mean for Farm Fresh?

A. For us, it is about looking for those things that don't necessarily matter to the customer, where we can find efficiencies. That's where we are starting. That's where we are going.

We are building a new operating platform for how we run the store, versus having multiple platforms, multiple systems. A way to become more efficient is to have the same operating platform – the system that we use to order product, receive product, take inventory, check customers out in the front end. It's going to mean change, change for Farm Fresh. But it's change that's going to happen behind the scenes.

What our CEO is adamant about, he is saying that as long as we believe that there's value in having a name at the front of the building, i.e., Farm Fresh, we need to do everything in our power to ensure that that brand stays relevant to that customer base. So I know walking into this role that I have the full authority to protect and defend all the things that have made Farm Fresh what Farm Fresh is today.

Q. What if, as part of streamlining those back-end systems and getting everybody on the same platform, it has meant a change in carrying a certain brand or a certain size that local customers really want?

A. This is probably one of the most challenging things for our company to do. Here we are saying we want to be different and we want to protect those differences. It's going to require greater dialogue, greater collaboration, greater negotiation and more time.

That doesn't mean at the end of the day that we're going to get absolutely everything that we have today. We need to take some risks, and we need to compromise. And if something works, and it opened our eyes to seeing something different, that's great. And if doesn't work, we can come back two or three months later and say, "You know what? We tried it, didn't work. Let's go back to what we were doing."

Q. Have there already been some things here at Farm Fresh that you know have been changed that local folks or employees wanted to keep?

A. One that we are evaluating would be our Stockman & Dakota program. We had a Certified Angus Beef program here that worked very well for us. We converted to a different brand, the same pretty much. So we still carry Angus; it's a great product. We are evaluating if that was the right choice or not.

There have been other examples. I learned about a peanut butter review. Something happened where – with Skippy and Peter Pan – if you looked at it nationally, we would have gone a certain route (with Skippy). But based on the feedback that we provided, we said, "No, we need to keep this (Peter Pan)." And Minneapolis was fine with it.

Q. What are your impressions of Farm Fresh? What are the best aspects that you want to keep? What do you think needs change?

A. I was pleasantly surprised to see that Farm Fresh understands who they are and what they stand for. It sounds simple, and you would think that every company should know that. But sometimes companies lose track of who they've been and who they are and who they want to be.

It was also rewarding to come into an environment where our associates have a great understanding of how important the customer is and how important the community and being connected with the community is.

I think a lot of things have changed in the last two years with the economy and with the competitive environment here. We need to take a step back and reassess what has changed and where do we need to sharpen our focus, to get ahead of where competitors are right now.

Accepting what we've done and where we are and assuming that it's going to work for the foreseeable future, I think, would be the wrong approach to take. We need to continue challenging ourselves.

Q. What would you say in response to rumors about store closures?

A. We're more likely to consider (expanding) beyond the geographic area where it is right now. My focus is to make Farm Fresh even more successful than it has been so far, more profitable. I didn't come here to just maintain and just keep things kind of moving. I came here to build on what has been done.

We are going to continue remodeling stores. We are actively looking at real estate. No specific plans, because I need to get acquainted with where we are.

Q. What can you tell me about the Market at Harbor Heights (in downtown Norfolk)? We have heard that the store isn't making the revenues that were anticipated.

A. We are a business, and we need to constantly evaluate what decisions we have made in the past, how well those decisions are working. If we are considering pulling out, what would the risk be, knowing that we probably have invested a lot of capital and resources into it? What do we foresee for the future for that area?

For now, I can tell you that I haven't gotten to that point where I have evaluated the long term for that particular store. I haven't been to it.

Carolyn Shapiro, (757) 446-2270,

carolyn.shapiro@pilotonline.com



STEVE EARLEY | THE VIRGINIAN-PILOT

Gaelo de la Fuente, president of Farm Fresh, hits the checkout line of Courtney Greene at the Farm Fresh store at the Chimney Hill Shopping Center in Virginia Beach.



STEVE EARLEY | THE VIRGINIAN-PILOT

Meet Gaelo de la Fuente, 39, the new president of Farm Fresh. There is plenty to learn about the man – beyond the fact that he likes a good salad bar. De la Fuente says he plans to hit the ground running. “I didn’t come here to just maintain and just keep things kind of moving,” he said. “I came here to build on what has been done.”